

## CM Structured Products (2) Ltd ("CMSPL2")

December 01, 2022

### Ratings

Facilities/Instruments	Amount (Mur Million)	Rating <sup>1</sup>	Rating Action
Secured Credit Linked Notes ("CLN")	EUR 5 million (MUR 216 million) *	CARE MAU A- (SO); Stable/ CARE MAU A2+ (SO) [Single A Minus (Structured Obligation); Outlook: Stable/ A Two Plus (Structured Obligation)]	Revised from CARE MAU BBB+ (SO); Negative/ CARE MAU A2 (SO) [Triple B Plus (Structured Obligation); Outlook: Negative/A Two (Structured Obligation)]
<b>Total</b>	-		

\* 1 EUR = MUR 43.16

### Rating Rationale

The ratings assigned to the Secured Credit Linked Notes ("CLNs") issued by CM Structured Products (2) Ltd ("CMSPL2") have been revised as the credit rating of the Reference Entity to the notes, City and Beach Hotels (Mauritius) Limited (CBHL CARE MAU A-; Stable) has been revised with change in outlook from negative to stable.

The rating of CBHL derives strength from fully resuming its activities in FY22, following the reopening of the Mauritian borders to international travellers as from 01 October 2021 and relaxation of Covid-19 related restrictions in the country. Good occupancy levels combined with relatively high Average Daily Rates (ADR) have translated into CBHL reverting back to profitability after two years of losses. The profits achieved in FY22 provide a satisfactory level of interest coverage. The gearing level of CBHL is also at a comfortable level and given its cash generating ability, the gearing is expected to be reduced drastically as from FY23. CBHL is part of the SUN Group which comprises of five other resorts, which suggests that it benefits from a stronger brand image, economies of scale and advantages derived from being part of a group of companies as opposed to being standalone, such as promoter support in times of crisis.

The rating of CMSPL2 further derives strength from the credit enhancement to the notes provided by the sponsor, i.e., MCB Capital Markets Ltd, and ultimate parentage from MCB Group Limited and an underwriting shortfall provided by MCB Stockbrokers Ltd which guarantees to buy back the notes in the event of execution of put options on same by noteholders provide additional strength to the rating of the CLNs.

The rating of CBHL is however constrained by the tourism & hotel industry being seasonal and also subject to external factors such as macroeconomic conditions or global pandemic. Given that Europe is the main market for La Pirogue, any severe adverse macroeconomic conditions on the continent can halt travel to Mauritius and cause ripple effects in the industry. Despite having resumed its activities, CHBL has been operating at below its optimum capacity given that the average occupancy level for the year was around 22% lower than the pre-pandemic levels.

### Rating Sensitivities:

**Positive Factors** - Factors that could lead to positive rating action/upgrade:

- Continued recovery of the hotel industry in Mauritius
- Occupancy levels for CBHL reaching pre-covid levels and sustained increase in Average Daily Rate (ADR)

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratingsafrica.com](http://www.careratingsafrica.com).

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- Increase in profitability of CBHL translating into high operational cash flow and hence, leading to debt reduction and gearing level

**Negative Factors** - Factors that could lead to negative rating action/downgrade:

- Significant drop in occupancy levels and ADR of CHBL from current levels
- External factors such as recession or pandemic severely affecting the hotel industry in Mauritius
- Additional debt raised by CBHL leading to increased gearing levels
- Inability of the MCB Stockbrokers to buy back the notes upon exercise of put options by noteholders

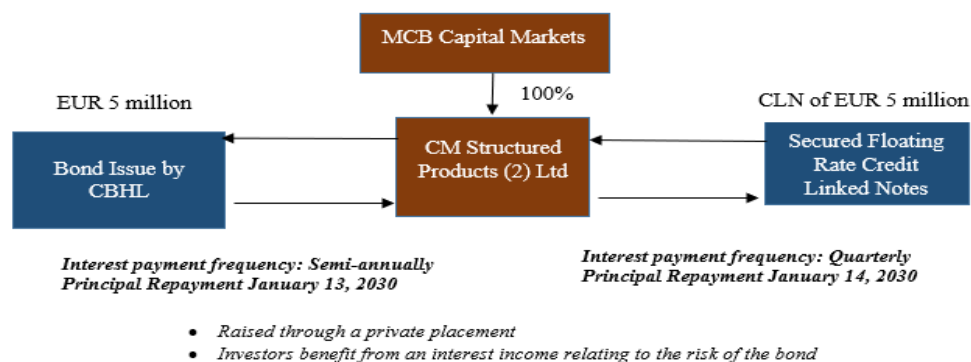
**BACKGROUND**

CM Structured Products (2) Ltd ("CMSPL2"), a public limited company, was incorporated as a Special Purpose Vehicle (SPV) in June 2018. It is wholly owned by MCB Capital Markets Ltd, which in turn is a 100% subsidiary of MCB Group Limited (CARE MAU AAA; Stable). MCB Group Limited ("MCBG") is also the parent company of The Mauritius Commercial Bank Limited (MCB Ltd: rated CARE MAU AAA (IS); Stable), the largest commercial bank in Mauritius.

CMSPL2 is a special purpose vehicle incorporated to issue Secured Credit-Linked Floating Rate Notes (CLN- collateralized loan obligation) to investors, with a capital of MUR 10,000 (1,000 Class A Shares issued at MUR 10 each), fully subscribed by MCB Capital Markets Ltd ("MCBCM"). MCBCM infused equity of EUR 375,000 (subscribing to 15,000 Class B Shares at a price of EUR 25 each) for the purpose of credit enhancement of the CLNs. As on 30 June 2022, total share capital of the company was EUR 375,252 (MUR 16 million).

In January 2020, CMSPL2 raised EUR 5 million by issuing CLNs through a private placement. The proceeds from the issue of the CLNs were utilized to invest in bonds issued by City and Beach Hotels (Mauritius) Limited (the Reference Entity, rated CARE MAU A-; Stable).

**Circular Notice:** CMSPL2 has issued Credit linked Notes for a period of 10 years. However as per the terms of the Notes, every quarter end, CMSPL2 issues a Circular Notice to all Noteholders, informing them about revised Interest Rates for the next quarter (Interest reset date). Except in the case of a Credit Event or an Event of Default, each Noteholders shall have the right, upon receipt of the Circular Notice, to request the Issuer to redeem, purchase or arrange for the purchase of, the whole or part of their Notes, i.e., Noteholders can exit on every quarter and CMSPL2 has the obligation to arrange for the funds to repay the Noteholders. The structure of the CLNs is as under:



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The interest rate on the CLNs is reset at the beginning of each interest payment period, i.e., each quarter and same is done at the discretion of the Issuer but always subject to a Circular Notice being served to the Noteholders. For the quarter beginning 13 October 2022, the Issuer reset the interest rate on the CLNs at the aggregate of a Reference Rate being the average 6-month EURIBOR (floored at 0%) over a period of 3 months ending 10 Business Days before the date of the Circular Notice, plus a spread of 2.20% p.a. Hence, the interest rate for the quarter is at 2.87%.

The payment of interest and repayment of principal on the CLNs will therefore be made out of the cash flows generated from the bonds issued by CBHL.

MCB Stockbrokers Ltd ("MCBSB"), a 100% subsidiary of MCBCM, has provided a Shortfall Undertaking to CMSPL2 for EUR 5 million, as set out below:

***"Shortfall and Underwriting***

***(a) In the event of the exercise of a Put Option by a holder of the Notes (the "Existing Investor") in accordance with the term of the PPM, the Underwriter shall purchase, and/ or cause for the purchase of, all Notes in respect of which a Put Option has been exercised.***

***(b) The performance of the Underwriting Services shall be done pursuant to, and in line with, the procedure set forth in the PPM or such other procedure as may be agreed with the SEM from time to time.***

***(c) The Underwriter shall pay the Put Proceeds to each Existing Investor on the Transfer Date."***

**Background and Analysis of Reference Entity, CBHL**

CBHL (rated CARE MAU A-; Stable) was incorporated in June 1971 to develop and manage the property of the hotel La Pirogue Resort and Spa ("La Pirogue") located in Flic en Flac on the west coast of Mauritius. La Pirogue is a 4-star deluxe resort which, as at date, has 248 rooms and 3 restaurants. Historically, the resort's occupancy rate has averaged around 80%.

La Pirogue has established itself as a leading brand among mid-market segment (4-star category) hotels in Mauritius, both among international travellers and local citizens as well. La Pirogue hotel is extremely popular among the European tourists with tourists from Germany, France and U.K accounting for 70% of the hotel's occupancy. South Africa and regional markets such as the Middle East, Eastern Europe, India and Australia make up the rest.

CBHL (La Pirogue) is a 99.82% subsidiary of Sun Limited which in turn is 50.10% owned and controlled by CIEL Limited (CARE MAU A+; Positive/ CARE MAU A1).

Below is a summary of the financial performance of CBHL:

For the year ended/ as at 30 June	FY19	FY20	FY21	FY22
MUR million				
Total Income	979	766	182	746
EBIDTA	316	145	(49)	233
Depreciation	41	42	44	46
Interest Expense	32	37	49	56
Profit/ (Loss) before Tax	243	(66)	(141)	131
Profit/ (Loss) after Tax	202	(77)	(117)	109
Gross Cash Accruals (GCA)	243	(35)	(73)	154
Dividend paid/proposed	300.0	-	-	-
Equity share capital	16	16	16	16
Tangible net worth	1,133	1,132	1,285	1,664
Total debt	510	1,332	1,485	1,366
Cash & Bank balances	10	3	21	11

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For the year ended/ as at 30 June	FY19	FY20	FY21	FY22
	<b>MUR million</b>			
<b>Key Ratios</b>				
EBIDTA / Total income (%)	32.29	18.93	-	31.26
PAT / Total income (%)	20.68	-	-	14.58
ROCE- operating (%)	15.06	4.50	-	5.84
RONW (%)	17.81	-	-	7.37
Long term debt equity ratio (times)	0.45	1.16	1.16	0.67
Overall gearing ratio (times)	0.45	1.18	1.17	0.90
Interest coverage (times)	9.92	3.93	-	4.79
Total Debt/ GCA (times)	2.09	-	-	9.74
Total Debt/ EBITDA (times)	1.61	9.19	-	6.44
Average collection period (days)	3.5	2.5	0.4	6.7
Average inventory (days)	4.2	4.4	9.4	5.1
Average creditors (days)	23.8	23.8	47.5	18.4
Op. cycle (days)	(16.1)	(16.9)	(37.7)	(6.6)

### Analysis of MCB Stockbrokers, MCB Capital Markets and MCB Group

*MCB Stockbrokers Ltd* ("MCBSB") was established in 1989 and is a founding member of the Stock Exchange of Mauritius ("SEM"). Licensed and regulated by the Financial Services Commission (FSC) of Mauritius, MCB Stockbrokers Ltd is one of the leading stockbroking companies in Mauritius, offering a range of services to local, foreign, retail as well as institutional clients. MCB Stockbrokers Ltd holds an Investment Dealer (Full-Service Dealer including Underwriting) license from the FSC and has been underwriting corporate transactions for amounts ranging from MUR 100 million to MUR 3,600 million since 2014, with aggregate exposures not exceeding MUR 4,000 million in any single financial year.

MCB Stockbrokers Ltd has provided an undertaking that it will be able to leverage its access to a variety of readily available sources of finance within MCB Capital Markets Ltd and MCB Group Ltd should a significant portion of the underwriting risks materialize.

MCB Capital Markets Ltd ("MCBCM") is a wholly owned subsidiary of MCBG, providing investment banking and asset management services. The Company provides a broad range of investor services under one roof, including corporate finance advice, asset management, private equity, structured products, and registry services. MCBCM assists clients wishing to start or grow their operations in Africa and helps them develop solutions that meet their financing, strategic and investment objectives. Among the diverse range of services provided by MCBCM are:

- Advising blue chip clients locally and arranging for financing of transactions and projects in Africa;
- Broaden investment management activities to alternative assets;
- Invest in private equity and hybrid debt opportunities alongside partners in Africa;

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The performance of MCBCM (standalone) over the past three years is as under:

	FY20	FY21	FY22
	MUR million		
Total Income	91	71	88
PAT	23	81	67
Tangible Network	466	480	453
Cash	11	2	9
Debt	-	-	-
Contingent Liability	NIL	NIL	NIL

MCB Group Limited ("MCBG"), rated CARE MAU AAA; Stable, is the parent company of The Mauritius Commercial Bank Limited ("MCB Ltd"). MCBG has a diversified ownership base of more than 21,000 shareholders, with foreign shareholding accounting for around 13% of the total. The Top 6 largest shareholders holding at total of 18.8% stake are: National Pensions Fund (7.0%), Swan Life Ltd (3.1%), Promotion and Development Limited (3.0%), SICOM (2.6%), Eastspring Investments (Singapore) Ltd. (1.9%) and MUA Life Ltd. (1.2%).

**Below is a summary of the audited financials of MCBG:**

	FY20	FY21	FY22
	MUR million		
Interest Income	19,995	17,477	18,455
Interest Expenses	5,586	2,617	3,264
Net interest income	14,409	14,860	15,191
PAT	7,994	8,239	9,961
Deposits	390,659	503,972	525,656
Tangible Network	64,860	73,707	76,373
Advances	259,069	312,978	348,988
Investments in securities	148,858	198,530	239,684
Total Assets	530,436	681,044	728,128
Gross NPA	11,722	9,871	14,324
Gross NPA ratio	4.2%	3.1%	3.7%
CAR	18.6%	17.4%	18.1%

As at 30 September 2022, MCBG had a market capitalization of MUR 76,218 million.

The MCB Ltd (rated CARE MAU AAA (Is); Stable) is the largest private sector bank in Mauritius providing retail, corporate, and private banking products and services in Mauritius and internationally (primarily in Africa). The bank has a successful operational track record of more than 180 years. At 30 June 2022, MCB Ltd had a deposit and loans & advances base of MUR 481,103 million and MUR 306,648 million respectively, and it also had a satisfactory capital base with a CAR standing at 17.2%.

The bank has representative offices in Johannesburg, Nairobi, Paris and Dubai as well as the Group's foreign banking subsidiaries in Madagascar, Seychelles and Maldives which, altogether combined, aggregate to over 1 million clients and more than 2,900 employees.

With 47% share of total banking deposits and 40% share of total advances, MCB Ltd is by far the leading bank in Mauritius.

***Given the strength of MCBG, should all the put options on the CLNs of CMSPL2 totaling to EUR 5 million (MUR 216 million) be exercised, the ultimate parent company can comfortably lend the required funds to MCB Capital Markets which in turn will channel the funds to MCB Stockbrokers to repay the noteholders.***

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### **Financial Indebtedness**

As at date, the Issuer to the CLNs, CMSPL2, warrants that it does not have any Financial Indebtedness. Save/Except for the Permitted Financial Indebtedness, the Issuer shall be prohibited from entering into any Issuer Financial Indebtedness without the consent of the Noteholders' Representative.

### **Summary of financials for CMSPL2:**

<b>Year ended/ as at 30 June</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>
	<b>MUR million</b>		
Interest Income	4	8.89	8.64
Interest Payable		8.60	8.10
PBT	(2)	0.26	0.54
PAT	(2)	0.26	0.54
Dividend	-	-	-
Equity share capital	18	18	18
Tangible network	15	17.01	16.28
Cash and Cash Equivalents	17	18.28	17.01
Total debt (Credit linked Notes)	226	251.07	232.27
PAT / Total income	-	2.98%	6.28%

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### Details of Rated Instrument

Instrument	Amount	Repayment
Secured Credit Linked Notes	EUR 5 million (MUR 216 million) *	Bullet repayment in January 2030

\* 1 EUR = MUR 43.16

### Principal terms pertaining to the Credit linked Notes

TERMS AND CONDITIONS	
<b>Nature of Instruments</b>	Secured credit-linked floating rate notes
<b>Issuer</b>	CM Structured Products (2) Ltd
<b>Aggregate Nominal Amount</b>	EUR 5,000,000
<b>Use of proceeds</b>	To subscribe to the Bond issue of the Reference Entity (CBHL)
<b>Interest Rate</b>	<ul style="list-style-type: none"> <li>In relation to the Notes of the current issue, the Interest Rate shall be the aggregate of the Reference Rate and the Spread, which at the date of the Circular Notice dated 27 September 2022 is 2.87% p.a.</li> <li>In relation to any further issue of Notes, the Interest Rate shall be the rate applicable for the Interest Period during which such issue was made.</li> <li>In relation to any Interest Period, the Interest rate shall be as specified in the relevant Circular Notice.</li> <li>The Interest Rate may be reset on each Review Date and will be notified to the Noteholders through the Circular Notice</li> </ul>
<b>Interest Period</b>	The first Interest Period in respect of any issue of Notes shall start on (and include) the Issue Date of such Notes and end on (but exclude) the Interest Payment Date immediately following such Issue Date and thereafter, the next Interest Period shall begin on (and include) an Interest Payment Date and ending on (but exclude) the next Interest Payment Date.
<b>Review Date</b>	The date, at the discretion of the Issuer but always subject to a Circular Notice being served on Noteholders under the terms and conditions of this PPM, on which any amendment to the Interest Rate, Reference Basket and other terms and conditions of this PPM becomes effective. A Review Date shall always fall on an Interest Payment Date with the next Review Date falling no later than 13 January 2023. Any amendment to a Review Date shall be specified in the Circular Notice issued prior to such Review Date.
<b>Interest Payment Date</b>	Interest has been duly paid from July 13, 2020 to July 13, 2022 Subject to the provisions of Paragraph 6.8.3 (Credit Event Acceleration), interest on the Notes shall, subject to the Business Day Convention, be paid every three (3) months as from the first Payment Date
<b>Frequency of Interest Payment</b>	Interest shall be paid quarterly in arrears on the 13th of April, 13th July, 13th October and 13th January (each an "Interest Payment Date") of each year.
<b>Automatic Redemption at Maturity</b>	Unless redeemed early, the Notes shall automatically be redeemed on the applicable Maturity Date and the redemption proceeds payable to the Noteholders shall be an amount calculated at a price per Note equal to the Nominal Amount per Note
<b>Put Option</b>	Except in the case of a Credit Event or an Issuer Event of Default, each Noteholder shall have the right, upon receipt of the Circular Notice, to request the Issuer to redeem, purchase or arrange for the purchase of, the whole or part of its Notes on terms specified in Clause 6.8.1
<b>Call Option</b>	The Issuer may, at its sole discretion, at any time upon giving to the Noteholders at least five Business Days written notice (or such other delay as may be prescribed by the Applicable Procedures), redeem the whole or part of the Notes on terms specified in Clause 6.8.2
<b>Credit Event</b>	Shall be deemed to occur upon the Issuer either (i) being notified (by the Reference Entity or the noteholders' representative of the Defaulting Reference Underlying (or its agents, if any)) or (ii) otherwise taking cognizance of an event of default in respect of any of the Reference Entities (such event of default being as described in the relevant Reference Underlying Documentation)

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<b>Credit Event Acceleration</b>	Upon being notified, or upon taking cognizance of the occurrence of a Credit Event, the Issuer shall give notice thereof to the Noteholders' Representative and to the Noteholders and the Issuer shall redeem the Notes on terms specified in Clause 6.8.3
<b>Circular Notice</b>	A written notice sent by the Issuer to each Noteholder and the Noteholders' Representative by email at least twelve (12) Business Days before each Review Date. Each Circular Notice executed by the Issuer shall be appended to PPM as a schedule and shall have the effect of amending and supplementing the PPM and taken together with the PPM, shall constitute the complete PPM as amended by those Circular Notices.
<b>Circular Notice (Clause 3.4)</b>	Subject to a Circular Notice being served and to applicable laws, the Issuer may, at its sole discretion, issue further Notes up to the Total Aggregate Nominal Amount. All new Notes issued shall, unless otherwise provided in the Circular Notice, have same rights as, rank pari passu with, and be assimilated to, the existing Notes. The Issuer may, from time to time, elect to offer existing Noteholders a right of first refusal (the "Right of First Refusal") in subscribing to the further Notes. Upon the receipt of the Circular Notice and the optional Right of First Refusal, investors may by exercising the option Right of First Refusal (under the terms and conditions laid out in the Circular Notice) increase their subscription to the Notes.
<b>Credit enhancement</b>	Means an amount in MUR which shall be at least equal to 4.5% of the outstanding Aggregate Nominal Amount, converted to MUR at a fixed EUR/MUR rate of MUR 40.00, and notified to the Noteholders through the Circular Notice or PPM (as applicable). The Issuer does not intend to adjust this amount in line with appreciation/ depreciation of the EURMUR exchange rate.
<b>Clause 6.8.1 (Put Option) in which case (CRAF has analysed the ability of CMSPL2 and MCB group to repay the Noteholders on the Interest reset date)</b>	<p><b>Put Option</b></p> <ol style="list-style-type: none"> <li>Except in the case of a Credit Event or an Event of Default and subject to the exercise of the Call Option, each Noteholder shall have the right, upon receipt of the Circular Notice, to request and compel the Issuer to redeem, purchase or arrange for the purchase of, the whole or part of its Notes ("Put Option").</li> <li>The Put Option shall be exercised by way of a notice in writing ("Put Notice") served on the Issuer within three Business Days of the date of the Circular Notice. Once sent, the Put Notice shall be irrevocable, except if waived by the Issuer.</li> <li>Unless redeemed by the Issuer, the transfer of the Notes in respect of which the Put Option have been exercised shall, subject to the conditions the SEM may impose, be by way of transfer between the Noteholder exercising its Put Option on the one hand, and the Issuer, the Underwriter or such other person as the Underwriter may determine (as the case may be) on the other hand.</li> <li>The proceeds payable to the relevant Noteholder ("Put Proceeds") will be calculated at a price per Note equal to the Nominal Amount per Note and net of Trading cost ("Put Proceeds").</li> <li>The Put Proceeds shall be payable on the Interest Payment Date immediately following the date on which the Put Notice is sent to the Issuer.</li> <li>In the case of a Disruption Event, the Issuer may, at its discretion, suspend wholly or partially the Put Option for such time as it deems appropriate in light of the relevant Disruption Event. The Issuer shall notify the Noteholders of the start and end of the Disruption Event.</li> </ol>
<b>Clause 6.8.2 (Call Option)</b>	<p><b>Call Option</b></p> <ol style="list-style-type: none"> <li>The Issuer may, at its sole discretion and at any time, upon giving the Noteholders at least five Business Days written notice ("Call Notice"), redeem the whole or part of the Notes ("Call Option").</li> <li>The redemption proceeds payable by the Issuer (or any person on its behalf) in relation to the exercise of a Call Option will be calculated at a price per Note equal to the Nominal Amount per Note and will be paid together with accrued interest from the last Interest Payment Date until the date of actual payment ("Call Proceeds").</li> <li>The Call Proceeds shall, subject to any other delay as may be prescribed by the Applicable Procedures, be payable on a date falling on the fifth Business Day following the date of the Call Notice.</li> <li>The Call Option shall always have prevalence on any Put Option that has been exercised before the Call Option. Accordingly, the exercise of the Put Option shall be processed</li> </ol>

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	<p>only for the number of Notes that exceeds the number of Notes contemplated in the Call Notice.</p> <p>e) The Notes which are the subject of a Call Option shall be redeemed and such redemption shall, to the extent that the Notes are listed, be effected as an off-market transaction under the Applicable Procedures.</p>
<p><b>Clause 6.8.3</b> <i>(Credit Event Acceleration)</i></p>	<p>Credit Event Acceleration</p> <p>(a) On the occurrence of a Credit Event:</p> <p>(i) the Issuer shall give notice thereof ("Credit Event Notice") within five Business Days of being notified or taking cognizance of the occurrence thereof to the Noteholders' Representative and the Noteholders; and the Issuer shall redeem the whole or part of the Notes</p> <p>(ii) the Noteholders shall cease to have the right to receive interest payments under the Notes, as from the Interest Payment Date immediately preceding the occurrence of the Credit Event;</p> <p>(iii) the right of Noteholders to redemption proceeds calculated at the Nominal Amount per Note shall be superseded by the redemption proceeds specified in Paragraph 6.8.3(b) below; and</p> <p>(iv) the Put Option shall be suspended</p> <p>(b) The redemption proceeds will, at the absolute discretion of the Issuer, be paid, to the Noteholders on a pro rata basis in any of the following manner or any combination thereof:</p> <p>(i) in specie by the transfer to the Noteholders, of some or all of the Reference Underlying(s) as soon as practicable after the Credit Event; and/or</p> <p>(ii) in specie, after the Credit Event Transfer, by the issue by the Credit Event Transferee, of Notes having as underlying, the Defaulting Reference Underlyings ("New CLN"). The New CLN will be issued as soon as practicable after the Credit Event Notice; and/or</p> <p>(iii) in cash up to the amount so received and/or recovered net of recovery costs, where:</p> <p>a. cash has been received by redemption or sale of one or more of the Defaulting Reference Underlying(s) such cash being paid as soon as practicable after the Credit Event; and/ or</p> <p>b. cash has been recovered in respect of the Defaulting Reference Underlying(s), such cash being paid as soon as practicable after the receipt of such funds.</p> <p>(c) Notwithstanding anything to the contrary in this PPM, the receipt of the redemption proceeds as specified in Paragraph 6.8.3(b) (if any) by the Noteholders shall be conclusive evidence of the full discharge of the Issuer's obligations towards the Noteholders and the latter shall have no further rights whatsoever against the Issuer in respect of the Notes held by them.</p> <p>(d) The New CLN shall have as sole Reference Underlying, the Defaulting Reference Underlyings and holders of the New CLN shall have no right whatsoever to interest payments and redemption proceeds calculated at the Nominal Amount per Note. The holders of the New CLN shall solely be entitled to cash recovered or to be recovered (as the case may be) in respect of the Defaulting Reference Underlyings to which the New CLN relates, net of (i) recovery costs and (ii) the Recovery Fee. Any amounts recovered will be paid to the holders of the New CLN as soon as practicable.</p> <p>(e) Where the Issuer has elected for a Credit Event Transfer, the Issuer will, on the date of the Credit Event Transfer, adjust the Nominal Amount per Note to bring the latter to the Performing CLN Nominal Amount per Note (the "Adjustment Date"). For the purposes of this PPM, the Notes shall accordingly be construed as "Performing CLN" ("Performing CLN") and the holders of the Performing CLN shall, as from the Adjustment Date, be entitled to:</p> <p>a. interest payments calculated based on the Performing CLN Nominal Amount per Note, at the Interest Rate set out (as the case may be) in this PPM or the Circular Notice immediately preceding the occurrence of the Credit Event</p>

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	<p>and on the Interest Payment Date immediately following the Adjustment Date; and</p> <ol style="list-style-type: none"> <li>b. redemption proceeds calculated at the Performing CLN Nominal Amount per Note; and</li> <li>c. all rights under this PPM suspended or cancelled in reason of the occurrence of the Credit Event.</li> </ol> <p>After an Adjustment Date, a reference to "Notes" in this PPM shall be a reference to the "Performing CLN". The first Review Date of the Performing CLN after the Adjustment Date shall be the date falling one (1) year after the Adjustment Date.</p>
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### CARE Ratings (Africa) Private Limited

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**About CARE Ratings (Africa) Private Limited:**

CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.

CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.

CRAF's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.

CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.

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