

New Futures Ltd
22 August 2023

Ratings

Facilities/Instruments	Amount (MUR Million)	Rating ¹	Rating Action
Bank Facility – Senior Bank Loan	EUR 16.1 million (MUR 800 million)	CARE MAU A-(SO)*; Stable [Single A Minus (Structured Obligation)]; Outlook: Stable]	Assigned

**The Structured Obligation is on account of the waterfall mechanism of the cash flow which will be first used to service the rated bank facility and senior notes before other outstanding instruments.*

Ratings Rationale**Rating Rationale**

The rating assigned to the bank facility of New Futures Ltd (NFL) derives strength from strong and resourceful promoters, triple net 20-year lease agreement between NFL, Le Domaine De Grand-Baie (DDGB) and AEGIDE S.A, multiple streams of income with core revenue derived from a guaranteed rental income from DDGB, a well-established operator AEGIDE and DOMITYS in the field of senior serviced residences with 22 years of track record and operating in the European regions, improving operational track record over a period of 2 years and demand for luxurious serviced apartments.

The rating is however constrained by the limited track-record of DDGB, the niche market of senior serviced residences in Mauritius, refinancing risk associated with other bond facilities, the seasonality of the hospitality industry and external factors such as major global economic downturn also weigh in on the prospects of NFL over the long-term.

Rating Sensitivities:

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

- Timely receipt of lease rentals from DDGB
- Improved occupancy rate resulting in better incentive rental from DDGB
- Reduction in debt level of NFL

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

- Additional debt taken by NFL leading to increased gearing level
- Deterioration in the operational and financial parameters of AEGIDE and NFL
- Deterioration in the credit profile of DDGB and AEGIDE which will undermine the ability to pay the lease rentals

BACKGROUND

New Futures Ltd (NFL) is a public company limited by shares incorporated in June 2014. The Company is a yielding property vehicle which owns le Domaine de Grand Baie (DDGB), a 135 units senior serviced residence located in Grand Baie Mauritius. The promoters of DDGB are AEGIDE & Domitys (AEGIDE), a leading developer and manager of serviced senior residences in France, which has a lease agreement with NFL to manage DDGB and, Two Futures Ltd, a leading high-end property development company in Mauritius. The current shareholders of NFL comprise Two Futures Ltd, MCB Equity Fund, Aegide Indian Ocean Ltd and The Mauritius Commercial Bank Ltd Superannuation Fund as depicted in the diagram below:

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

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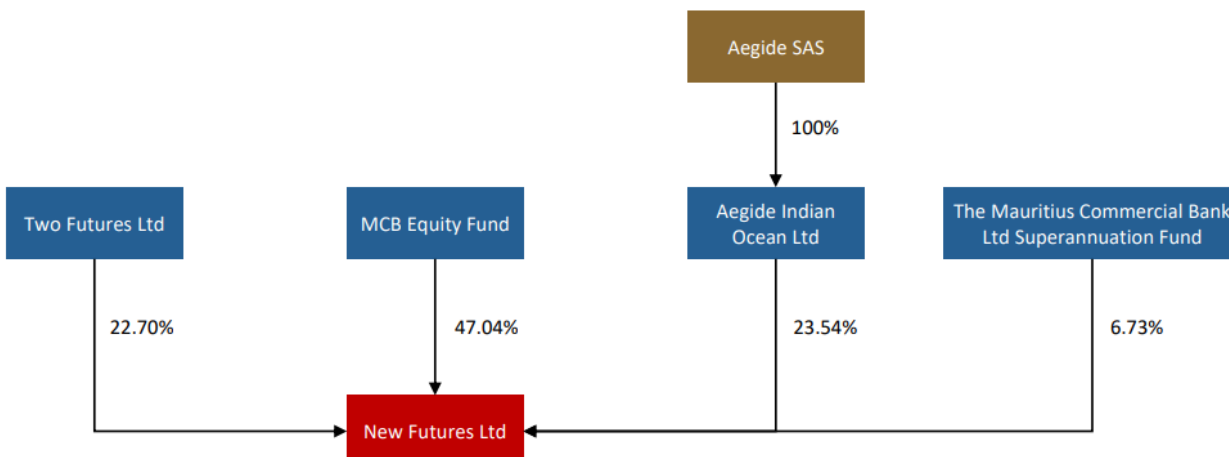
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Shareholding Structure



The construction of the property was completed in December 2020. However, the commencement of operations was impacted by the COVID-19 pandemic and the closure of the borders in Mauritius, and hence the soft opening of the DDGB was rescheduled to October 2021 and the full opening of the residences occurred in June 2022. In the year 2022, rental income was at MUR 95 million (EUR 1.9 million) at an average occupancy rate of 44%.

NFL generates its revenue from two main sources: rental income from DDGB for the rent of 135 senior serviced residences and sale of high-end apartments under the Real Estate Scheme. **The lease agreement attached to the rental income is a 20-year Euro denominated triple net lease, fully repaired and insured lease expiring in the year 2041. NFL will receive a guaranteed quarterly rental income from DDGB under the lease agreement indexed to the Eurozone inflation rate, subject to a minimum of 1.75%.** The Company had also built 20 apartments for sale and has to date sold 8 units. NFL will also be receiving additional income in the form of incentive rental of 75% of the annual EBITDA of DDGB.

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Details of Rated Facility

Facility	Amount	Interest Rate	Repayment
Bank Facility – Senior Bank Loan	EUR 16.1 million (MUR 800 million)	EURIBOR 1M +4.30% p.a	The amount of EUR 1.5 million will be paid annually until October 2034.

Disclaimer

CARE Ratings (Africa) Private Limited ("CRAF")'s ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRAF's ratings do not convey suitability or price for the investor. CRAF's ratings do not constitute an audit on the rated entity. CRAF has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CRAF does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRAF have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CRAF may also have other commercial transactions with the entity.

In case of partnership/proprietary concerns, the rating /outlook assigned by CRAF is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CRAF is not responsible for any errors and states that it has no financial liability whatsoever to the users of CRAF's rating.

CRAF's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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Annexure I**Rating Symbols****Long /Medium-term Instruments**

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

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

Rating Outlook

The rating outlook can be 'Positive', 'Stable' or 'Negative'.

A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

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About CARE Ratings (Africa) Private Limited:

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

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

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

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

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

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