ENL Limited

July 7,2022

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating[1]	Rating Action
Bond Issue	3,000*	CARE MAU A; Stable [Single A; Outlook: Stable]	**Reaffirmed**
Proposed Bond Issue	2,000	CARE MAU A; Stable [Single A; Outlook: Stable]	**Assigned**
Total	**5,000 (Five Thousand Million Only)**		

**ENL (Standalone) has a total debt of MUR 7,200 million (Bond I- MUR 3,000 million, Bond II – MUR 500 million and Bank facilities – MUR 3,700 million) of which CRAF has assigned rating to Bond I only.*

Rating Rationale

The ratings assigned to the bond issue and proposed bond issue of ENL Limited ("ENL") continues to derive strength from the established track record of the ENL group, the significant land bank of around 22,000 arpents, one third of which is situated in the Moka region, prime location of the Moka Smart City due to its position in the Central plateau of the island, strong demand for plots of land in Moka, reputation of ENL group for developing quality shopping malls, residential projects and office spaces in prime areas of Mauritius, moderate project execution risk- since the company will be developing infrastructure on land and building residential units in phases, high occupancy and profitability in retail and asset portfolio, moderate cash coverage ratios of ENL Limited and holding of quoted investments in group companies.

The rating is constrained by the risks associated with the sale of land at envisaged prices, the high debt at group level vis-à-vis cashflow from operations and refinancing risk of existing bank facilities in ENL; albeit the repayments are due after 5 and 10 years and the ENL group has track record of timely rolling over its facilities due to the good cash generating capability of its various assets and strong standing of the group in the county. Rating also factors in the volatility in rentals of newly completed buildings & profitability of the group/associate companies, regulatory risk associated with Smart City project, interest rate risk and performance of the hotels which has been impacted by the pandemic.

Rating Sensitivities

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

- Ability to sell land under Moka Smart City Scheme at envisaged price
- Ability to sell land by ENL Limited at the envisaged price
- Ability of Oficea to develop office space and rent it in a timely manner as envisaged

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

- Any additional debt, other than projected, availed in ENL and group companies
- Delay in receipt of dividend and cashflows as envisaged from group companies

Purpose of new Bond issue

ENL proposes to issue a Bond of MUR 2,000 million, to be repaid between 8-15 years, for the following:

1. ENL repaid MUR 300 million of banking facilities from its own funds in February 2022. The company now proposes to replenish its cash balance by MUR 300 million.
2. To repay MUR 500 million of existing banking facilities
3. Acquire up to MUR 500 million of land conversion rights.
4. Invest up to MUR 300 million in the setting-up of a renewable energy cluster; and

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

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5. Invest up to MUR 400 million in land development by ENL property.

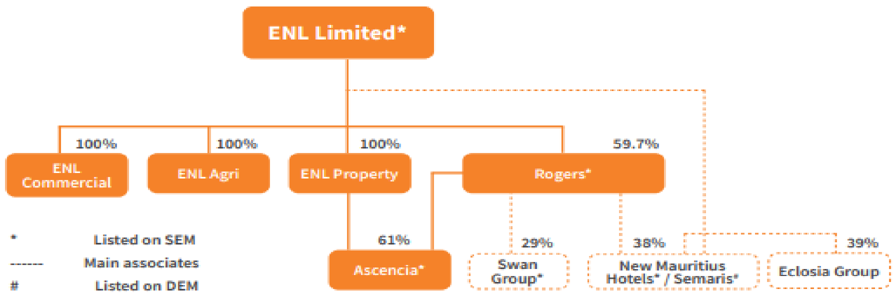
BACKGROUND

ENL Limited ("ENL") is the surviving entity post the restructuring and amalgamation of Ex-ENL Ltd., ENL Finance, ENL Land and ENL Commercial into La Sablonniere. Subsequently La Sablonniere 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 on 15,000 arpents of land and have earmarked about 5% of this area (around 1,000 arpents near Moka) for real estate development over next 10 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.

ENL is now developing a new Smart City in the south in the region of Gros Bois.

Four of the group's companies (ENL Limited, Rogers, Ascencia [rated CARE MAU AA- Stable] and Commercial Investment Property Fund [CIPF: rated CARE MAU A and CARE MAU A-; Stable]) are listed on the Stock Exchange of Mauritius. **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 Noel family and a number of eminent industrialists and professionals. Mr. Jean Noel Humbert, Chairman, 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 brothers Eric Espitalier-Noel and Philippe 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

Incorporated in 1944, ENL Limited is the investment & holding company of 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			Group	Debt
	9MFY22	FY21	FY20	9MFY22	FY21	FY20		FY21
Commerce and industry	3,456	4,029	3,561	150	145	43	ENL Commercial	974
Agro industry	781	776	790	67	-35	-23	ENL Limited (Standalone)	7,194
Land and investments	25	20	36	- 287	-341	-392		
Corporate office	3	5	5	- 21	-23	-30		
Real Estate	2,723	3,033	2,779	332	1,292	-19	ENL Property	2,966
Hospitality and leisure	1,982	859	3,041	14	-2,520	-690	Rogers and Company	15,438
Logistics	3,585	3,832	3,191	176	163	86		
Financial services	878	992	957	176	254	-25		
Total	**13,433**	**13,547**	**14,362**	**608**	**-1,065**	**-1,050**		**27,132***

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 holds 39% stake in Eclosia group (engaged in poultry production and Agro supplies). The performance of the segment relies mostly on sugar operations and some important sub-operations such as food crops, poultry and landscaping. COVID-19 has had a marginal impact on the segment, except for landscaping as 30% of their activities relate to the hospitality sector. Both food crop and poultry farming businesses kept operating during lockdown to ensure food security in the country. In FY21, the Agro-industry segment posted revenue of MUR 776 million and loss after tax of MUR 35 million. During 9MFY22, due to higher sugar prices, remuneration of bagasse and improved results from associate company, this segment started to be profitable again with revenue of MUR 781 million and PAT of MUR 67 million.

Commerce & Industry - The 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). The operations have picked-up since the first lockdown following the advent of COVID-19 and are now back to normal. The sector posted a PAT of MUR 145 million in FY21 & MUR 150 million in 9mthsFY22.

Land & Investments – The land & investment segment is the custodian of around 22,000 arpents of land. The company grows sugar cane on 15,000 arpents. The balance is sellable agricultural and converted land in and around Moka. The company has transferred part of this land (circa 1,000 arpents) with GOM approval to Moka City Limited for the development of the Moka Smart City. Significant converted land is still held outside the Smart City. 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 on average sells 50-60 arpents of land annually near the villages in Moka, to meet the demand for land in the region.

Real Estate (ENL Property Limited) - The company 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 134,057 m^2. Despite the pandemic, Ascencia delivered strong financial & operational performances in FY21 and 9MFY22, driven by lower operating expenses, lower rent to turnover ratios and asset management initiatives. The management stated that the malls have witnessed stable demand for consumer electronics, groceries, health, and sport goods due to change in lifestyle of people post pandemic. Average occupancy rate in FY21 was 97%.

Oficea (Office Portfolio) - The portfolio of office properties comprises of around 25,000 sqm of Gross lettable area of prime space worth MUR 1.7 billion as of June 30, 2021, operating at 97% occupancy level. The office space generates around MUR 200 million rentals annually. Despite the pandemic there is demand for office space in Port Louis, Ebene and Moka region. The portfolio increased to 31,974 sqm of GLA post completion of Les Fascines building and sale of MotorCity building. There are plans to increase the office portfolio by another 20,000 m^2 of mixed-use spaces in Telfair. The expansion is being funded by mix of debt and equity.

Residential Portfolio – In the residential portfolio, ENL group sells land parcels under smart city scheme (Moka Smart City), built up units and luxury apartments. Under land parcelling, the company generally develops infrastructure and sells the land parcels. The land parcel 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 FY21, the segment's revenue decreased from MUR 3 billion to MUR 0.8 billion leading to loss after tax of MUR 2.5 billion due to the pandemic, lockdown and closure of borders. However, the segment recorded positive results for 9MFY22 with revenue of MUR 2 billion and positive PAT of MUR 14 million with easing of restrictions and re-opening of borders on 1 October 2021. Mauritius has welcomed 170,000 tourists in the months of October-December 21. From January 2022 to May 2022, some 313,000 visited Mauritius and majority of hotels are operating between 40% to 60% occupancy level. Mauritius is expecting slightly more than 1 million tourists in FY22. The tourism sector is gradually recovering.

Logistics - The company 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 FY21, it recorded a turnover of MUR 3.8 billion (MUR 3.2 billion in FY20). The logistics served market achieved PAT of MUR 163 million (MUR 86 million in FY20) despite the setbacks caused by the COVID-19 pandemic. It posted MUR 174 million PAT in 9MFY22.

Fintech – The Fintech platform operating under the Rogers Capital brand provides corporate, technology and financial services to an international clientele. It also comprises significant holding in Swan, the market leader in general and life insurance. In FY21, it recorded a turnover of Mur 992 million (FY20: Mur 957 million) and PAT of MUR 254 million (loss after tax of MUR 25 million). It posted MUR 176 million PAT in 9MFY22.

A brief snapshot of consolidated financials of ENL Ltd. is given below: *MUR Million*

ENL Limited (Consolidated)	2019	2020	2021	2022
For the Year ended / As at June 30,	**12m, A**	**12m, A**	**12m, A**	**9MFY22**
Working Results				
Total Op. Income (TOI)	16,027	14,362	13,547	13,433
EBIDTA	3,117	1,178	650	2,066
Interest	1,169	1,257	1,110	863
Reported PBT	1,304	-917	-865	595
Reported PAT	1,061	-1,050	-1,065	608
Gross Cash Accruals (GCA)	1,706	-212	-243	
Equity Share capital	3,358	3,358	3,358	
T. Net Worth (TNW)	36,044	38,883	39,485	
Total Debt	23,946	26,012	28,517	30,000
Cash and Bank	2,231	3,260	4,655	4,268
Key Ratios				
EBIDTA / TOI	19.45	8.20	4.80	
PAT / TOI	7.00	-3.70	-7.86	4.53
RONW	3.66	-1.42	-2.72	1.55
Overall Gearing (x)	0.66	0.67	0.72	
EBIDTA / Interest (x)	2.67	0.94	0.59	
Total Debt / EBITDA	7.68	22.08	43.87	

ENL's performance was impacted by the COVID-19 outbreak and lockdown which led the group to incur losses for two consecutive years. In FY21, ENL (Consolidated) incurred a loss after tax of MUR 1,065 million, driven mainly by the losses of MUR 2,520 in hospitality sector and loss in the land and investment segment for MUR 341 million. Apart from Agro-Industry and Corporate Office segments which incurred losses of MUR 35 million and MUR 23 million, all the Group's other operating segments showed resilience and posted profits for the period. Losses in the hospitality sector (Veranda and NMH) were funded by availing loan (9 years loan @3.0% p.a. and if not repaid loan will be converted to equity after 9 years) from Mauritius Investment Corporation (MIC) – Central Bank promoted entity. During the 9MFY22, ENL (Consolidated) posted a revenue of MUR 13 billion and PAT of MUR 608 million compared to previous year losses.

Land Bank of ENL group

The Group owns around 22,000 arpents of land in Moka (a gentrified, highly populated and centrally located region of Mauritius), Savannah (south of Mauritius) and in Bel Ombre/Case Noyale (south-west of Mauritius). The Group has earmarked about 5% of this area (around 1,000 acres near Moka) for real estate development over next 10 years. While the Group has been holding the land for decades, it is only since the past 10-15 years that it has decided to develop real estate as one of its key pillars. 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.

In FY21 and FY22, the group has sold 14 arpents and 100 arpents under the Smart City and has plans to sell around 30 arpents in FY22 and FY23. During discussions 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 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%	151	30.50	32.00/20.95	**4,605**
New Mauritius Hotel	38.20%	84	9.60	9.88/8.50	**806**
Ascencia	24.86%	120	29.20	31.60/25.00	**3,504**

**As on June 30, 2022*

Pledged Shares -93 million shares of Rogers and Company Limited is pledged and 84 million shares of New Mauritius Hotel are pledged as security against debt availed by it. In June 2022, a good part of the shares pledged are expected to be released post increase in share price of these entities. This apart, the company has a portfolio of including shares of Management and Development Company Limited (Eclosia Group)_and Tropical Paradise Limited, which are profitable companies.

Analytical Approach: ENL Limited derive 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.

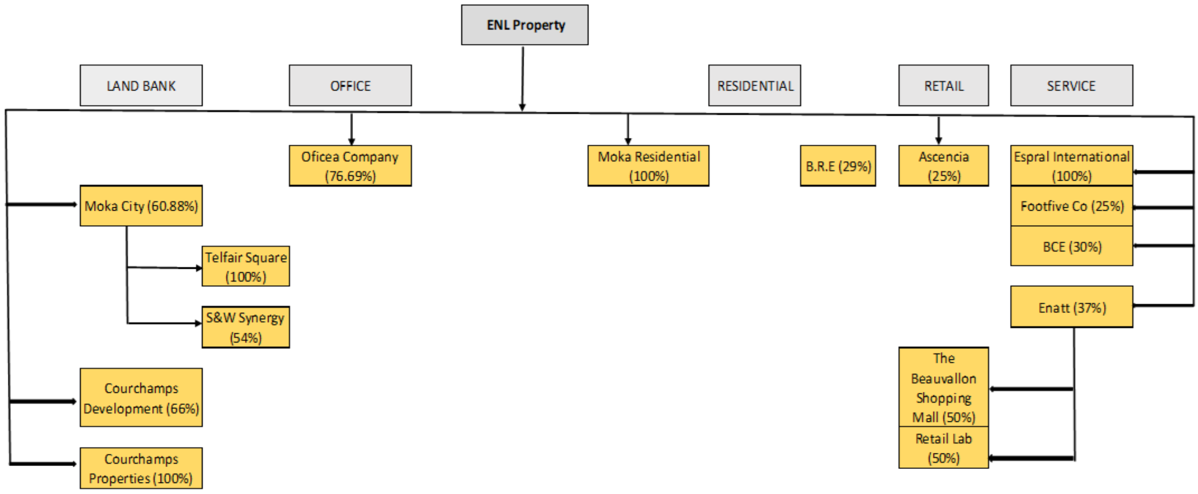
ENL Property will receive cash flows from the following group companies: -

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 sales by Moka Residential under Smart City Scheme.

Analysis of Cash flow received/to be received as dividend/ capital reduction from ENL's property vertical, i.e., from ENL Property Limited (100% subsidiary company of ENL Limited):

ENL's property vertical:

ENL Property is engaged in managing ENL's land bank comprising of land which is ideally situated for real estate development. As on May 31, 2022, the company and its subsidiaries own around 956 arpents of land (transferred from ENL Land for shares in ENL Property). The company also develops, markets, and manages a portfolio of premium resorts, homes and offices. 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:



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: Les Allées d'Helvetia and Bagatelle Mall. Later on, Mauritius Broadcasting Corporation moved to Moka and a third shopping mall, Kendra Shopping Centre was open. 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 i.e., Vivea Business Park.

Post introduction of Smart City Scheme (June 2015), ENL Limited incorporated Moka City Limited in June 2016 through 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 (with GoM approval under Moka Smart City Scheme) in and around Moka region and transferring them to ENL Property (against shares) which in turn was transferred to Moka City and Moka Residential (against 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 IFRS 9, the company has been revaluing the land 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 the development of theMoka 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 arpents of land has in and around Moka region to ENL Properties forshares 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.

Till June 2021, Moka Smart City sold 69 arpents of land (different sizes) at average price of MUR 25 million per arpent. Between July 2021 – May 2022, Moka City has sold 23 arpent of land which includes 14 arpents sold in Bagatelle for commercial purposes (payment has already been received), 5 arpents of land sold in Telfair (to Oficea Company Ltd for MUR 178 million) and 2 arpents of land each sold in Helvetia and Vivea. 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. For the year ended 30 June 2022, the company has also sold 77 arpents of land in L'Avenir and has received around 30% of the amount. The company is currently developing infrastructure and will hand over the plots within next 2 years.

Courchamps Development

ENL Property holds 66.5% in Courchamp Development and has provided them a land bank of 15.59 arpents at MUR 12 million per arpent (against shares). The company has sold the entire land and is developing roads & setting up infrastructure. The total sale proceeds already received is MUR 394 million and the cost of infrastructure development incurred till May 2022 is MUR 197 million. The company has paid MUR 180 million for cost of land and has transferred MUR 103 million to ENL Property via loan by December 2021 (profit for the project).

Courchamps Properties

ENL Property holds 100% in Courchamps Properties and has provided a land bank of 107.6 arpents at Mur 4.0 million per arpent (against 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. It is debt free. The company has already sold 16 arpents till date.

Moka Residential

As a part of Smart City Scheme, Moka City has to develop & sell 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 property will be handed over in next 2-3 years. The company commences construction only after selling the unit. The company now has bookings for 47 more residential development. Accordingly, the entire construction cost is being financed from payments received from the buyers on milestones completion. Moka Residential is a debt free company and has no plans to avail debt in future.

Dividend from group companies

Ascencia

ENL Property owns 24.86% in Ascencia Limited (CARE MAU AA- Stable) - 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 134,057 m^2 in Mauritius. It is a profitable company and pays dividend annually. Ascencia is performing well, with all 7 malls having combined occupancy of 97% in FY21. Most of the leases are for 3-5 years with 5% escalation clause. Bagatelle Mall completed its extension phase in FY21, and leasable area was almost at 100% occupancy in December 2021. Given the high demand for space in Bagatelle and other malls, the company's performance is expected to improve going forward. Accordingly, dividend payment is also expected to increase. Revenue and PAT were higher in FY21 as compared to FY20.

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 23 shopping centres and office buildings in Mauritius, maintaining a close and fruitful collaboration with over 400 tenants with most of these properties being owned by Ascencia. In FY21, EnAtt has made a normalized PAT of MUR 98 million (MUR 59 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 Moka underpinned by MUR denominated medium to long term leases with high quality corporate tenants. The company currently has an existing portfolio of 12 buildings with 31,974 sqm of gross lettable area (GLA) (around 25,000 sqm as of June 30, 2021) into operations and 92% occupancy (FY21: 97%). Reduced occupancy rate is due to sale of MotorCity building and only one month of operation for newly constructed building, Les Fascines, at 59% occupancy rate. Majority of the office tenants are companies of repute and have been in these premises for last 5-10 years. 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% annually. The company is generating profit and paying dividend on 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 20,415 sqm). **Les Fascines** at Vivea Business Park is operational since June 2022 and has an occupancy rate of 59%. Six buildings (4-6 storeys) along **La Promenade in Telfair** (total GLA of 20,415 sqm) will be added to the portfolio of Oficea in January 2024 (construction has already started). The total cost of all the projects is estimated at MUR 3,490 million which will be financed partly from the bond issue (MUR 1,591 million) and partly from equity (MUR 1,896 million). As on date, Oficea has already tied up for MUR 1,850 million of equity and balance from accruals.

Oficea tied up for a bond of MUR 2,300 million at a blended rate of 3.90% over a period of 20 years. In December 2021, Oficea has already raised MUR 725 million of the Bond Issue (MUR 325 million of Senior Tranche and MUR 400 million of Junior Tranche) and used it to repay existing debt (MUR 709 million). Oficea has fully repaid term loan of Mur 709 million from MCB and SBM from proceeds of the first tranches of the bond issue (MUR 725 million).

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.

Standalone financials of ENL Property is as under:

For the Year ended / As at June 30,	2018	2019	2020	2021	9MFY22
	Audited 12m				
Total Op. Income (TOI)	635	774	351	408	390
EBIDTA	164	205	103	123	110
Interest	97	118	162	134	
PAT	-136	46	-47	-11	
Gross Cash Accruals (GCA)	82	98	-37	-11	
Equity Share capital	3,574	3,720	4,908	4,471	
T. Net Worth (TNW)	3,204	3,339	4,748	6,006	
Total Debt	1,944	1,796	1,502	1,504	1,500
Cash balance	7	100			
Key Ratios			29%	30%	
EBIDTA / TOI	26%	26%	NM	NM	
APAT / TOI	NM	6%	0.32	0.25	
Overall Gearing (x)	0.61	0.54	0.63	0.92	
EBIDTA / Interest (x)	1.70	1.74	14.58	12.26	
Total Debt / EBITDA	11.86	8.76	351	408	

ENL property posted a total income of MUR 408 million (MUR 351 million in FY20) and EBIDTA of MUR 123 million in FY21 (MUR 103 million in FY20). The company has long term debt of Mur 1,504 million from MCB & SBM. It is 10 years facility with a moratorium of 5 years. Both MCB and SBM has rolled over the facility in FY17, with a moratorium of another 5 years.

The company has MUR 800 million of loan from ENL Limited (@6.25%) which has been used for equity infusion in Oficea. The company will avail MUR 400 million loan in FY24 and FY26 and will repay the loan to ENL Limited, which in turn will utilize it to repay the Bond. This apart the company has plans to borrow MUR 500-600 million over next 4-5 years to support develop assets in group companies, as and when required. The company can comfortably repay its interest and will be providing fund to ENL Limited by way of dividend or capital reduction.

ENL Limited

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 Properties (cashflow from land sell) – 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 has received MUR 507 million and in FY21 it received MUR 436 million of cash from ENL property as capital reduction

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 Smart City scheme) and repaying cash to ENL Limited under capital reduction. In FY20, ENL Limited sold 540 arpents 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 Fixed deposit in Banks.

As on May 31, 2022, ENL has more than 350 arpents 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.

As on May 31, 2022, ENL Limited has a total debt of MUR 6,887 million comprising of Bonds of Mur 3,500 million and bank facilities of Mur 3,387 million. Majority (90%) the bank facilities are repayable between 5-10 years or later. The management maintained that the bankers are always interested to refinance the loans on maturity. The management also informed that they would maintain a certain level of indebtedness in ENL which will be between MUR 6,000-7,000 million based on requirement to invest in group companies for development of yield /cashflow generating assets.

As on May 31, 2022, the company has MUR 8,900 million worth of holdings in listed entities (Ascencia, Rogers and NMH) which can be liquidated, if required.

Financials of ENL Limited (Standalone) :- **Mur Million**

For the year ended as on June 30,	2019	2020	2021
		Audited	
Total Income	255	226	261
EBIDTA	60	-92	-28
Interest	199	389	326
PBT	197	2,636	-184
PAT	189	2,640	-186
Gross Cash Accruals (GCA)	189	771	-334
Dividend paid/proposed	195	169	187
Financial Position			
Equity share capital	3,358	3,358	3,358
Tangible networth	17,348	19,656	19,276
Total debt	7,223	7,336	7,255
- Long term debt	7,193	7,107	6,682
- Short term debt	30	229	573
Investment in Subsidiaries	14,685	13,661	14,319
Cash & Bank balances	609	789	682
Key Ratios			
PBILDT / Total income	23.64	-41.00	-10.86
PAT (after defd. tax) / Total income	74.16	1170.71	-71.28
RONW	1.09	13.43	-0.96
Debt equity ratio	0.41	0.36	0.35
Overall gearing ratio	0.42	0.37	0.38
Interest coverage (times)	0.30	-0.24	-0.09
Total debt/EBIDTA	28.33	32.53	27.81
Total Debt/GCA	38.20	9.51	-21.74

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.

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 hunting primarily 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 for business or to live. The Smart City Scheme was launched by the Mauritius 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 aim 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 exempted 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 has quickly gained popularity and became the place to live, work and 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, makes 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.

COVID-19 impact on the Mauritius Real Estate Sector:

Land sale is ongoing despite the economic crisis. It is mostly sought by middle to higher income earners who prefer to invest their money in real estate which would otherwise have normally been utilized for travel and purchase of luxury items. More and more people are aware of the numerous advantages that the real estate sector provides and are making the most of it. Investors seek security and real estate is deemed as the safest investment option currently. There may have been fewer foreign acquisitions of real estate properties since tourists and prospective foreign investors are unable to travel to Mauritius due to closure of borders since 2020. However, with the depreciation of the Mauritian Rupee, foreigners will wish to invest in real estate in Mauritius once borders reopen. Agents state that there has been no withdrawal from the potential foreign buyers with only the signing date been postponed for a later date.

Annexure I

Details of Bond Issue

Particulars	Instrument		
Type of Instrument	Proposed Bond Issue		
Size of the issue	MUR 1,500 million		
Interest Rate and Repayment	**Amount**	**Interest Rate**	**Repayment**
	Tranche 1 – MUR 250 million	Floating Rate – Repo + 1.50%	July 2030
	Tranche 2 – MUR 250 million	Fixed Rate – 4.50%	July 2029
	Tranche 3 – MUR 250 million	Floating Rate – Repo + 1.75%	July 2032
	Tranche 4 – MUR 250 million	Fixed Rate – 5.25%	July 2032
	Tranche 5 – MUR 250 million	Floating Rate - Repo + 2.05%	July 2037
	Tranche 6 – MUR 250 million	Fixed Rate – 5.85%	July 2037
Issue Date	31 July 2022		
Purpose of the Bond Issue	The Issuer repaid MUR 300 million of banking facilities from its own funds in February 2022. Through this Notes issuance, the Issuer wishes to take on additional indebtedness for the following: (i) Replenishment of cash balance by MUR 300 million (ii) Acquire up to MUR 500 million of land conversion rights. (iii) Invest up to MUR 300 million in the setting-up of a renewable energy cluster; and (iv) Invest up to MUR 400 million in land development by ENL property.		
Interest Payment Date	Interests on the Notes shall be paid semi-annually in arrears, on the 27 June, and 27 December (subject to Business Day Convention) starting 27 December 2022		
Covenants	• Negative Pledge: The Issuer shall not, without the prior consent of the Noteholders' Representative, create or permit to subsist any security interest on a Charged Asset. • Minimum Charged Asset Value: The Issuer shall, at all times, ensure that the Charged Asset Value of the Charged Asset shall be greater than or equal to the Minimum Charged Asset Amount		
Security	The Noteholders' Representative (acting for and behalf of the Noteholders) shall, for each Tranche, benefit from a first ranking fixed charge (the "Fixed Charge") on the Charged Assets. For each Tranche of Notes, the Charged Asset Value of the relevant Charged Assets shall at all times be greater than or equal to the Minimum Charged Asset Amount.		

Madam Aruna Radhakeesoon has not participated in RCM for discussion of this case, because of her association with Rogers and ENL is the holding company of Rogers.

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