ENL Limited
27 June 2023

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating[1]	Rating Action
Bond Issue	**3,000**	**CARE MAU A+; Stable [Single A Plus; Outlook: Stable]**	**Revised from CARE MAU A; Stable**
Bond Issue	**1,414**	**CARE MAU A+; Stable [Single A Plus; Outlook: Stable]**	**Revised from CARE MAU A; Stable**
Bank Facility	**586**	**CARE MAU A+; Stable [Single A Plus; Outlook: Stable]**	**Revised from CARE MAU A; Stable**
Proposed Bond Issue	**165**	**CARE MAU A+; Stable [Single A Plus; Outlook: Stable]**	**Revised from CARE MAU A; Stable**
Total	**5,165**		

Ratings Rationale

The revision in the ratings assigned to the bond issues of ENL Limited ("ENL") primarily derives strength from the continuous strong demand for land in the Moka region, improved price realisation for the past 10 years, steady increase in sale of land, improved financial performance of the major dividend paying group companies and improved cash coverage indicators of ENL Limited.

Further rating continues to derive strength from the established track record of the ENL group, the significant land bank in the Moka region, prime location of the Moka Smart City due to its position in the Central plateau of the island, reputation of ENL group for developing quality shopping malls, residential projects and office spaces in prime areas of Mauritius, moderate project execution risk as the company will be developing infrastructure on land and building residential units in a phased manner and high occupancy of the leasable assets.

The rating is, however, constrained by the risks associated with the sale of land at envisaged prices, the higher debt at group level vis-à-vis cashflow from operations and refinancing risk of existing debt, the volatility in rentals of newly completed buildings & profitability of the group/associate companies, regulatory risk associated with Smart City project and interest rate risk associated with floating rate debt.

Rating Sensitivities

Positive factors that could, individually or collectively, lead to positive rating action/upgrade:

- Ability to sell land under Moka Smart City Scheme and ENL Limited at envisaged price
- Significant reduction in debt level at both standalone and consolidated level
- Ability of Oficea to develop office space and lease out in a timely manner

Negative factors that could, individually or collectively, lead to positive rating action/upgrade:

- Additional debt availed in ENL and group companies over and above envisaged debt
- Deterioration in the financials of the group entities

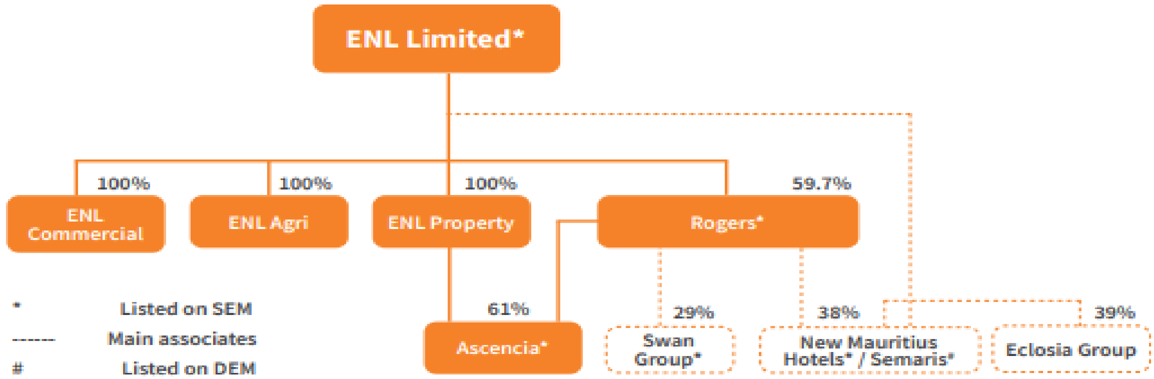
[1]Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

BACKGROUND

ENL Limited ("ENL") is the surviving entity post the amalgamation of Ex-ENL Ltd., ENL Finance, ENL Land and ENL Commercial into La Sablonniere Limited. Subsequently La Sablonniere Limited was renamed as ENL Limited w.e.f. January 2019.

ENL group currently owns around 22,000 arpents (acres) of land in Moka (Centre of the island and most populated & one of the posh areas of Mauritius), Savannah (South) and Bel Ombre/Case Noyale (South-West). ENL grows sugar cane and conducts other agricultural activities on some 12,000 arpents of land and have earmarked around 1,500 arpent near Moka and Savannah – inclusive of the Smart Cities of Moka and Savannah for real estate development over next 15 years. In 2011, the group inaugurated the Bagatelle Mall (utilizing part of land), which as on date is the most popular mall of Mauritius and has increased the land value in Moka region.

Four of the group's companies are listed; (ENL Limited, Rogers and Ascencia [rated CARE MAU AA-; Stable] on the Stock Exchange of Mauritius and Velogic on the Development and Enterprise Market. **The current structure of ENL group is as under:**



Management: ENL is governed by a 12-member Board of Directors comprising of 5 members from the Espitalier Noël family and a number of eminent industrialists and professionals. The chairman of the board of directors is Mr. Jean Noel Humbert who has spent more than 20 years in different managerial and executive positions. The strategic affairs are looked after by Mr. Hector Espitalier-Noel (Chief Executive Officer) and his brother Eric Espitalier-Noel. They are assisted by Mr. Paul Tsang (Group Head of Finance) associated with ENL group for more than 25 years and a team of experienced and qualified professionals.

CREDIT RISK ASSESSMENT

Long track record of the ENL group & its experienced promoters

ENL Limited is the investment & holding company of the ENL group. ENL is currently managed by the fifth generation of the Espitalier Noël family, who are the controlling shareholders of ENL and have played a historic role in the economic development of Mauritius. Since 1821, the Espitalier Noel family has been involved in sugar production (then the key sector of the economy) in Mauritius. As the economy of the country has grown and diversified, the business of ENL has followed suit. Today the group manages a portfolio of more than 100 operating company engaged in varying industries from agriculture, land, real estate, hospitality, logistics, fintech, commerce and manufacturing. A brief on various business segment's turnover and its profitability reflecting steady cash flows is as follows:

Business Sector-wise Financials of ENL Limited (Consolidated)

	Turnover			PAT		
	9MFY23	**FY22**	**FY21**	**9MFY23**	**FY22**	**FY21**
Commerce and industry	4,425	4,904	4,029	279	240	145
Agro industry	827	968	776	45	79	-35
Land and investments	99	74	23	-367	-446	-351
Corporate office	5	-	5	-45	-	-23
Real Estate	2,439	4,022	3,033	193	896	1,292
Hospitality and leisure	3,739	2,919	859	1,143	369	-2,520
Logistics	2,747	3,727	3,832	221	221	163
Financial services	979	1,197	992	84	280	254
Total	**15,261**	**17,811**	**13,550**	**1,553**	**1,639**	**-1,075**

A brief overview of the sector wise performance is as follows:

Agro Industry- Engaged in farming on 15,000 arpents of land in Moka, Savannah and Bel Ombre, used for growing sugar cane, food crop, coffee, ornamental plants and poultry, it is a major player in the agro-industrial sector through various agricultural activities and 39% shareholding in the Eclosia group. The performance of the segment relies mostly on sugar operations and some important sub-operations such as food crops, poultry, and landscaping. In FY22, the Agro-industry segment posted revenue of MUR 968 million (MUR 776 million in FY21) and PAT of MUR 79 million (loss of MUR 35 million in FY21) due to higher sugar prices and positive contribution from Eclosia. During 9MFY23, this segment achieved revenue of MUR 827 million and PAT of MUR 45 million.

Commerce & Industry - Commerce & industry is engaged in car dealership (Axess), eyewear manufacturing (Plastinax), fibre glass and plastic wares manufacturing, including swimming pools and storage tanks (Nabridas), and the supply of building materials (Grewals). This segment was boosted by the launch of Decathlon outlet in Mauritius and improved performance of Grewals and Axess. Revenue of MUR 4,904 million was achieved in FY22 (MUR 4,029 million in FY21) and PAT of MUR 240 million in FY22 (MUR 145 million in FY21). For 9MFY23, the segment posted a revenue of MUR 4,425 million and PAT of MUR 279 million. The good performance was driven by higher sale of cars for Axess and higher revenue for Decathlon.

Land & Investments – The land & investment segment is the custodian of around 23,000 arpents of land with sugarcane grown on around 12,000 arpents. This segment is the backbone of ENL group and derives income from the sale of investments and non-strategic land assets and bears the corporate and finance costs incurred by the company. In addition, the segment derives income from rental of houses and dividends from its investments. Local residential market continues to be driven by a strong demand for plots of land and its built-up units in the Moka region. ENL has no need to sell extensive portions of land but to meet the demand for land near the villages in Moka, supply the market on an ad hoc basis.

Real Estate (ENL Property Limited) – The group is converting part of its land holdings (around 1,500 arpents) with GOM approval for development of Smart Cities at Moka and Savannah. The group builds and manages homes, offices, and shopping malls, leading the real estate market with an integrated offer. The key contributor to the profit is profitable performance of Ascencia and Oficea.

Ascencia (Retail/Shopping Mall Portfolio) - ENL's retail portfolio consists of 7 shopping malls under Ascencia, with a combined Gross lettable area (GLA) of 134,653 m2. Ascencia delivered strong financial and operational performances in FY22 and 9MFY23. Operational performance of Ascencia's malls as at December 2022:

- ✓ Average monthly footfall was up by 11% (from 1,821,795 to 2,026,106) compared to December 2021.

- ✓ Rent to turnover of tenants was 6.6% (7.2% in December 2021).
- ✓ Trading density was MUR 12,874 (MUR 11,290 in December 2021). Vacancy rate dropped to 3.8% in December 2022 compared to 4.7% in December 2021 and WALE was 4.3 years (4.2 years in December 2021)
- ✓ In FY22, Rentals of all the tenants has increased in line with escalation clause (5% or CPI)
- ✓ Bagatelle Mall was upgraded from supermarket to hypermarket and Phoenix Mall Metro Station was opened.

Oficea (Office Portfolio) - The portfolio of office properties comprises of around 34,288 sqm of Gross lettable area of prime space worth MUR 2.7 billion as of May 2023, operating at 96% occupancy level. The office space generates around MUR 200 million rentals annually. There is great demand for office spaces in Moka region. Les Fascines, newly constructed building is operational since start of June 2022 adding another 8,879 sqm of GLA to the portfolio of Oficea. By January 2024, Oficea will increase its portfolio further with another property currently in construction (Telfair) by 20,951 sqm. Hence, the value of the office portfolio is expected to grow to around MUR 3.5 billion over the next 5 years. The expansion is being funded by mix of debt and equity.

Residential Portfolio – In the residential portfolio, ENL group sells land parcels both under and outside smart city schemes and, built up units and luxury apartments. Under land parcelling, the company generally develops infrastructure and sells the land parcels. The land parcels built up units and residential resorts are in high demand and gets sold off immediately. 'Les Promenades d'Helvetia' is the first built-up residential development under the Smart City Scheme.

Hospitality and leisure- ENL group is the main stakeholder in the hospitality industry, delivering an integrated holiday experience with key brands like Veranda Leisure and Hospitality (VLH) through which it operates the Veranda Resorts and Heritage Resorts brands, Rogers Aviation and Island Living. It is also the main shareholder in associated company New Mauritius Hotels (NMH) which runs the Beachcomber brand. Its service offer includes hotels, travel and leisure. In FY22, the segment's revenue increased significantly from MUR 0.8 billion in FY21 to MUR 2.9 billion attributed due to the reopening of borders in Mauritius and arrival of tourists in the country. Mauritius has welcomed 997,290 tourists 2022 and some 199,534 from January to February 2023. The hotels have been operating at a good occupancy rate leading to higher revenue. PAT of MUR 369 million was recorded for the year compared to loss of MUR 2.5 billion in FY21.

Logistics - The group operates an integrated logistics platform through Velogic, offering freight forwarding, customs clearing, domestic transport, warehousing, shipping, container handling, sugar packaging and courier services through 37 offices in 8 different territories. In FY22, it recorded a turnover of MUR 3.7 billion (MUR 3.1 billion in FY21). Logistics achieved PAT of MUR 221 million (MUR 159 million in FY21) due to the strong performance of freight forwarding services. Around 50% of the profit was derived from overseas operations. It posted MUR 221 million PAT in 9MFY23.

Fintech – The Fintech platform operating under the Rogers Capital brand provides corporate, technology and financial services to an international clientele. It also comprises a significant holding in Swan, a market leader in general and life insurance. In FY22, it recorded a turnover of MUR 1,197 million (FY21: MUR 992 million) and PAT of MUR 280 million (PAT of MUR 254 million) due to improved performance of associate Swan with share of profit of MUR 260 million. It posted a profit of MUR 84 million in 9MFY23.

Large land bank of ENL group

ENL owns around 22,000 arpents (acres) of land in Moka (Centre of the island and most populated & one of the posh areas of Mauritius), Savannah (South) and in Bel Ombre/Case Noyale (South-West). ENL has earmarked about around 1,500 arpents in Moka and Savannah for real estate development over the next 15 years. Since ENL has been holding such land for more than 100 years, the cost is almost negligible. In 2011, the company inaugurated the Bagatelle Mall (utilizing part of land), which as on date is the most popular mall of Mauritius and has increased the land value in Moka region.

Till June 2021, Moka City sold 69 arpents of land under the Smart City at an average price of MUR 25 million per arpent. In FY22, there was a sale of 52 arpents (against projected sale of 23 arpents). During discussion the management of Moka City has intimated that they have strong demand for land in Moka region and most projects are already sold out within a few months of launching. The group's strategy for growth has remained virtually unchanged over time: it leverages its significant land assets, to create cash-generating businesses that participate in building up modern-day Mauritius.

Holding of quoted investment in Rogers and New Mauritius Hotel

ENL also holds investment in three listed companies - Rogers, New Mauritius Hotel and Ascencia.

Company	Stake	No. of Shares held by ENL (Million)	Price* (MUR)	52-week H/L	Value* (MUR million)
Rogers and Company Ltd.	59.73%	150	28.20	32.00/26.80	**4,230**
New Mauritius Hotel	28.92%	84	8.20	10.45/7.84	**689**
Ascencia	24.86%	121	20.20	29.80/20.20	**2,444**

**As on May 26, 2023*

Analysis of cashflow (dividend and capital reduction) received/to be received from ENL's Property Limited (100% subsidiary of ENL Limited)

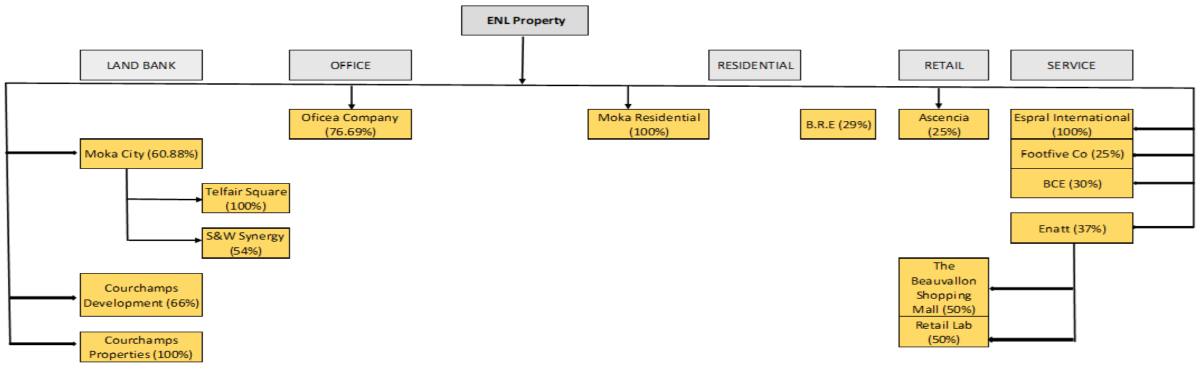
ENL has transferred land to its group companies (Moka City and ENL Property) against shares for development of Smart City. These companies are selling land parcels (under the Smart City scheme) and repaying cash to ENL Limited under capital reduction. In FY20, ENL Limited sold 540 acres of land to Moka City against cash of MUR 1,500 million (already received from equity infusion in Moka City) and against redeemable shares of Moka City. ENL used part of the fund for debt reduction and balance is maintained as cash and cash equivalents. ENL Limited has revenue mainly in the form of rental of investment properties & agricultural land, dividend receivable from various group companies and management & secretarial fees. However, the Projected operating profit during the tenure of the Bond is not expected to be sufficient for repayment of the interest and principal of the proposed Bond. Interest and principal of the Bond is envisaged to be repaid out of sale of land by ENL., the dividend to be paid/capital reduction by ENL Property.

ENL Property will receive cash flows from the following group companies: -

1. Dividends from group companies- Ascencia Ltd. and EnAtt Ltd.
2. Dividend paid by Oficea– out of office Rental.
3. Cashflow (capital reduction route) from sale of land by Moka City, Courchamps Development and Courchamps Properties and apartment sale by Moka Residential under Smart City Scheme.

ENL Property Limited

ENL Property manages ENL group's developable land bank and drives its residential and office developments. The company develops, markets and manages a portfolio of premium homes and offices via investee companies and as such is also an investment holding company. Accordingly, the company receives asset management fees, property management fees, sales & leasing commission, fund management fees, property development fees, management fees and rental income from various properties from its group companies. The company and its subsidiaries own around 956 arpents of land (transferred from ENL Ltd against redeemable shares of ENL Property). It has 17 group companies engaged in various activities of which the major companies are- Moka City, Oficea Company Limited, Moka Residential, Courchamps Development and Ascencia. **The holding structure is as under:**



Standalone financials of ENL Property is as under: MUR million

For the Year ended / As at June 30,	2020	2021	2022
Total Op. Income (TOI)	351	408	544
EBITDA	137	179	285
Interest	162	134	138
Depreciation	10	26	28
PBT	-57	-11	102
PAT	-47	-11	103
Gross Cash Accruals (GCA)	-15	15	131
Equity Share capital	4,908	4,471	4,868
T. Net Worth (TNW)	6,001	5,733	5,775
Total Debt	2,042	1,984	2,175
Key Ratios			
EBITDA / TOI	39%	44%	52%
APAT / TOI	NM	NM	19%
Overall Gearing (x)	0.34	0.35	0.38
EBITDA / Interest (x)	0.85	1.34	2.07
Total Debt / EBITDA	14.85	11.07	7.62

ENL property posted a total income of MUR 544 million (MUR 408 million in FY21) and EBITDA of MUR 285 million in FY22 (MUR 179 million in FY21). The company has long term debt of MUR 1,355 million from MCB & SBM. It is 10 years facility with a moratorium of 5 years. Both MCB and SBM rolled over the facility in FY17, with a moratorium of another 5 years. The same will be refinanced in FY23 with a new term loan of MUR 2,300 million. Additionally, the company has MUR 800 million of loan from ENL Limited (@6.25%) which has been used for equity infusion in Oficea. An additional loan of MUR 800 will be taken in FY26 to repay the loan to ENL Limited. No additional debt will be raised post that. The company can comfortably repay its interest and will be providing funds to ENL Limited by way of dividend or capital reduction.

Development of Smart City in Moka region - by utilization of the land bank

Over the last two decades, Moka region has been slowly transformed from a village to a vibrant modern smart city with a rich history. Majority of the area in Moka was agricultural land (owned by ENL) that was used to cultivate sugarcane. In 1970, ENL Group donated land to build the Mahatma Gandhi Institute. During the past 12 years, more developments happened in the region such as the opening of Bocage International School, Ecole du Centre in Helvetia, The Wellkin Hospital, a sport & well-being centre (Synergy) and two malls/shopping centre: Les Allées d'Helvetia and Bagatelle Mall. Later on, Mauritius Broadcasting Corporation moved to Moka and a third shopping centre, Kendra Shopping Centre was opened. More and more people started to relocate to Moka, and several residential developments started. As Mon Desert Alma sugar factory ceased its operations, the land surrounding the factory was transformed in a modern business park, Vivea Business Park.

Post introduction of Smart City Scheme (June 2015), ENL Limited incorporated Moka City Limited in June 2016 through an amalgamation of various entities (held by ENL Limited) in return for shares. Moka City Limited then applied for a Smart City Certificate for development of freehold land of 454 arpent. In November 2017, GOM provided Smart City Certificate to Moka City Limited for the development of residential units, commercial offices, educational facilities, sports, medical and bus terminus over 454 arpent of land. Development of Phase I took place in the region of Bagatelle.

In 2018, ENL got the approval from Govt. of Mauritius to develop 1,600 arpent. Accordingly, for the Phase II, Moka City Limited acquired 534 arpent of land from ENL Limited which was financed by a MUR 3.6 billion equity raising. External investors invested MUR 1.9 billion and the remaining amount of MUR 1.7 billion was invested by ENL Property Limited.

Over last 3 years, ENL Limited has been converting agricultural land in and around Moka region and transferring them to ENL Property (against redeemable shares) which in turn was transferred to Moka City and Courchamps (against redeemable shares). The cost of such land to ENL Limited is negligible, since ENL has been holding these land for more than 100 years. However, under IAS 16, the company has been revaluing the land over last few years and post revaluation, the value of such land in the books are around Mur 6.0- 10.0 million per arpent. ENL Limited has transferred these lands to ENL Property and then subsequently to Moka City at around Mur 6.0- 10.0 million per arpent. Moka City will develop infrastructure on these land (roads, power, water, boundaries, land scaping & beautification,) and sell it at an average price of Mur 25-35 million per arpent (current market price).

Moka City

Moka City Limited is engaged in development of Moka region under the Government-sponsored Smart City Scheme. The first phase of the Moka Smart City is being developed on 454 arpent of land (for which it has Smart City Certificate) at the crossroads of the island's two main motorways (in and around Bagatelle Mall). The second phase of the Moka Smart City is being developed on 534 arpent of land (for which it has Smart City Certificate) at the crossroads of the island's two main motorways.

ENL Land transferred 414 acres of land has in and around Moka region to ENL Property against redeemable shares of ENL Property, which in turn has been transferred to Moka City As at March 31, 2021, transfer of additional 542 arpents of land to Moka City has been done for the 2nd Phase of Moka City. 'Les Promenades d'Helvetia' is the first built-up residential development under the Smart City Scheme.

Till June 2021, Moka Smart City sold 69 arpents of land (of different sizes) at average price of MUR 25 million per arpent. Sale of 52 arpents of land were achieved in FY22 against projected sale of 23 arpents of land thereby increasing total land sale to 121 arpents till June 2022. The additional 29 arpents were sold in Bagatelle (13 arpents), Helvetia and Telfair (1 arpent each) and L'Avenir (14 arpents). Sale has been fully realized for the 121 arpents of land sold till June 2022. Moka City is currently developing the L'Avenir area (100 arpents). The company has already sold 14 arpents of land against which they have already received full payment of MUR 210 million in FY22. This apart, it has already signed agreements for another 75 arpents of land against which they have received 10% deposits. The majority of the infrastructure work for the 100 arpents of land in L'Avenir is completed. The total sales value of the L'Avenir Morcellement project is estimated to be around MUR 2,000 million out of which the company has received around MUR 224 million as deposit for the 75 arpents of land in addition to the MUR 210 million received for the 14 arpents sold and delivered. The company is awaiting final clearance from the authorities to start handing over the land for the 75 arpents. Accordingly, over the next 3-4 years, the company is expected to receive around MUR 1,600 million of cash from confirmed land sales. The majority of people are looking towards investment in real estate to benefit from the appreciation of land rather than keeping their money as bank deposits offering low saving rate.

Courchamps Properties

ENL Property holds 100% in Courchamps Properties and has provided a land bank of 107.6 arpent at Mur 4.0 million per arpent (against redeemable shares). It is developing infrastructure on that land and is selling land from FY20. Phase I is sold out. Given the demand for plots of land, it is confident of selling the plots within envisaged timelines. Courchamps Properties is debt free barring shareholder's loan of MUR 246 million.

Moka Residential (renamed as ENL Residential Development Limited)

As a part of Smart City Scheme, Moka City has to develop & sell residential units. Moka Residential was incorporated to develop residential units, since Moka City can only develop land. In the first phase, Moka Residential has received 10 arpent of land from Moka City and will be constructing 233 units. Phase I consisting of 86 apartments were delivered in December 2019. Phase II consisting of 52 studios, duplexes, apartments, and penthouses has been fully sold and delivered. Phase III of 33 units has been fully sold. The construction for the sold units has commenced and the property will be handed over in the next 2-3 years. The company commences construction only after selling the unit. Nine units were sold in FY23. The company will develop these units and handover to customers. They will be receiving payments for milestone achievements. It has projected a sale of 122 units in FY24 and 69 units in FY25. Moka residential has an overdraft facility of MUR 50 million. Barring that Moka Residential is a debt free company.

Performance of dividend from group companies

Ascencia

ENL Property owns 24.86% in Ascencia Limited, the largest listed retail property company in Mauritius with the finest malls across the island. Its assets are professionally managed by a focused team. Ascencia holds 7 shopping malls with a combined Gross lettable area (GLA) of 134,653 m^2 in Mauritius. It is a profitable company and pays dividend annually. Ascencia is performing well, with all 7 malls having a combined occupancy of 97% in FY22. Most of the leases are for 3-5 years with a 5% escalation clause. Ascencia has completed the metro station work at Phoenix Mall with the launch of the metro station and a new retail space. At Bagatelle Mall, the expansion of Intermart outlet has taken place and the mall has welcomed a new key tenant – VestiOne. A new McDonald outlet has opened at Bo'Valon Mall. In FY22, Ascencia achieved a total income of MUR 1,566 million (MUR 1,362 million in FY21), EBITDA of MUR 932 million (MUR 841 million in FY21) and PAT of MUR 565 million excluding fair value gains (MUR 421 million in FY21). Ascencia paid a dividend of MUR 439 million. With debts of MUR 6,375 million and a total asset value of MUR 15,408 million, the company reported an LTV of 41%. Overall gearing in FY22 was 0.68x (0.70x in FY21) and interest coverage was 3.56x.

EnAtt Ltd

EnAtt is the leading property and asset development and management specialist in Mauritius. The company crafts leasing strategies, including the tenant mix, marketing strategies, investment strategies on acquisitions, disposals and redevelopment functions. The company currently manages over 8 shopping centres and office buildings in Mauritius, maintaining a close and fruitful collaboration with over 400 tenants. In FY22, EnAtt made a normalized PAT of MUR 99 million (MUR 98 million in FY20) and paid nil dividend.

Oficea Company Limited (Oficea)

Oficea is an income fund holding a portfolio of office properties in Vivea business Park, Bagatelle Office Park and Telfair, underpinned by MUR denominated medium to long term leases with high quality corporate tenants. The company currently has an existing portfolio of 14 buildings with 34,288 sqm of gross lettable area (GLA) into operations and 96% occupancy (FY22: 91%). Reduced occupancy rate in FY22 was due to sale of MotorCity building and only one month of operation for newly constructed building, Les Fascines, at 59% occupancy rate. The majority of the office tenants are companies of repute and have been in these premises for the last 5-10 years. The majority of the rent agreements are renewable after every 2-3 years. The management has intimated that since inception, more than 90% of the tenants have renewed their contracts or has shifted by purchasing their own property in Vivea business park. People prefer this location because of the greenery, landscaping, and maintenance. The rentals are inflation linked and will increase by 3-5% annually. The company is generating profit and paying dividend on an annual basis.

Oficea had two major developments in progress, one is development of new office space, **Les Fascines** (GLA of 8,879 sqm) at Vivea Business Park and six buildings (4-6 storeys) along **La Promenade in Telfair** (total GLA of 20,951 sqm). Construction for **Les Fascines** at Vivea Business Park has been completed and the building is operational since June 2022 and has an occupancy rate of 59% at the first month of operation. It is now operating at 72% occupancy. A new property, **Telfair** (total GLA of 20,951 sqm), will be added to the portfolio of Oficea in January 2024. The total cost of the project is estimated at MUR 2.2 billion which will be financed by a mix of debt and equity.

Industry Risk
Mauritius Real Estate sector
Over the last few decades Mauritius has witnessed a booming real estate sector, to such an extent that today, the real estate sector attracts major Foreign Direct Investment for the country. This can be explained by an increasingly growing number of construction projects across the island in addition to government introducing schemes such as the Integrated Resort Scheme, the Real Estate Scheme, the Property Development Scheme and the Smart City scheme. Such schemes have transformed the dynamics of the real estate market locally over the years. Today, apart from houses, other options such as apartments, studios, apartment hotel residences, IRS and RES villas are available. However, although a growing number of Mauritians are looking for apartments, individual houses remain the most sought-after property type; while on one hand singles and international students seek cheap accommodation in the regions of Réduit, Saint Pierre and Quatre Bornes, on the other hand, expatriates demand fully furnished houses or apartments to rent over the duration of their assignments.

The demand for office spaces is seeing significant shifts over the years, with a decentralization of offices (from Port Louis & Ebene) towards Moka and Highlands where parking facilities are more accessible and less traffic congestion. As a result of companies' increasing willingness to rent fully equipped offices with internet access and parking facilities, price of office spaces in the Moka region is on an uptrend. One location attracting high demand is the Vivea Business Park (VBP). Situated between Moka & St. Pierre, it has a strategic location at the heart of the island, close to cities, shopping centres, bus stations and main roads. Key features of VBP such as human-sized buildings, landscaped green areas, modern architecture, large number of parking and strict guidelines to guaranty quality of future developments are its main demand drivers. In addition to office space rental, VBP also offers plots of land that can be bought and developed into offices.

The Moka region has also positioned itself as very attractive to those wishing to rent or buy a residence in the centre of the island, commanding strong rental demand. The land prices range between Mur 25 million per arpent to Mur 40 million per arpent based on closer to Bagatelle mall and highway. The high starting price is driven by the views of the surrounding chain of mountains and landscaped gardens.

Retail properties: There are over 15 well-known malls in Mauritius. The years 2020 and half-year 2021 were affected by the pandemic and lockdown. After the lockdown, malls in general, reported a lower physical footfall since all the outlets with exception to grocery stores and pharmacies, were closed. Supermarkets being anchor tenants in all the shopping malls, faced mass purchases during the pandemic with people stocking up on groceries fearing that there might be shortage on the market. Apart from that, travel restriction also contributed to a fall in retail activities and many big international brands have closed a number of their outlets across the world. Fortunately, the Government of Mauritius came up with several measures to keep the economy stable. Gradually, with the re-opening of borders and easing of restrictions, things have started to normalize. Shopping malls and food courts are full again. Nevertheless, despite the pandemic, we note that the overall occupancy rate remained stagnant in most of the malls and operational & financial performance were satisfactory. Reports show that the consumption has taken a dip in volume but has gained in terms of value.

Office properties: As for offices, the situation and demand are stable. The demand for office spaces is one which is seeing significant shifts over the years, with a decentralization of office spaces (from Port Louis & Ebene) towards other places whereby parking facilities are available and commute smoother. Majority of office properties holders have showed resilience to the pandemic and has been able to maintain occupancy level. Overall, majority of companies have resumed normal office since the partial reopening. As discussed with few commercial property holders, it is unlikely that companies will give up their tenancy for a short-term scenario (lockdown) as the Mauritian work culture is still traditionally influenced by having a physical office rather than working remotely.

Smart cities are touted as the best option to move to for business or to live. The Smart City Scheme was launched by the Mauritian Government to promote economic development and introduce new and technology-driven urban ecosystems across the country which comprises of residential, commercial and leisure facilities to create a mini city that is pleasant and convenient to live and work in. Smart cities will bring innovation to the island using high and clean technology that aims to reduce waste and carbon emission. Infrastructure is designed to consume low energy.

There are numerous incentives being provided to developers and investors under the Smart City Scheme. The company is exempt from payment of income tax for a period of 8 years, zero VAT paid on capital goods, zero customs duty, land transfer tax and registration duty, morcellement tax and land conversion tax. As for the buyers, the tax benefits are as follows:

1. First-time Mauritian buyers acquiring a residential unit are exempted from registration duty.
2. Full recovery of VAT of input tax allowable in terms of capital goods (building structure), plant, machinery, and equipment.
3. Accelerated annual allowance granted at a rate of 50% of the costs in respect of capital expenditure incurred by any company operating within the Smart City Scheme on energy-efficient equipment and green technology.

Moka Smart City is located just 15 mins away from Port-Louis and 30 minutes from the airport. It quickly gained popularity and became the place to live, work and for entertainment. The district of Moka comprises of some 26,000 inhabitants. Moka is well appreciated for its temperate climate. More than 35% of Moka Smart City is made up of green and common spaces to ensure inhabitants have ample space for a morning job, bike ride and trail run. Additionally, the smart city has been designed with a number of activities catering for all age range such as great restaurants, cafes, pubs, open-air theatre, cinemas, bowling arena, night trail runs and places to visit such as Eureka Falls, Maison Eureka, Dodo Quest, Bassin Canard to name a few. The mini city comprises of three business centers namely Vivea Business Park (historic place being the former sugar mill), The Gardens of Bagatelle and Telfair Square. Vivea Business Park is home to more than 50 companies employing more than 1,500 people. Many renowned companies such as PwC, AON Hewitt, Alteo, Arup have moved to the business centres from Port-Louis or Ebene. The many residential units, the most striking one being Les Promenades d'Helvetia are close to the business centres, making it a great place to live allowing for a pleasant walk to and back from work. There are 13 medical & paramedical centers (including Wellkin Hospital) and 26 private and public Institutions in and around Moka.

Performance of ENL (Standalone):

On a standalone basis, ENL's total revenue comprises of rental income, management fees and investment income – i.e., dividend from various companies where ENL group holds investment. However, such cashflow are not sufficient for the repayment of interest and principal of the Bond and term loan. The company is dependent on cashflow from ENL Property (cashflow from land sale) – which comes primarily in the form of capital reduction –

part of Cash flow analysis and not a P/L item in FY20 & FY21. In FY20, ENL received MUR 507 million and in FY21 it received MUR 436 million of cash from ENL property as capital reduction. As on May 31, 2022, ENL has more than 350 arpent of converted land (agricultural land already converted for commercial use) and 200 arpent of agricultural land (under land conversion rights). In order to meet the demand of local residents in Moka for extension of their locality and also for agricultural land, the company on an average sell 25-30 arpent of converted land (post land conversion) annually in and around Moka.

ENL company posted a 34% increase in revenue driven by higher dividend income. It reported a total income of MUR 350 million (MUR 261 million in FY21) and PAT of MUR 381 million (negative PAT of MUR 186 million in FY21). Cash balance as at June 30, 2022 was MUR 453 million. Total debt in the company amounted to MUR 6,953 million comprising of bonds of MUR 3,500 million and bank facilities of MUR 3,453 million with overall gearing at 0.36x. The majority of the bank facilities are repayable between 5-10 years or later. The management also informed us that they would maintain a certain level of indebtedness in ENL which will be between MUR 6-7 million based on requirement to invest in group companies for development of yield /cashflow generating assets.

Improved financial performance at consolidated level: In FY22, ENL's total operating income increased by 28% to MUR 17,816 million (MUR 12,842 million in FY21). Subsequently, after two consecutive losses during the pandemic in FY20 and FY21, the group realised a positive PAT of MUR 1,601 million in FY22. The strong performance of ENL in FY22 is attributed to the overall profitable segments of the group barring land and investments segment which reported a loss. As at 30 June 2022, GCA and cash at bank stood at MUR 2,362 million and MUR 5,245 million respectively. Overall gearing and interest coverage improved to 0.70x and 2.12x as on December 31, 2022.

Financials of ENL Limited (Standalone) :- Mur Million

For the year ended as on June 30,	**2020**	**2021**	**2022**
	12M, Audited		
Total Income	226	261	350
EBITDA	-92	-16	8
Interest	389	326	321
PBT	2,636	-184	384
PAT	2,640	-186	381
Gross Cash Accruals (GCA)	771	-322	95
Dividend paid/proposed	169	187	300
Equity share capital	3,358	3,358	3,358
Tangible networth	19,656	19,276	19,329
Total debt	7,336	7,255	6,953
- Long term debt	7,107	6,682	6,278
- Short term debt	229	573	676
Investment in Subsidiaries	13,661	14,319	19,327
Cash & Bank balances	789	682	453
Key Ratios			
PBILDT / Total income	-41.00	-6.22	2.20
PAT (after defd. tax) / Total income	1170.71	-71.28	108.91
RONW	13.43	NM	1.97
Debt equity ratio	0.36	0.35	0.32
Overall gearing ratio	0.37	0.38	0.36
Interest coverage (times)	NM	NM	0.02
Total debt/EBITDA	32.53	27.81	19.87
Total Debt/GCA	9.51	NM	73.00

Financials of ENL Limited (Consolidated) :- Mur Million

ENL Limited (Consolidated)	2020	2021	2022
For the Year ended / As at June 30,	**12m, A**	**12m, A**	**12m, A**
Total Op. Income (TOI)	14,362	12,842	17,816
EBIDTA	1,083	974	2,448
Interest	1,257	1,107	1,154
Depreciation	838	822	761
Reported PBT	-917	-869	1,730
Reported PAT	-1,050	-1,069	1,601
Adjusted PAT	-530	-894	1,547
Gross Cash Accruals (GCA)	-212	-247	2,362
Equity Share capital	3,358	3,358	3,358
T. Net Worth (TNW)	38,883	39,485	42,028
Total Debt	26,012	28,517	29,480
Cash and Bank	3,260	4,655	5,245
Key Ratios			
EBIDTA / TOI	7.54	7.59	13.74
PAT / TOI	-3.69	-8.33	8.99
RONW	-1.42	-2.73	3.99
Overall Gearing (x)	0.67	0.72	0.70
Interest Coverage (x)	0.86	0.88	2.12
Total Debt / EBITDA	24.02	29.26	12.04
Debt to equity (TNW) ratio (%)	67%	72%	70%

Adjustments

1. Tangible net worth is calculated by netting off revaluation reserve and intangible assets from total equity.
2. Gross Cash Accruals (GCA) is calculated as PAT+ Depreciation + deferred tax+ other non-cash expenditure.
3. Overall Gearing ratio is calculated as total debt (long term and short-term debt including lease liabilities)/Tangible Networth.

Details of Instrument

Details of Bond Issue and Proposed Bond Issue

1. **Bond of MUR 3,000 million**

Instrument	Amount (MUR Million)	Tranches	Interest Rate	Repayment
Long term Bond (Issued in January 2019)	3,000	400	5.75%	Jan 2024
		757	5.55%	Jan 2024
		250	5.90%	Jan 2026
		641	5.75%	Jan 2026
		275	6.30%	Jan 2029
		200	Key rate + 1.60% (6.10%)	Jan 2024
		450	Key rate + 1.85% (6.35%)	Jan 2026
		13	Key rate + 1.30% (5.80%)	Jan 2026
		14	Key rate + 1.50% (6.00%)	Jan 2029

**Key rate = 4.50%*

2. **Bond of MUR 1,414 million**

Name of instrument	Amount (MUR Million)	Interest Rate	Repayment Date
Bond Issue	Tranche 1 – MUR 16 million	Fixed Rate – 4.90%	July 2030
	Tranche 2 – MUR 69 million	Fixed Rate – 5.75%	July 2029
	Tranche 3 – MUR 277 million	Fixed Rate – 6.30%	July 2032
	Tranche 4 – MUR 300 million	Floating Rate – Key rate + 1.60% (6.10%)	July 2032

Name of instrument	Amount (MUR Million)	Interest Rate	Repayment Date
	Tranche 5 – MUR 450 million	Floating Rate - Key rate + 1.95% (6.45%)	July 2037
	Tranche 6 – MUR 302 million	Floating Rate - Key rate + 2.20% (6.70%)	July 2037

3. Proposed Bond of MUR 750 million

Name of instrument	Amount (MUR Million)	Indicative Interest Rate	Repayment Date
Proposed Bond Issue	Tranche 1 - MUR 165 million	6.20%-6.80	July
	Tranche 2 - MUR 586 million	6.20%-6.80	July

Annexure I

Long /Medium-term Instruments

Symbols	***Rating Definition***
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category. A suffix of '(SO)' may be added to the rating indicating that the instrument / facility is a "Structured Obligation". A prefix of 'Provisional' may be added to a 'SO' rating indicating that the rating is subject to completion of certain conditions.

Rating Outlook

The rating outlook can be 'Positive', 'Stable' or 'Negative'.
A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.
A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.
A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

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