Rating Rationale
ENL Limited

Ratings

Instrument	Amount (MUR Million)	Rating	Rating Action
Bond	3,000*	CARE MAU A; Stable **[Single A; Outlook: Stable]**	Reaffirmation of rating with removal of Credit Watch**

**ENL Limited (Standalone) has a total debt of MUR 7,245 million (Bond I- MUR 3,000 million, Bond II – MUR 500 million and Bank facilities – MUR 3,745 million) of which CRAF has assigned rating to its Bond I issue of MUR 3,000 million only.*
***In March 2021, the rating was placed under credit watch due to delay in publication of Audited FY20 and H1FY21 Financials by the company.*

Rating Rationale

The rating assigned to the bond issue of ENL Limited ("ENL") 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, strong demand for plot 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 on group basis 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 ability of its various assets, volatility in rentals of newly completed buildings & profitability of the group/associate companies, regulatory risk associated with Smart City project, interest rate risk and significant fall in value of holdings in Rogers and New Mauritius Hotel due to COVID-19 pandemic and closure of the hotels.

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

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

- Additional debt availed in ENL and group companies
- Delay in receipt of dividend and cashflow as envisaged from group companies
- Ability of Oficea Company Ltd (Oficea) to develop office space and rent it in a timely manner and at envisaged rates as MUR 800 million out of bond issue was extended as loan for development of office space in Oficea

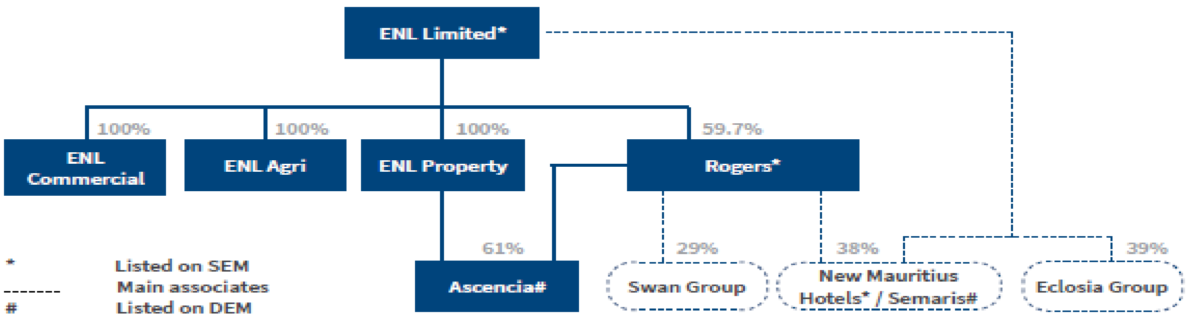
The Rating Committee of CRAF has taken note of the fact that ENL has received Mur 1,500 million from Moka City (out of the total equity infusion of MUR 1,900 million in Moka City by strategic equity investors) in FY20 & FY21 and ENL has used part of the fund for debt reduction and balance is maintained in Banks. The Rating Committee has removed the Credit Watch, after considering the above, Audited FY20 and 9MFY21 financials and statement by ENL's management that ENL will hold on to the liquidity (cash- MUR 500-700 million and overdraft of MUR 569 million) to meet its interest expenses over next 1 year (around MUR 350-400 million in FY21) and other costs. During discussion, ENL management also articulated that ENL has not provided any Corporate Guarantee to any of the debt raised by any of its group or associate companies (Commercial Investment Property Fund, ENL Commercial, ENL Property, Moka City, Oficea and Rogers and NMH). Utilization of substantial part of the liquidity to support group companies will trigger a rating revision. The management also informed that they would maintain a certain level of indebtedness in ENL (between MUR 5,000-7,000 million) based on requirement to invest in group companies for development of yield /cashflow generating assets.

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 22,369 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 arpent of land and have earmarked about 5% of this area (around 1,000 arpent 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.

Four of the group's companies (ENL Limited [CARE MAU A; Stable], Rogers, Ascencia [rated CARE MAU A+; Stable] and Commercial Investment Property Fund [CIPF: rated CARE MAU A-(SO); Stable]) are listed on the Stock Exchange of Mauritius. Current structure of ENL group is as under:



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. The strategic affairs are looked after by Mr. Hector Espitalier-Noel - Chairman of the group 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

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)

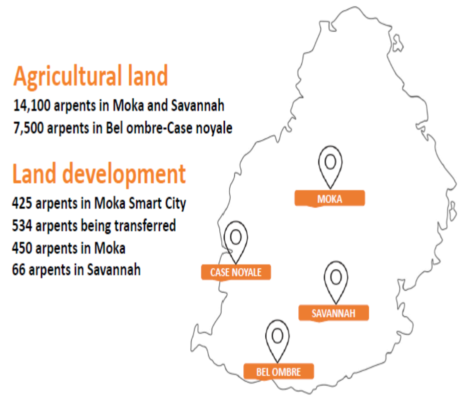
	Turnover			PAT			Group	Debt
	9MFY21	FY20	FY19	9MFY21	FY20	FY19		FY20
Commerce and industry	2,562	3,615	3,927	60	51	145	ENL Commercial	1,660
Agro-industry	575	790	798	(62)	(17)	17	ENL Limited (Standalone)	7,358
Land and investments	10	36	27	(198)	(392)	(512)		
Corporate office	7	5	5	(24)	(30)	(45)		
Real Estate	2,036	2,774	3,087	264	43	1,022	ENL Property	2,842
Hospitality and leisure	680	3,058	3,844	(1,632)	(673)	187	Rogers and Company	14,700
Logistics	2,892	3,191	3,500	134	86	101		
Financial services	635	884	839	134	(25)	146		
Total	**9,397**	**14,353**	**16,027**	**(1,326)**	**(957)**	**1,061**		**26,560**

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.

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 are heavily dependent on consumption and the advent of COVID-19, with lockdown and border closure having an impact on the segment's performance. Significant cost-cutting measures were worked out and implemented. The company also reviewed its processes to make operations leaner and ready for a pick-up of the market. The sector posted a PAT of MUR 51 million in FY20 and MUR 60 million in 9MFY21.

Land & Investments – The land & investment segment is the custodian of around 23,000 arpents of land. The company grows sugar cane on 15,000 arpent. 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 arpent of land annually (@8-12 million per arpent) near the villages in Moka, to meet the demand for land in the region.

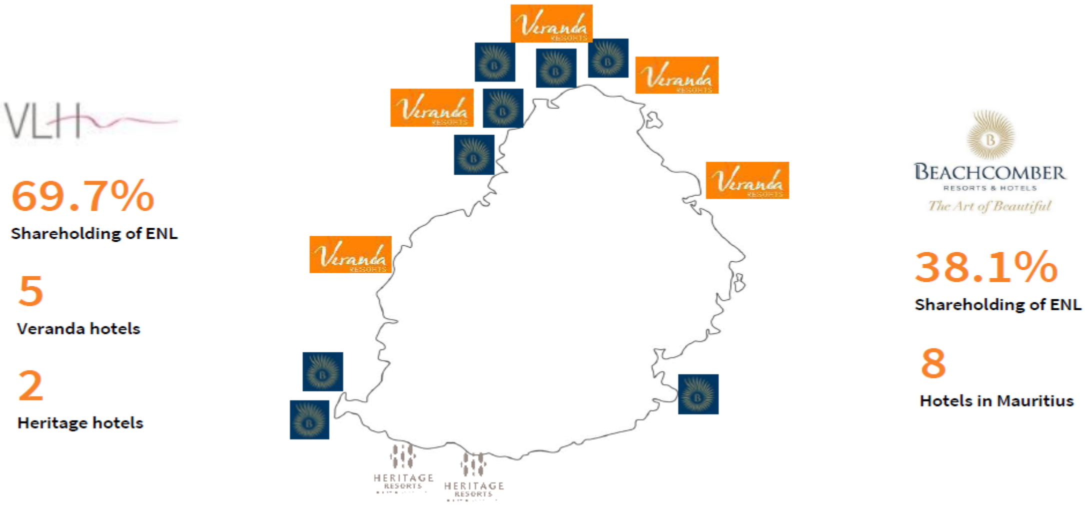
Real Estate (ENL Property Limited) - The company builds and manages homes, offices, and shopping malls, leading the real estate market with an integrated offer. The key contributor to the profit is profitable performance of Ascencia and Oficea.

Ascencia (Retail/Shopping Mall Portfolio) - ENL's retail portfolio consists of 7 shopping malls under Ascencia, with a combined Gross lettable area (GLA) of 129,571 m^2. Despite the pandemic, Ascencia delivered strong financial and operational performances in FY20 and 9MFY21, 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 the change in lifestyle of people after the pandemic. As on March 31, 2021, the occupancy of all the malls were at 97.7%. Ascencia is further strengthening its position with expansion of the Bagatelle Mall.

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 which is fully let out. 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. There are plans to increase the office portfolio by around 30,000 m^2 over the next 4-5 years, starting with building of 8,685 m^2 in Vivea and around 21,200 m^2 of mixed-use spaces in Telfair. 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 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 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 FY20, the segment's revenue decreased from MUR 3.8 billion to MUR 3.1 billion leading to the loss after tax of MUR 673 million due to the outbreak of COVID-19 in March 2020 adversely impacting the results for the year ended June 2020. The positive results recorded during the first 8 months of the financial year 2020 were wiped out by the sudden fall in the level of activities in hotels, leisure and travel following the closure of borders and worldwide travel restrictions.



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 FY20, it recorded a turnover of MUR 3.2 billion (FY19: MUR 3.5 billion). The Logistics served market achieved PAT of Mur 86 Million (2019: Mur 101 Million) despite the setbacks caused by the COVID-19 pandemic. It posted MUR 134 million PAT in 9MFY21.

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, a market leader in general and life insurance.

In FY20, it recorded a turnover of Mur 884 Million (FY19: Mur 839 Million), posting a Loss of Mur 25 Million (FY19 Profit after tax: Mur 146 Million). The COVID-19 pandemic has resulted in a slowdown of business since March 2020. It posted MUR 134 million PAT in 9MFY21.

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

For the Year ended / As at June 30,	2019	2020	2020	2021
	12m, A	12m, A	9MFY20	9MFY21
Working Results				
Total Op. Income (TOI)	16,027	14,353	12,168	9,398
EBIDTA	3,117	1,067	650	3
Interest	1,169	1,256	975	834
PAT	1,061	-957	-204	-1,326
T. Net Worth (TNW)	23,167	24,050	24,500	23,000
Total Debt	24,112	26,560	24,610	26,537
Cash and Bank	2,016	3,089	984	2,577
Key Ratios				
EBIDTA / TOI	19.45	7.43	5.34	0.03
PAT / TOI	7.00	-3.05	-1.68	-14.11
RONW	4.64	-1.86	-0.84	-5.56
Overall Gearing (x)	1.04	1.10	1.00	1.15
EBIDTA / Interest (x)	2.67	0.85	0.67	0.00
Total Debt / EBITDA	7.74	24.90	37.86	8845.67

In FY20, ENL group incurred a loss due to COVID-19 outbreak. The Group's segments were affected at various levels. Most of them have shown resilience and have largely recovered since the lockdown was lifted except hospitality, which is still suffering from the closure of borders, and the consumer finance and leasing businesses which are affected by the slowdown in consumer spending.

In FY20, group's turnover decreased by 10% and operating profit registered a sharp decline. Associated companies (primarily in hospitality sector) suffered significant losses with ENL's share amounting to MUR 349 million. The Group reported a loss after tax of MIUR 957 million for the year under review. Shareholders' funds increased by MUR 3,000 million primarily due to equity injection in subsidiary companies by non-group shareholders and revaluation of land assets. Indebtedness increased by MUR 1,500 million.

ENL group's (Consolidated) 9MFY21 performance was impacted by COVID-19 and the second lockdown as from 10 March 2021 with Group turnover decreasing by 23% compared to the corresponding period last year. Whilst all segments except Logistics were impacted, the drop was particularly severe in Hospitality due to the continuing closure of the country's borders.

ENL (Consolidated) incurred a loss after tax of MUR 1,326 million, driven mainly by the losses of MUR 1,632 in hospitality sector [Veranda Leisure and Hospitality in Rogers and 33% loss of New Mauritius Hotel (NMH)]. Apart from Agro-Industry, which incurred a loss of Mur 62 million, all the Group's other operating segments showed resilience and posted profits for the period. The second lockdown was lifted on 1 May 2021 with a resumption of nearly all economic activities; its impact on our operations was contained as the Group was better prepared to navigate this second confinement.

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.

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Land Bank of ENL group

The Group owns 22,639 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 FY20 and FY21, the group sold 20 acres and 14 acres under the Smart City and has plans to sell around 100 acres in FY22 and FY23. During discussion the management of Moka City has intimated that they have firmed demand for entire 100 acres and same will be sold post development of infrastructure in these lands.

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	21.00	24.00/19.00	**3,161**
New Mauritius Hotel	28.92%	84	4.05	6.50/3.60	**644**
Ascencia	24.86%	120	24.00	24.00/16.00	**2,893**

**As on May 31, 2021*

Pledged Shares -12 million shares of Rogers and Company Limited (i.e. 8% of ENL's current holding) is pledged and 35 million shares of New Mauritius Hotel (i.e. 22% of ENL's current holding) are pledged as security against debt availed by it. During the Bond issue of Mur 3,000 million, ENL has pledged shares worth Mur 2.0 billion (current value Mur 1 billion) of Rogers and Company as security. Post fall in the share price of Rogers and NMH, ENL has topped up additional shares worth Mur 1 billion.

This apart the company has a portfolio of unquoted investment in shares of Eclosia Limited (39%) and Tropical Paradise Limited (listed company), which are profitable companies.

Equity Investment for Development of Smart City

In FY20, there was equity infusion of Mur 1,900 million by external investors - Swan Insurance and National Pension Fund (NPF) in Moka City and MUR 600 million by Swan Insurance in Oficea.

Analytical Approach: 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.

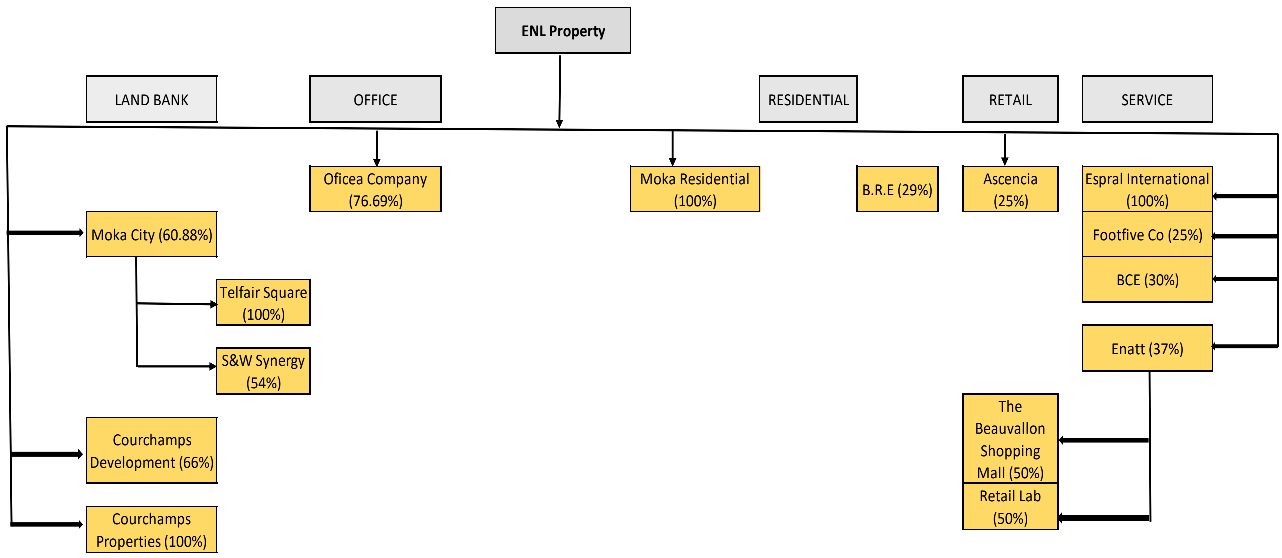
ENL Property will receive cash flows from the following group companies: -

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.

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, 2021, the company and its subsidiaries own around 956 arpents of land (transferred from ENL Land against redeemable shares of 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 utilisation of the land bank

Over the last two decades, the 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 used to cultivate sugarcane. In 1970, ENL Group donated land to build the Mahatma Gandhi Institute. During last 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, and well-being centre (Synergy) and two malls: Les Allées d'Helvetia and the mall of Mauritius – 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 - Swan Limited and National Pension Fund invested MUR 1.9 billion and the remaining amount of MUR 1.7 billion was invested by ENL Property Limited. The MUR 1.7 billion investment by ENL Property Limited was made in convertible debentures (MUR 1.08 billion) and the remaining amount being equity.

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 redeemable shares) which in turn was transferred to Moka City and Moka Residential (against redeemable shares).

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). Schools, Hospital, Shopping Mall and Clubs has already been developed in the Moka region by ENL group. As per plans submitted to GoM, Moka Smart City, is proposed to be developed on 1,600 arpent of land over 15 years.

Moka City

Moka City Limited is engaged in the development of the 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 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 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'Helvétia' is the first built-up residential development under the Smart City Scheme.

Till June 2020, Moka Smart City sold 47 arpents of land (different sizes) at average price of MUR 25 million per arpent. Between July 2020 - April 2021, Moka City has sold 14 arpent of land which includes the Bagatelle Bulk deal at MUR 24 million per arpent. US Embassy has already signed sales deed for 11.28 acres.

During discussion the management articulated that the company has already received interest for sale of an additional 12 arpents of land around Bagatelle. All the plots have been blocked already and the deal will be concluded by end of June whereby 90% of the cash from land sales will be received. Sale for 21 arpents of land has already been booked for 2022 within Bagatelle, Vivea and Telfair regions. More than 400 people have showed interest in acquiring land within Moka region.

The company has also received interest from middle income group people to develop the area around L'Avenir (MUR 15-20 million per arpent as compared to MUR 30 million plus sold in Helvetia, Telfair and Bagatelle). Since there is market attractiveness in L'Avenir, the company has started to develop in infrastructures in the area.

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 Development

ENL Property holds 66.5% in Courchamp Development and has provided them a land bank of 15.59 arpent at MUR 12 million per arpent (against redeemable shares). The company has already sold the entire land and is developing roads & setting up infrastructure. The total sale proceeds already received is MUR 422 million and the cost of infrastructure development will be around MUR 200 million. The company has paid MUR 180 million for cost of land and will transfer MUR 130 Million to ENL Property by December 2021.

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). Courchamp Properties is developing infrastructure in that land. It proposes to commence selling of the land from FY22. Given the demand for plots of land in Courchamp development, it is confident of selling the plots within envisaged timelines. It is debt free. The company has already sold 13 arpent till date.

Moka Residential

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 269 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 by February 2020. Phase III consisting of 33 units has been launched of which 15 units has been reserved. The construction for the sold units has already commenced and property will be handed over in next 2-3 years.

The company commences construction only after selling the unit. 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 A+ 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 129,571 m2 in Mauritius. It is a profitable company and pays dividend annually.

Ascencia is performing well, with all 7 malls having combined occupancy of 97.7% as on March 31, 2021. Most of the leases are for 3-5 years with 5% escalation clause. Ascencia is further strengthening its position with the expansion of the Bagatelle Mall. 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.

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 centre and office buildings in Mauritius, maintaining a close and fruitful collaboration with over 400 tenants. Most of these properties are owned by Ascencia.

In FY20, Enatt has made a normalised PAT of MUR 59 million (MUR 56 million in FY19) and paid nil dividend (MUR 40 million in FY19).

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 25,326 sqm of gross lettable area (GLA) into operations and 97% occupancy. Majority of the office tenants are companies of repute and has 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. The rentals per sqm ranges between 300-600 per m^2 but 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.

As on March 31, 2021, the company has term loan of Mur 709 million (@ 4.10% p.a.) to be repayable after 2-3 years from MCB and SBM.

Oficea has two major developments in progress. They are developing new office space, Les Fascines (GLA of 8,685 sqm) at Vivea Business Park and six buildings (4-6 storeys) along La Promenade in Telfair (total GLA of 21,200 sqm). The total cost of both the projects is estimated at MUR 3,483 million which will be financed partly from the bond issue (MUR 1,591 million) and partly from equity (MUR 1,892 million). As on date, Oficea has already raised MUR 1,650 million of equity (ENL Property – MUR 1,050 million and Swan – Mur 600 million) and remaining amount of MUR 242 million to be raised by FY24. ENL property & Swan has infused part of the funds as compulsorily convertible debentures (6%) to be converted to equity by FY27.

Oficea proposes to raise a bond of MUR 2,300 million at a blended rate of 3.90% over a period of 15 years. The bond will be raised in tranches: Senior secured bond of MUR 1,400 million repayable between 8th-15th year and Junior secured bond of MUR 900 million repayable between 10th-15th year. The Senior Tranche Bond will be partly used to repay the entire existing term loan (MUR 709 million) and partly to finance construction of office space (8,685 sqm) in Les fascines (project cost - MUR 902 million). The Junior Tranche Bond will be used to part finance construction of office space (21,200 sq m) in Telfair and development of super basement for parking & other projects in Telfair square.

Oficea will pay dividend between FY22-FY29. Cash Coverage ratio is expected to remain comfortable over the tenure of the Bond Issue. Repayment to commence from July 2029.

ENL Property Limited

ENL Property manages ENL group's developable land bank and drives its residential and office developments. The company develops, market and manage 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 aggregating to around MUR 230 million and dividends of MUR 165 million. The company has administrative expenses aggregating to around MUR 200 million.

Standalone financials of ENL Property is as under:

For the Year ended / As at June 30,	2018	2019	2020
	Audited 12m		Management Accounts
Total Op. Income (TOI)	635	774	351
EBIDTA	164	205	103
Interest	97	118	162
Depreciation	8	10	10
PBT	-150	48	-44
PAT	-136	46	-44
Gross Cash Accruals (GCA)	82	98	-34
Equity Share capital	3,574	3,720	4,907
T. Net Worth (TNW)	3,204	3,339	6,084
Total Debt	1,944	1,796	1,500
Cash balance	7	100	417
Key Ratios			
EBIDTA / TOI	26%	26%	29%
APAT / TOI	NM	6%	NM
Overall Gearing (x)	0.61	0.54	0.25
EBIDTA / Interest (x)	1.70	1.74	0.64
Total Debt / EBITDA	11.86	8.76	14.56

ENL property has posted an EBIDTA of MUR 103 million in FY20. This includes dividend income of MUR 176 million from group companies. This apart the company has received MUR 150 million from sale of land to group companies.

The company has long term debt of Mur 1,500 million (@ 4.25% p.a.), from MCB & SBM, primarily availed to fund the Bagatelle Shopping mall project. 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. This apart the company has an overdraft facility of around Mur 500 million of which the company has not used during last 1 year.

The company has received MUR 800 million of loan from ENL Limited (@6.25%) which is 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 FY19 & FY20. ENL has received MUR 259 million and MUR 257 million of cash from ENL property - part of Cashflow.

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 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 Fixed deposit in Banks.

In FY20 and FY21, Moka City has sold land under Smart City Scheme. Accordingly, ENL has already received additional cash of MUR 587 million from ENL property and Moka City in FY21.

As on May 31, 2021, 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.

The management also informed that they would maintain a certain level of indebtedness in ENL which will be between MUR 5,000-7,000 million based on requirement to invest in group companies for development of yield /cashflow generating assets.

As on March 31, 2021, ENL Limited has a total debt of MUR 7,245 million comprising of Bonds of Mur 3,500 million and bank facilities of Mur 3,745million. Majority (90%) the bank facilities are repayable between 5-10 years. The management maintained that the bankers are always interested to refinance the loans on maturity. Part of the Bond can also be refinanced subject to appetite of the investors.

The company has lent Mur 800 million to ENL property, which in turn has invested the same for development of office projects in Oficea. The principle will be repaid in FY24 and FY26, 5th and 7th year, in line with repayment of ENL's bond.

The cumulative Debt Service Coverage Ratio is comfortable during the projected tenure of the loan and is satisfactory even under stressed scenarios.

The management has stated that in case they face issues in refinancing the bank loans or in distress, the shares of Ascencia, Rogers and NMH can be liquidated (quoted market value of unpledged shares – Mur 6,700 million) or it can liquidate only 5% of its non-core land assets to meet the principal repayment of the entire Bond issue.

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

For the year ended as on June 30,	2019	2020
	Audited	
Total Income	255	226
EBIDTA	60	(92)
Interest	199	389
Fair value gain on revaluation of investment properties	282	1,869
Profit on sale of land	43	872
PAT	189	2,640
Gross Cash Accruals (GCA) (Net of fair value gain in FY19, FY20 & 9MFY21)	189	771
Dividend paid/proposed	195	169
Equity share capital	3,358	3,358
Tangible networth	17,348	19,656
Total debt	7,223	7,336
- Long term debt	7,193	7,107
- Short term debt	30	229
Investment in Subsidiaries	14,685	13,661
Cash & Bank balances	609	789
Key Ratios		
RONW	1.09	13.43
Debt equity ratio	0.41	0.36
Overall gearing ratio	0.42	0.37

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 is the one attracting majority of 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. (Monthly rental of these accommodation varies between Mur 15,000 -70,000).

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 Moka and Highlands. Demand for office spaces has shifted to regions such as Moka where parking facilities are more accessible. 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 a very attractive to those wishing to rent or buy a residence in the centre of the island, commanding strong rental demand, with monthly rent, starting at a minimum of Rs 60,000. 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.

COVID-19 impact on the Mauritius Real Estate Sector:

Real estate: There has been an overall slowdown in economic activities in Mauritius since the first lockdown in 2020. Indeed, way of living and spending patterns have been impacted. There has been no major exit of foreign investors out of Mauritius post the lockdown.

The pandemic has restricted the travel of the local inhabitants – which in turn is driving up land sale as local high Networth Mauritians prefer to invest their money in the form of land which has given higher appreciation as compared to other investments. For e.g., land around Bagatelle that used to cost around MUR 8.5 million, 10 years ago, are now worth MUR 40 million.

The new laws are also favorable whereby Mauritian citizens are now fully exempted from registration duties when they acquire a newly built property below MUR 6 million. The exemption is also applicable if the property is bought off-plan or during construction under VEFA (vente en l'état futur d'achèvement). This measure does not apply to PDS, IRS, RES or to properties on leasehold. Additionally, the exemption of land transfer tax will be granted on the sale of a residential unit, including under VEFA, provided it is old to a Mauritian before 30th June 2022.

There is also higher demand for purchase of land in warmer and less crowded regions such as Moka, Grand Baie, and Tamarin. The trend for the past few years has shown that many people are shifting from crowded regions such as Quatre Bornes, Curepipe and Port Louis to less populated locations.

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.

Malls: The occupancy level of the malls in Ascencia's portfolio, Bagatelle Mall being the largest mall remained more or less the same. Ascencia has vacancy rate of 2.3% in March 2021. Malls remain busy and crowded despite the partial lockdown. Food outlets have reported around 80% of sales post re-opening in May 2021 solely from takeaways. The opening of Decathlon recently has been in the highlights with the long queues outside the store and shelves are almost empty indicating that sales must have been higher than what was envisaged.

Offices: As for offices, the situation and demand are stable. There are many companies that are relocating from Port Louis to occupy offices in Ebene and Moka in the pursuit of bigger and modern offices to better maintain the sanitary measures and also to avoid the crowded capital. Companies are slowly adopting the LIVE – PLAY – WORK concept by relocating to smart cities. Lavstone and MaxCity who owns office properties in Port louis and Ebene have showed resilience to the pandemic and has been able to maintain occupancy level. With the opening of new supreme courts, the demand for offices by the legal sector in Port Louis is increasing. 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 through the use of 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 play. The district of Moka comprises of more than 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, there is no time for boredom with the 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.

Annexure I

Details of Bond Issue

Instrument	Amount (MUR Million)	Repayment
Long term Bond (Issued in January 2019)	3,000	5th year: Mur 1,257 Million (Jan 2024) 7th year: Mur 1,454 Million (Jan 2026) 10th year: Mur 289 Million (Jan 2029)

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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