Oficea Company Limited

14 June 2023

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating[1]	Rating Action
Bond Issue (Senior Tranche)	1,400	CARE MAU A; Stable [Single A; Outlook: Stable]	**Reaffirmed**
Bond Issue (Junior Tranche)	900	CARE MAU BBB+; Stable [Triple B Plus; Outlook: Stable]	**Reaffirmed**

Ratings Rationale

The ratings assigned to the bond issue continues to derive strength from the experienced promoters being part of the ENL group, prime location of the properties, reputed lessees with major tenants being part of ENL group, high occupancy rate in existing properties with established track record & high retention rate of tenants, comfortable cash coverage ratios for interest and principal repayment of the Senior Tranche Bond at current occupancy level in existing developments and steady demand for Grade A office properties.

The rating is, however, constrained by risk of development of the new office property, Telfair La Promenade, with Gross Leasable Area (GLA) of 20,951 sqm by FY24, ability to lease out new properties amidst the increasing supply of office space, moderate cash coverage for interest & principal repayment of the Junior Tranche Bond, short tenure of lease compared to bond tenure and exposure to interest rate risk.

The Junior Tranche Bond (MUR 900 million) is rated lower than the senior tranche, since the entire Bond proceeds is being utilized for the development of new properties, rentals from new developments dependent on the company's ability to achieve desired occupancy level during the projected tenure and as per the waterfall mechanism, the interest & principal repayment of the Senior Tranche Bond has priority over interest and principal repayment of the Junior Tranche Bond.

<u>Rating Sensitivities</u>

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

- Ability to maintain high occupancy ratio above 95%
- Timely completion of projects within cost parameters
- Ability to achieve the projected occupancy and rentals in Les fascines and Telfair

Negative factors that could, individually or collectively, lead to negative rating action/downgrade:

- Non- renewal of lease agreements
- Additional debt by Oficea Company Limited over and above the envisaged level vis-à-vis cashflow
- Higher dividend pay-out to group companies' vis-a-vis profit

BACKGROUND

Founded in 2010, Oficea Company Limited ('**Oficea**") is a subsidiary of ENL Property Limited (76.69% stake: rated CARE MAU A; Stable) which is a 100% subsidiary of ENL Limited (rated CARE MAU A+; Stable). The remaining stake is held by Swan Life Ltd (15.77%; rated CARE MAU AA+(IS); Stable) and others. Oficea is an income yielding property fund holding a portfolio of office properties mainly located in Vivea Business Park in the heart of Moka

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

Smart City which is underpinned by MUR-denominated medium to long term leases with high quality corporate tenants. The core activities of Oficea include property development and leasing of offices.

As at May 01, 2023, Oficea had a portfolio of 34,288 sqm of gross leasable office area (GLA) into operations with 96% occupancy (91% as at June 30, 2022) generating rental of around MUR 200 million annually. The company specializes in the management and development of high-end, environment-friendly workplaces in various key locations of Moka Smart City including Vivea, Bagatelle and Telfair. The offices have been designed with a sustainable approach and all of them are Grade A properties.

Oficea currently holds 14 offices. The first four buildings that became operational in 2011 are **ENL House**, **1827 Building**, **La Distillerie** and **Valetta Locoshed**. **The Gardens** situated near Bagatelle Mall was constructed in 2013 followed by three more properties built in 2014 namely **The Factory, Motor City** (sold in 2021) and **Eastern Trading**. **La Turbine** started operating in 2016 and then **The Pod** was built in 2017. **Island Living** was built in 2018. During the same year, the company acquired another building named **The Roots**. In 2019, **The Dot** building was completed which includes a super basement floor shared with the adjacent building named **PwC GF** which was also completed during the same period. **Les Fascines,** newly added to the portfolio, became operational as from June 2022. The Weighted Average Lease Expiry as on May 01, 2023, was 1.97 years (1.90 years in 2021). Most of the office tenants are reputable companies and have been on these premises for the last 5-10 years.

Management

The strategic affairs of the company are looked after by Mr. Johan Pilot who is the Chief Executive Officer of ENL Property. He is a professional accountant and joined ENL as a Finance Manager in 2007. In 2015, he took the leadership of ENL Property which manages the group's land bank and residential & office developments. He is currently working on the Moka Smart City project. Mr. Johan Pilot is assisted by over 2,000 employees. Mr. Caesens Koenig Amaury, Head of Finance of ENL Property, has Master's in finance and an MBA. He has previously worked as a Group Business Analyst for Eclosia Group. Mr. Amaury is also assisted by a team of qualified professionals.

Table 1: Details of Existing Office Properties as of May 01, 2023 (Multi-Tenant)

Multi-Tenant Properties	The Pod	ENL House	The Gardens	The Factory	1827 Building	The Roots	The Dot*	Les Fascines	Total
Location	Moka								
Leasable Area (sqm)	5,042	4,172	4,053	3,173	1,770	928	1,731	8,879	**29,748**
Key Lessees' & Area Occupied	BDO Solutions Aberdeen Operations AON Solutions ZAK Kitchen Structure IT International Ltd	ENL Property Limited ENL Corporate Services ENL Limited PraxisIFM Management (Mauritius) Ltd ENL Agri Limited	Arup (Mauritius) Ltd Rogers Aviation (Mauritius) Ltd Mega Management Big Bang ERP Rogers & Co. Ltd	Spoon Consulting Ltd Lucrin (Mauritius) Ltd Claritylabs Alentaris Consulting Ltd	Proxy Brokers Fashion Heights Ltd Neticon Ltd Mauritius Chamber of Agriculture KFS (Mauritius) Ltd	Decathlon (Mauritius) Ltd Againgency Ltd Alteo Limited	Teamwork Center Competency Ltd Bowmans Comforth MP Ltd Silver Cloud (Mauritius) Ltd	ELCA W17 BDO Solution Stonehage	
Occupancy (in %): 30th June 2021	95%	100%	91%	98%	93%	100%	N/A	N/A	**96%**
30th June 2022	95%	100%	91%	98%	93%	100%	80%	89%	**93%**

**The dot and PwC GF buildings were added to the portfolio in May 2023 and MotorCity building was sold in 2021.*

Table 2: Details of Existing Office Properties (Single Tenants)

Single Tenant Properties	Island Living	La Distillerie	La Turbine	Eastern Trading	Valetta Locoshed	PWC GF*	Total
Location	Moka						
Leasable Area (sqm)	1,396	1,041	677	622	348	456	**4,540**
Key Lessees' & Area Occupied	Island Living Limited	Alteo Limited	Oficea Workspitality Ltd	Eastern Trading	Arrival Automotive Mauritius Ltd	ENL Property Ltd	
Occupancy (in %): 30th June 2021	100%	100%	100%	100%	100%	N/A	**100%**
30th June 2022	100%	100%	100%	100%	100%	100%	**100%**

Highlights	As of June 30, 2022	May 01, 2023
Leasable Area (sqm)	32,101	34,288
Valuation (MUR Million)	1,939	2,704
Total debt (MUR million)	1,434	1,675
LTV (Total debt/Valuation)	74%	62%
Occupancy (in %):	91%	96%
Weighted Lease Expiry (years)	N/A	1.97
Annual Lease Rental (MUR Million)	152	191

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CREDIT RISK ASSESSMENT

Experienced promoters - part of ENL group

Oficea Company Limited is a part of ENL group (ENL Limited & its subsidiaries) which is one of the largest conglomerates in Mauritius. Listed on the Stock Exchange of Mauritius, ENL Limited, holding company of ENL group, has a market capitalization of over MUR 7.5 billion (April 2023). The ENL group develops and manages a portfolio of more than 100 operating companies engaged in diverse industries such as agriculture, land, real estate, hospitality, logistics, fintech, commerce and manufacturing. Agriculture, land, and property are the major business segments of ENL.

ENL Limited (ENL) is controlled and managed by the Noel family - one of the wealthiest family of Mauritius. ENL's story began in 1821 when Martial Henri René Noël started cultivating sugarcane in Moka in 100 acres of land. Today, ENL group owns around 23,000 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). The promoters of ENL group hold their stake in various group entities through L'Accord. Four of the group's companies are listed; (ENL Limited [CARE MAU A+; Stable], Rogers and Ascencia [rated CARE MAU AA-; Stable] on the Stock Exchange of Mauritius and Velogic on the Development and Enterprise Market.

ENL Limited (Consolidated Financials) as on June 30, 2022 *MUR Million*

For the year ended as on June 30,	**2020**	**2021**	**2022**
		12M, Audited	
Total Income	14,362	12,842	17,816
EBITDA	1,083	974	2,448
Depreciation	838	822	761
Interest	1,257	1,107	1,154
PBT	-917	-869	1,730
PAT	-1,050	-1,069	1,601
Gross Cash Accruals (GCA)	-212	-247	2,362
Dividend paid/proposed	169	187	300
Tangible networth	38,883	39,485	42,028
Total debt	26,012	28,517	29,480
Investment in Subsidiaries	-	-	-
Cash & Bank balances	3,260	4,655	5,245
Key Ratios			
PBILDT / Total operating income (%)	7.54	7.59	13.74
PAT / Total income (%)	NM*	NM*	8.99
Debt equity ratio (times)	0.53	0.60	0.55
Overall gearing ratio (times)	0.67	0.72	0.70
Interest coverage (times)	0.86	0.88	2.12

NM = Not Meaningful

Prime location of properties

All the fourteen properties are in various key locations of Moka Smart City including Vivea, Bagatelle and Telfair. Moka is centrally based and well reachable from any point on the island, being at the intersection of the island's two main motorways. Moka Smart City is deemed as the most advanced Smart City in Mauritius and has gained tremendous popularity since the past few years. With the introduction of Vivea Business Park, it has become a preferred location for corporates to rent offices. It is regarded as one of the most prestige smart cities of the island with competitive rental rates, favorable parking ratios, LEED certified office developments and an abundance of green space.

Vivea Business Park was previously a sugar factory which has been converted into modern revenue generating office buildings occupied by over 50 companies. The business park is surrounded by lush greenery. It is considered as a best choice due to its location with easy access to public transport and being close to Kendra Shopping Centre, St Pierre, and essential conveniences. Other perks include a piazza composed of a green landscaped area of 3,300 sqm, a cafeteria in The Pod building which is open to the public.

The Garden is located within Bagatelle Office Park in Moka Smart City. It is centrally located and is surrounded by astonishing views of the mountains, sea, and greenery. Bagatelle Mall and Voila Hotel can be reached within walkable distance. It has lounge spaces, a plug and play building and fiber optic access.

Reputed lessees – 33% of tenants being part of ENL group

Area-wise, properties owned by Oficea are mostly rented as office spaces. In all, there are over 70 tenants in these fourteen properties. For most of the tenants, the lease term is for between 3 to 5 years, with the option to renew for another consecutive term. The weighted average lease expiry is 1.97 years as at May 01, 2023. Furthermore, the tenants in the properties under Oficea includes some companies within ENL group (33% of the tenants) as well as some other repute companies. Some of the major tenants include BDO Solutions, Arup (Mauritius) Ltd, Rogers Hospitality Operations Ltd, ENL Property Ltd and Decathlon (Mauritius) Ltd to name a few.

The majority of tenants are well known and reputed companies. The profile is as follows:

Tenant & Property leased	Profile
BDO Solutions	BDO originates from the DCDM organisation which started as the first professional accounting and auditing practice in Mauritius back in 1952. BDO solution is a member of the BDO International which has offices over 150 countries and is the leading firm of Chartered Accountants in Mauritius.
Arup (Mauritius) Ltd	Arup is an engineering firm established in Mauritius in 1975. The organisation has offices over 30 countries and their work in Mauritius includes landmark projects such as Caudan Waterfront Development and the Iconic building of MCB St Jean. Arup's long standing and strong presence have been integral to the development of Mauritius.
Rogers Hospitality Operations Ltd	Island Living is a member of the Rogers Group, which is listed in the stock exchange of Mauritius. The company is the leisure cluster of Rogers Hospitality, which manages Lifestyle Brands in several sectors. These include the Voila Hotel, Ocean Basket, Croisiere Australe and other highly valued service brands.
ENL Property Limited	ENL Property Limited, a 100% owned subsidiary of the ENL group, is engaged in real estate development and management of land bank of the group. Their subsidiary includes the Moka city, under which the Moka Smart City is being developed and Ascencia, which includes Bagatelle, Phoenix, Riche Terre and other malls in their portfolio.
Rogers Aviation (Mauritius) Ltd	Rogers Aviation is the Travel and Aviation service sector of Rogers Group. The company is a pioneer and one-stop center in Mauritius and the Indian Ocean region for travel-related services including passengers and cargo services, airline representations, travel agencies, catamaran cruises and other services.

Tenant & Property leased	Profile
Alteo Limited (CARE MAU A(SO); Stable)	Alteo Limited founded in 2012, is a leading regional group with well-established activities in the Sugar, Energy and Property sectors in Mauritius. Alteo owns and manages extensive tracts of land and real estate along Mauritius' east coast, including Anahita, a world-class residential estate with a 5-star hotel.
ENL Agri Limited	ENL Agri Limited, a 100% owned subsidiary of the ENL group, in farming on 15,000 arpents of land in Moka, Savannah and Bel Ombre, growing sugar cane and food crops.
Aberdeen Operations	Aberdeen is an IT consulting firm which was founded in 2012. The company is present in Belgium, Mauritius and Morocco, providing consultancy, ERP integration, Website and Mobile App services with highly qualified developers.
Eastern Trading	Eastern Trading, founded in 1952, is a trusted wine merchant. The company has 5 shops around the island and stocks over 300 different wines in the 1952 boutiques.
ENL Limited (CARE MAU A; Stable)	ENL Limited is the holding company in the ENL group whose activities span in several sectors of the Mauritian economy. They are listed on the stock exchange of Mauritius and are among the largest group in Mauritius employing over 6,500 employees.
PraxisIFM Management (Mauritius) Limited	PraxisIFM Management (Mauritius) Limited is a branch of the group PaxisFM, originally established in 1972 and has been in Mauritius since 2013. The company provides a wide range of bespoke professional services (Management) including administration of funds to International clients and the group has offices in over 15 jurisdictions.
Structure IT International Ltd	Open since 2006, Structure It is a team of passionate experts dedicated to advancing and shaping the future of the capital markets. They implemented over 50 start-to-finish projects and have a presence across five continents.
Big Bang ERP	Open since 2014, Big Bang consultants have helped businesses optimize and streamline their processes by implementing cloud solutions and organizations optimize their business operations to align their growing businesses worldwide.
Claritylabs	Clarity is a leading SAP Quote-to-Cash solution provider that helps companies globally to empower sales and create new monetization opportunities through subscription model implementation. It is the preferred Quote-to-Cash expert across multiple industries and geographies.
Lucrin (Mauritius) Ltd	Founded in 1994, LUCRIN Mauritius Ltd is the branch office of LUCRIN Geneva- a dynamic luxury leather eCommerce. It is preferred brand of leather connoisseurs and neophytes around the globe with a current online presence in 20 countries.
Mauritius Chamber of Agriculture	Founded in 1853, Mauritius Chamber of Agriculture, a non-profit private association, is the oldest institution of the private sector and regroups agricultural farmers as well as other stakeholders of the sugar sector, other agricultural cultivations and other general agricultural related activities.
ELCA	With more than 50 years of history, ELCA is one of the biggest independent Swiss full-service providers for business and technology solutions, and a leader in the fields if IT business consulting, software development and maintenance, and IT systems integration. The center in Mauritius, founded in 2018, complements the existing strategic centers in Vietnam and Spain (Granada) and ensures access to an additional pool of talent to support their growth.
Alentaris Consulting Ltd	Incorporated in 1989, Alentaris Consulting Ltd is the premier agency that offers HR consulting services. From organisation design and training services through to policies and procedures, and employee performance – no matter what the HR requirements are, Alentaris can provide the right comprehensive solution(s) to maximize on HR activities and work.
Decathlon (Mauritius) Ltd	Launched in 2021, Decathlon Maurice is a franchise of the ENL group. It is owned by ENsport Ltd, one of its trading subsidiaries.
Fashion Heights Ltd	Founded in 2016, as leading international franchise operator, with 8 of the world's most recognized brands in its portfolio, encompassing Mango, Esprit, Celio, Jennyfer, Etam, Xti, Mia & Bizou.
Proxy Brokers	Established in 2016, Proxy Brokers is a Mauritian owned independent insurance broking firm having strong financial bases. Proxy Brokers employs highly skilled personnel with key employees having long and vast experience in the insurance industry.

High occupancy with established track record and high retention rate of tenants
All fourteen properties have high occupancy levels with limited movement of tenants as majority of them are well known companies within the ENL cluster. The overall average rent is moderate at MUR 545 per sqm per month with the highest being The Gardens closely followed by ENL House and La Distillerie. There is a strong demand for office space in Moka Smart City and the properties held by Oficea are all Grade A properties. Oficea's model is to

build an office property, fill the property with tenants and then make other developments. Oficea was able to fill the letting spaces within six months of operation of the buildings. At one month of operation in May 2022, the newly constructed building, Les Fascines, was at 59% occupancy and has increased to 72% occupancy as at May 2023.

The leases are fixed term contracts with no break. Accordingly, the risk of tenants leaving the properties before the end of the lease agreement is low. All tenants have to pay rentals for the property until the end of their agreed ending date on their contract. This ensures a good cashflow and consequently debt servicing. Majority of the tenants have renewed their rental agreement upon expiry over last 7 years.

The prime office areas in Mauritius are Ebene, Port-Louis and now trending Moka. The overall occupancy rate for offices in Mauritius is around 90%. There is now an ongoing demand for modern offices that is built with the concept of WORK – PLAY – LIVE. The current rental for office buildings in Port Louis ranges between MUR 495 per sqm for a basic office to MUR 1,100 for grade A modern office buildings. The rental for office properties in Ebene ranges from MUR 330 per sqm for basic offices to MUR 900 sqm for the grade A modern office properties.

In general, Oficea has an average occupancy of above 90%. The Overall Average Occupancy of the fourteen properties was 91% as at December 31, 2022 (97% in FY21) and 96% as at May 2023. The property-wise occupancy trend of 2019-2022 and as at May 2023 is as follows:

Average Occupancy Rate					
Properties	**2019**	**2020**	**2021**	**2022**	**Apr-23**
Vivea Business Park	99%	100%	98%	93%	97%
Bagatelle	100%	99%	96%	90%	96%
Telfair	0%	0%	0%	81%	92%

Development of new properties by Oficea

Oficea had two major developments in progress, one is development of new office space, **Les Fascines** (GLA of 8,879 sqm) at Vivea Business Park and six buildings (4-6 storeys) along **La Promenade in Telfair** (total GLA of 20,951 sqm). They aim to make Moka Smart City a lively, dynamic, and well-connected neighborhoods with a mix of offices, restaurants, shops, leisure space and residential buildings.

Les Fascines has been fully completed (except for fit-outs upon tenants' request) and currently is operating close to 75% occupancy. Oficea's portfolio has increased by another GLA of 8,879 sqm. Les Fascines comprises of modern LEED certified office building equipped with fiber optic access, reduced mobility facilities, shower rooms to name a few of the numerous features. Cost incurred for Les Fascines as of March 2023 is approx. MUR 805 million.

Artistic Image

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Telfair La Promenade will consist of four buildings (mix of office, food outlets and retail spaces) each 4-6 storeys on a GLA of more than 20,951 sqm. The construction is expected to be completed by January 2024. The aim is to transform Telfair into a modern, lively, and sustainable city centre built around the iconic Telfair Chimney. Telfair La Promenade will boast offices, residentials, a lively pedestrian street with restaurants, bars, shops, and La Promenade in the middle. La Promenade will be a linear park that extends from St Pierre bus station to Welkin hospital. The project will cost around MUR 2.2 billion out of which the company has spent MUR 675 million as at March 2023.

Artistic Image

Project implementation risk at Oficea

The details of the ongoing and new projects are as under:

Project Construction	**Telfair La Promenade and Super basement**
	December 21 – January 2024
GLA (Sqm)	20,951
Total project cost	2,220
Means of Finance	Bond and Equity
Project completion date	**By January 2024**

The total cost of the project is estimated at around MUR 2.2 billion which will be financed partly from the bond issue and partly from equity.

Oficea tied up for a bond of MUR 2,300 million at a blended rate of 6.5% over a period of 20 years. The bond is being raised in tranches: Senior secured bond of MUR 1,400 million and Junior secured bond of MUR 900 million repayable between 9th to 20th year. During FY22 (December 2021), Oficea has 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.

Proceeds from the Senior Tranche Bond (MUR 1,400 million) was partly utilized to refinance approximately (MUR 710 million) of the outstanding loans, finance certain transaction costs associated with the issue of the notes and to partly finance construction of office space (8,879 sqm) in Les fascines (total project cost - MUR 845 million). As at March 2023, Oficea incurred a construction cost of MUR 765 million on Les Fascines project. Accordingly, the same will be repaid between 9th to 20th year mainly out of the proceeds of the existing rentals and rentals from Les Fascines project.

The Junior Tranche Bond (MUR 900 million) will be used to part–finance the construction of office space (20,951 sq m) in Telfair – office / retail properties and the super basement (project cost- MUR 2,220 million). As at March 2023, Oficea incurred a construction cost of MUR 675 million on Telfair La Promenade project. Accordingly, the same will be repaid between 9th to 20th year out of the proceeds of the rentals from Telfair project. Oficea has teamed up with the best international professionals for the execution of the projects.

Les Fascines has been fully completed except for fitting out which is carried out on tenants' request. It is currently operating at an occupancy rate of 72% which will increase to 90% by the end of FY24.

Le Telfair project started in December 2021 and is expected to be completed by January 2024. The completion of the project within time and cost parameters is crucial as it has direct bearing on the interest paying ability of

Oficea while achievement of envisaged occupancy is crucial for timely repayments of the interest on secured bonds. However, existing lease rentals are sufficient for interest payment of both tranches.

Short tenure of lease compared to bond tenure

The weighted average tenure of lease in all properties is around 1.97 years compared to bond tenure of 20 years. However, Oficea benefits from the absence of notice periods. Additionally, companies within the ENL group and there is minimal risk of these companies vacating the spaces occupied. The existing tenants (Alteo, Arup etc) have repetitively renewed their lease agreements during last 7 years.

Refinancing Risk at pertaining to principal repayment of the Junior Tranche of the Bond in case of delay in rentals from Telfair

The overall refinancing risk is expected to be low considering that Les Fascines project has been completed except for fitting out for tenants upon request and the occupancy rate was 59% at the first month of operation compared to envisaged level (25% for first six months). The current occupancy rate is at 72% compared to envisaged occupancy rate of 50% for the period. The overall value of properties will increase further with completion of the other major project, Telfair. The coverage ratios are comfortable for repayment of the entire bond issue of MUR 2,300 million. In case, the company faces any issue with renting of offices in Telfair and reaching full occupancy rate for Les Fascines, the management stated that they will defer dividend payment and will refinance the Junior Tranche on maturity. They don't foresee any issue with repayments which starts from FY31 onwards. There can be equity infusion or sale of real estate as the last resort.

Industry Risk – Real Estate (Office)

Most offices are currently based in Ebene occupying some 312,000 sqm GLA out of which 80% are Grade A properties (as of FY21). Port-Louis ranks second with a total GLA of 174,000 sqm out of which only 31% are Grade A properties. In the recent past, the Mauritian real estate scenery has been experiencing a decentralization of office spaces from Port Louis to areas like Ebene and Vivea Business Park in Moka Smart city. Vivea business Park has existing Grade A office property of 25,000 sqm from which they are generating steady rentals. The main drivers of this trend have been the lack of parking spaces, increasing traffic congestion to move in and out of Port Louis & Ebene and increasing prices. The current total operational office stock situated in the main business nodes (Ebene, Port-Louis, Phoenix and Quatre Bornes) is 535,000 sqm of GLA – 75% are Grade A properties.

Office Stock in Smart Cities

	Smart City	Opera-tional	Existing (sqm GLA)	Ongoing (sqm GLA)	Planned (sqm GLA)
1	Uniciti	Yes	15,000	-	150,000
2	Moka Smart City	Yes	29,700	25,000	100,000
3	Mon Tresor Smart City	Yes	4,500	-	20,000
4	Beau Plan Smart City	Yes	2,500	-	72,700 – 131,400*
5	Jin Fei Smart City	Yes	6,700	-	50,000 – 100,000*
6	Cap Tamarin Smart City	Yes	-	1,200	12,000
7	Trianon Smart City	No	-	-	104,600*
8	Saint Felix Smart City	No	-	-	4,900
9	Yi Hai Gardens Smart City	No	-	-	3,500
10	Cote d'Or Smart City	No	-	-	26,000
11	Mont Choisy Smart City	No	-	-	0
	Total		**58,400**	**26,200**	**543,700 – 652,400**

Source: JLL. (*): Assumptions based on available information.
ENL Property Limited. – Final Report

With the introduction of smart cities, a number of companies have started to relocate across the various smart cities being built. The most advanced projects as on date is Vivea Business Park (Moka) and Uniciti each with operational GLA of 25,000 sqm and 15,000 sqm respectively. Expansion plans are ongoing. The current operational office space within the smart cities is 58,400 sqm of GLA, with all Grade A properties. This brings the total existing office stock in Mauritius at 600,000 sqm GLA of which 500,000 sqm are Grade A offices.

Demand-Supply- As per Jones Lang LaSalle (JLL), the total office space in Mauritius is expected to increase by 15% annually over the next three years. On average, some 30,000 sqm of office spaces are being built yearly. The construction of offices is expected to grow further by 64,000 sqm of GLA after three years to meet the high demand for business parks and modern Grade A offices. Over the past five years, demand for office space has been growing at an increasing pace and has exceeded the supply of Grade A office properties (Mauritius was ranked 19th in "ease of doing business worldwide" in 2019 and holds the 1st place in Africa). Henceforth, the trend is expected to continue. The main drivers for demand are steady GDP growth, political stability, and favourable investment and government incentives.

Source: Google Maps, JLL

However, the land available for office buildings construction around Ebene Cybercity and Port Louis is limited with the significant increase in offices built during the past few years. As such the developers have to resort to developments in the smart cities. Office developments in Mauritius is deemed to be lucrative. On average, the real estate sector in Mauritius has an annual appreciation of 3 to 5%.

Rentals: The current rental for office buildings in Port Louis ranges around MUR 495 per sqm for a basic office to MUR 1,100 for grade A modern office buildings. The rental for office properties in Ebene ranges from MUR 330 per sqm for basic office to MUR 1000 sqm for the grade A modern office properties. Tenants are willing to pay higher rentals for Grade A modern office buildings due to their prime location and scarcity. The main requirements of these tenants are offices being strategically situated mainly in the centre of the island, flexible layout within the building to cater for future expansion, sufficient parking spaces and attractive work environment (which is catered by business parks with green spaces, daily conveniences within reach and modern spaces).

Performance in FY22

Oficea posted achieved rental income of MUR 152 million in FY22 which was at similar level as compared with FY21. Total income and EBITDA, however, increased by 17% and 3% respectively. PAT was lower in FY22 due to fair value gain on investments adjustment of MUR 10 million vis a vis MUR 224 million in FY21. GCA was at a similar level in FY22 at MUR 71 million. Dividend paid in FY22 was MUR 60 million and the cash balance as of June 2022 was at MUR 765 million. The occupancy rate as of May 01, 2023, was 96% and WALE was 1.97 years. Overall gearing was 0.57x and interest coverage was 5.08x.

Rental Income: - Income from rentals will go into a designated MCB bank account from which servicing of interest payments of the senior secured bond, junior secured bond, and convertible debentures subscribed by Swan & ENL Property (compulsorily convertible to equity after 7 years from issue in June 2020) will be made. Interest payment on the convertible Debentures is subordinated to both the senior and junior bonds and is payable only if excess cash is available after servicing the interest on the Bonds. Rental income from existing properties will be utilized towards payment of the debt obligations for the senior tranche and rental income from the new properties will be used in servicing the debt obligations for the junior tranche.

Financials of Oficea Company Limited **(MUR Million)**

As on	Jun-20	Jun-21	Jun-22
	12M, Audited		
Turnover	202	200	233
EBITDA	120	121	123
Depreciation	4	1	2
Interest	40	30	24
Non- operating Income (Gain on disposal of property)	-30	224	10
PBT	50	312	90
PAT	44	298	79
GCA	78	75	71
Dividend paid / proposed	50	55	60
Share Capital	989	1,055	1,319
Tangible Networth	1,434	1,840	2,515
Cash and cash equivalent	94	103	765
Total Debt:	710	708	1,434
EBITDA Margin	59%	61%	53%
PAT Margin	22%	149%	34%
Current ratio (times)	2.56	1.79	5.53
Overall gearing (times)	0.49	0.38	0.57
Interest Coverage (times)	3.01	4.00	5.08
Debt to Rental (times)	4.88	4.70	9.44

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 /Tangible Networth.
4. Total operating Income includes revenue from others (Management fees/Interest Income, rental income, etc.)

Details of Instrument

Long Term Bond (MUR 2,300 million)

Bank	Facilities/Instruments	Drawdown date	Amount (MUR Million)	Interest Rate	Repayment
MCB	Senior Tranche	Dec-21	200	5.25%	Dec-35
		Dec-21	125	6.65% (Repo + 2.15%)	Dec-41
		Dec-22	50	6.35% (Repo + 1.85%)	Dec-30
		Dec-22	50	6.40% (Repo + 1.90%)	Dec-31
		Dec-22	150	6.43% (Repo + 1.93%)	Dec-32
		Mar-23	200	6.45% (Repo + 1.95%)	Mar-34
		Jun-23	150	6.50% (Repo + 2.00%)	Jun-35
		Jun-23	100	6.55% (Repo + 2.05%)	Jun-37
		Sep-23	150	6.53% (Repo + 2.03%)	Sep-36
		Dec-23	100	6.55% (Repo + 2.05%)	Dec-37
		Dec-23	125	6.55% (Repo + 2.05%)	Dec-37
	Junior Tranche	Dec-21	100	6.80% (Repo + 2.30%)	Dec-30
		Dec-21	150	5.65%	Dec-35
		Dec-21	150	7.05% (Repo + 2.55%)	Dec-41
		Jun-22	75	6.80% (Repo + 2.30%)	Jun-31
		Jun-22	100	6.83% (Repo + 2.33%)	Jun-32
		Sep-22	175	6.85% (Repo + 2.35%)	Sep-33
		Mar-23	150	6.90% (Repo + 2.40%)	Mar-35

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.

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