Oficea Company Limited
Rating Rationale

Ratings

Instrument	Amount	Rating	Rating Action
Proposed Bond Issue (Senior Tranche)	MUR 1,400 million	CARE MAU A; Stable [Single A; Outlook Stable]	Assigned
Proposed Bond Issue (Junior Tranche)	MUR 900 million	CARE MAU BBB+; Stable [Triple B Plus; Outlook Stable]	Assigned

Rating Rationale

The ratings assigned to the proposed bond issues – Senior Tranche of MUR 1,400 million and Junior Tranche of MUR 900 million of Oficea Company Limited (Oficea) 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 (97%) 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 ratings are constrained by risk of development of new office properties with Gross Leasable Area (GLA) of around 30,000 sqm by FY2024, ability to reach more than 90% occupancy in the new developments by FY2028, moderate cash coverage for interest & principal repayment of the Junior Tranche Bond, refinancing risk pertaining to principal repayment of the Junior Tranche of the Bond in case of delay in occupancy in new developments, short tenure of lease compared to bond tenure and interest rate risk.

The Junior Tranche Bond (MUR 900 million) is rated CARE MAU BBB+ Stable, since the entire Bond proceeds will be utilized for 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.

Rating Sensitivities

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

- Ability to maintain high occupancy ratio.
- 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
- Higher than projected dividend pay-out to group companies vi-vis profit

BACKGROUND

Founded in 2010, Oficea Company Limited (''**Oficea**'') is a subsidiary of ENL Property Ltd. (76.69% stake) - which is a 100% subsidiary of ENL Limited (CARE MAU A; Stable). The remaining stake is held by other institutional investors.

Oficea is an income yielding property vehicle holding a portfolio of office properties located in Vivea Business Park on the heart of Moka Smart City which is underpinned by MUR-denominated medium to long term leases with high quality corporate tenants. The core activities of Oficea include office property development and asset & property management.

As on March 31, 2021, Oficea has a portfolio of twelve offices of 25,000 sqm Gross Leasable office Area (GLA) into operations with 97% occupancy generating a 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. Oficea also rents out co-working spaces with different packages from a day pass for MUR 300 to flexible package for MUR 2,900. The offices have been designed with a sustainable approach and all of them are Grade A properties.

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** 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**. All these buildings are in Vivea Business Park barring **The Gardens and the Motor City -** located in Bagatelle**.** The average occupancy rate for the twelve properties as of March 31, 2021, was 97%. The twelve properties are occupied by more than 50 tenants. The Weighted Average Lease Expiry as on March 31, 2021 was 2.05 years. Majority of the office tenants are companies of repute and has been in these premises for 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 and is assisted by a team of experienced and qualified professionals.

Table 1: Details of Existing Properties (Multi-Tenant)

Multi-Tenant Properties	The Pod	ENL House	The Gardens	The Factory	Motor City	1827 Building	Total
Location	Moka						
	Vivea Business Park	Vivea Business Park	Bagatelle	Vivea Business Park	Bagatelle	Vivea Business Park	
Leasable Area (sqm)	5,042	4,053	4,051	3,165	2,285	1,770	**20,366**
Type	Office						
Key Lessees'	BDO Solutions Aberdeen Operations AON Hewitt Noodle Express Ltd StructureIT International Ltd	ENL Agri Limited ENL Property Limited ENL Corporate Services ENL Limited PraxisIFM Management (Mauritius) Ltd	Arup (Mauritius) Ltd Rogers Aviation (Mauritius) Ltd EnAtt Office Strategia Services Ltd Big Bang ERP	Spoon Consulting Leicht Lucrin (Mauritius) The Cloud Factory EMEA Ltd Alentaris	Peugeot - Citroen - Suzuki Axess Limited CarClub	Neticon Ltd Fashion Heights Ltd Proxy Brokers Mauritius Chamber of Agriculture KFS (Mauritius) Ltd	
Occupancy (in %): 30th June 2020	100%	100%	97%	100%	100%	100%	**99%**
(30th June 2019)	100%	90%	100%	100%	100%	100%	**98%**

Table 2: Details of Existing Properties (Single Tenants)

Single-Tenant Properties	Island Living	La Distillerie	The Roots	La Turbine	Eastern Trading	Valetta Locoshed	Total
Location	Moka						
	Bagatelle	Vivea Business Park	Vivea Business Park	Vivea Business Park	Vivea Business Park	Vivea Business Park	
Leasable Area (sqm)	1,396	1,041	928	677	622	300	**4,964**
Type	Office						
Key Lessees'	Island Living	Alteo Limited	Design Differently Ltd	Oficea Workspitality	Eastern Trading	VK Design Ltd	
Occupancy (in %): 30th June 2020	100%	100%	100%	100%	100%	100%	**100%**
(30th June 2019)	100%	100%	100%	100%	100%	99%	**100%**

Highlights	
Total Leasable Area (sqm)	25,330
Valuation (MUR Million) (as on May 31, 2021)	1,720
Term Loan (MUR Million) (as on May 31, 2021)	709
LTV (as on May 31, 2021)	41%
Occupancy (in %) (as on May 31, 2021)	97%
Annual Lease Rental (FY20)	154
Annual Lease Rental (FY19)	128
Weighted Lease Expiry (years) as of (as on May 31, 2021)	2.05

CREDIT RISK ASSESSMENT

Experienced promoters - part of ENL group

Oficea is part of the 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 billion (May 2021). 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. 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. The promoters of ENL group hold their stake in various group entities through L'Accord. Securities of four 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.

ENL Limited (Standalone Financials) as on June 30, 2020 are as under: *MUR Million*

	FY19	FY20
	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
PBT	197	2,636
PAT	189	2,640
Gross Cash Accruals (GCA) (Net of fair value gain in FY19, FY20 & 9MFY21)	189	771
Dividend paid/proposed	195	169
Tangible networth	17,348	19,656
Total debt	7,223	7,336
Investment in Subsidiaries	14,685	13,661
Cash & Bank balances	609	789
EBIDTA margin	23.53	N.M.
PAT margin	74.12	1170.71
Debt equity ratio	0.41	0.36
Overall gearing ratio	0.42	0.37

Prime location of properties

All the twelve properties are located in various key locations of Moka Smart City including Vivea, Bagatelle and Telfair. Moka is centrally based and well reachable from any point of 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 green landscaped area of 3,300 sqm, a cafeteria in The Pod building which is open to public and a nursery onsite.

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 fibre optic access.

Reputed lessees – major tenants being part of ENL group

Area-wise, properties owned by Oficea are mostly rented as office spaces. In all, there are over 50 tenants in these twelve properties. For most of the tenants, the lease term is between 3 to 5 years, with the option to renew for another consecutive term. The weighted average lease expiry is 2.05 years. Further, the tenants in the properties under Oficea includes some companies within ENL group as well as some other repute companies. Some of the major tenants include BDO Solutions, Arup (Mauritius) Ltd, Island Living Ltd, SPOON Consulting Ltd and ENL Property 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 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 with offices in over 30 countries and their work includes projects - Caudan Waterfront and the iconic MCB building in St Jean.
Island Living Ltd	Island Living is the leisure cluster of Rogers Hospitality, which manages Lifestyle Brands.
Spoon Consulting Ltd	Spoon Consulting is an offshore IT organisation based in Mauritius, Madagascar, and France.
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.
Rogers Aviation (Mauritius) Ltd	Rogers Aviation is the Travel and Aviation service sector of Rogers Group.
Alteo Limited (CARE MAU A Stable)	Alteo Limited founded in 2012, is a leading regional group with well-established activities in the Sugar, Energy and Property sectors in Mauritius.
Design Differently Ltd	The company is engaged in concept store proposing exclusive home styling furnishing solutions to homeowners, property developers.
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 founded in 2012. It is present in Belgium, Mauritius and Morocco, providing consultancy, ERP integration, Website and Mobile App services.
Axess Limited	Axess Limited, subsidiary of the ENL, is the 2nd largest automobile dealership in Mauritius. Their portfolio includes well-know brands like Jaguar, Land Rover, Mazda and others.

Tenant & Property leased	Profile
AON Hewitt	AON Hewitt, part of AON corporation, is a provider of HR and consulting services.
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	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.
PraxisIFM Management (Mauritius) Limited	PraxisIFM Management (Mauritius) Limited provides a wide range of bespoke professional services (Management) including administration of funds to International clients.
ENATT Office	ENATT founded in 2011, is a subsidiary of the ENL group. EnAtt is the leading property and asset development and management specialist in Mauritius.

High occupancy with established track record and high retention rate of tenants

All twelve 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 MUR 519 per sqm per month. 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.

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. Almost all tenants have renewed their rental agreement upon expiry over last 7 years.

The prime office areas in Mauritius are Ebene, Port-Louis and now Moka. The overall occupancy rate for offices in Mauritius is around 90%. There is a 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 480 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 900 sqm for the grade A modern office properties.

As of March 2021, Overall Average Occupancy of the twelve properties was 97%. For the past four years, Oficea has been operating to nearly 100% overall average occupancy.

Occupancy Trend				
Properties	**2018**	**2019**	**2020**	**March-21**
The Pod		100%	100%	100%
ENL House	100%	90%	100%	100%
The Gardens	100%	100%	97%	97%
Valetta Locoshed		100%	100%	100%
The Factory	100%	100%	100%	73%
Motor City	100%	100%	100%	100%
1827 Building	100%	100%	100%	100%
Island Living		100%	100%	100%
La Distillerie	100%	100%	100%	100%
The Roots		100%	100%	100%
La Turbine	100%	100%	100%	100%
Eastern Trading	100%	100%	100%	100%
Average Occupancy Rate	**100%**	**99%**	**100%**	**97%**

Effect of COVID-19 pandemic on rental collection: As a result of active asset management strategies taken by Oficea, the impacts of the COVID-19 pandemic on the portfolio was mitigated. While there was some vacancy created as a result of the pandemic, Oficea managed to find replacement tenants which resulted in the rental income remaining broadly stable. Out of MUR 200 million rental income, the company made a provision of MUR 3 million as bad debt.

Development of new properties by Oficea

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). 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 will be ready to rent in March 2022 contributing to an additional GLA of 8,685 sqm of office spaces to Oficea's portfolio. The construction of Les Fascines has already started at Vivea Business Park. Les Fascines will comprise of modern LEED certified office building equipped with fibre optic access, reduced mobility facilities, a lounge space, shower rooms to name a few of the numerous features. It will also have its own parking space. Les Fascines is expected to cost MUR 902 million.

Artistic Image

Telfair La Promenade will consist of six buildings (mix of office, food outlets and retail spaces) each 4-6 storeys on a GLA of 21,200 sqm. The construction is expected to end in June 2024. The aim is to transform Telfair into modern, lively, and sustainable city center 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 is expected to cost MUR 1,805 million.

Artistic Image

Project implementation risk at Oficea

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

	Les Fascines	Telfair La Promenade (including Super basement & Telfair Square)
GLA (Sqm)	8,685	21,200
Total Development cost	**902**	**2,581**
Means of Finance		
Equity	490	1,402
Bond	412	1,179
Total	**902**	**2,581**
Project completion date	**March 2022**	**January -June 2024**

Total cost of all the projects, MUR 3,483 million, will be financed partly from equity (MUR 1,892 million) and partly from the bond issue (MUR 1,591 million). As on March 31, 2021, Oficea has raised MUR 1,650 million of equity from institutional investors and remaining amount will be raised by FY24. Oficea proposes to raise a bond of MUR 2,300 million over a period of 20 years. 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 in Les fascines. The Junior Tranche Bond will be used to finance construction of office space in Telfair and development of super basement for parking & other projects in Telfair square.

Oficea has teamed up with the best international professionals for the execution of the projects. Les Fascines construction has commenced in July 2020 and is expected to be completed in March 2022. Despite the lockdown, the management stated that the project will be completed within the stipulated timeline. The building is expected to reach an occupancy of 25% within June 2022 and then reach 50% occupancy by December 2022.

Le Telfair project is expected to be completed by January -June 2024 (to start in September 2021). The main contractors, for the development, are Grade-A contractors. Since, Oficea enters into a fixed price contract with the contractors, the risk of cost overruns gets minimized. Furthermore, the contractor provides Oficea with a performance bond guarantee, which ensure timely completion of projects

The completion of the two projects 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 2.05 years compared to average bond tenure of 11.8 years. However, Oficea benefits from the absence of notice periods. Additionally, major tenants are companies within the ENL group and there is minimal risk of these companies vacating the spaces occupied. The existing tenants 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

In terms of cumulative cash surplus in Oficea, the overall coverage for the senior bond tranche is 1.91 times. The overall refinancing risk is expected to be moderate considering the likely increase in overall value of properties with completion of the two major projects, Les Fascines and Telfair. Post completion of the projects, the loan to value ratio is at 2.26 times (44%) which is moderate.

In case the company face issues with renting of offices in Telfair, the same will impact the repayment of the junior Tranche only. The management stated that if such an issue arises, they will defer dividend payment from FY24 and will refinance the Junior Tranche on maturity. They don't foresee any issue for refinancing, since junior Tranche repayment will kick off from FY31 onwards, by which time MUR 425 million of Sr Tranche Bond will be repaid from cash flow from existing projects. Post repayment of Sr Tranche, existing cashflows can be utilised for repayment of Junior Tranche. There can be equity infusion or sale of real estate as the last resort.

Industry Risk – Real Estate (Office)

The majority of offices is currently based in Ebene occupying some 312,000 sqm GLA out of which 80% are Grade A properties. 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.

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.

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

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.*** The trend is expected to continue. The main drivers for demand are steady GDP growth, currency, political stability, and favourable investment 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. Developers will resort to development in the smart cities. Office developments in Mauritius is potentially lucrative.

Rentals: The current rental for office buildings in Port Louis ranges around MUR 480 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 900 sqm for the grade A modern office properties. We have seen that tenants are willing to pay higher rentals for Grade A modern office buildings. 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).

Financials of Oficea Company Limited

(MUR Million)

As on	FY19	FY20
	12m, Audited	
Turnover	164	202
EBITDA	97	120
Interest	38	40
Non- operating Income (Gain on disposal of property)	157	-30
PBT	215	37
PAT	211	31
GCA	55	65
Share Capital	923	1,583
Tangible Networth	1,286	2,919
Total Debt:	655	710
EBITDA Margin	59%	59%
PAT Margin	129%	15%
Overall Gearing	0.5	0.2
Interest Coverage (EBITDA/Interest)	2.6	3.0
Cash and Cash equivalent	31	94

In FY20, total income of Oficea is MUR 202 million with a PAT of MUR 31 million (excluding gain on disposal of property).

Oficea Cashflow (MUR Million)

Particulars /Year ended 31,	**Jun-19**	**Jun-20**
	12m, A	**12m, A**
Cash Inflow		
Rental Income	**118**	**145**
Recoveries Income	11	22
Operating Revenue	20	22
Straight Lining Adjustment	7	2
Other income (Dividend from group companies)	8	10
Proceeds from Equity and Debenture		165
Total Cash Inflow (A)	**164**	**367**
Cash Outflow		
Operating Expense	40	53
Other expenses	1	3
Management Fees	27	25
Tax	4	6
Repayment of existing Loan		
Capex & Issue expenses		165
Total Cash Outflow (B)	**71**	**253**
Cash Available for debt servicing (C=A-B)	**93**	**114**
Interest Expenses - Bank Loans	38	40
Total Interest Repayment on Bonds (E)	**38**	**40**
Cash Surplus/(deficit) after interest payment	55	75
Interest on convertible Debentures (F)	**0**	**3**
Cash surplus/(deficit) after debentures (C-E-F)	**55**	**71**
Opening Cash Balance	0	193
Closing Cash Balance	193	93

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 (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.

Assumption for Projected Cashflow (FY22-36)

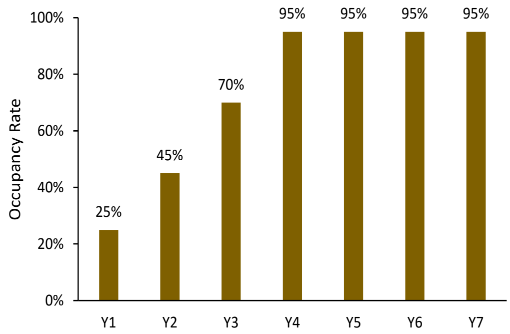
Existing Projects

- Rental for all properties has been projected to increase by 5% from FY22-FY30 as per the standard escalation clause in the contract. Post FY30 the rentals have been assumed to increase by 3% p.a..
- Occupancy for all twelve properties has been assumed at 95% for the projected period.

New Projects

- Rentals for the new properties (Les fascines and Telfair) in FY22 & FY24 has been considered at current level of rentals charged in existing properties.

- Rentals has been projected to increase by 5% annually from FY24-FY30 and 3% p.a. thereafter.
- In May 21, Oficea has already signed an agreement for Les Fascines for a lettable area of 1,200 sqm (16% of the total leasable area). The rental is subject to an escalation clause of 5% annually.
- Average of 4 year for each new building to be fully occupied since operational in FY22 (Les fascines) and FY 24 (Telfair). Occupancy considered as follows:



- Operating expenses are assumed to increase by 5% annually between FY21-36.
- Management fee will in line with the current trend.
- Oficea will start paying tax at a flat rate of 17% as from FY29. In between FY21-29, the company will benefit from capital allowance on construction of new buildings.
- Oficea will start to receive dividend from the subsidiaries (Telfair Square and Super Basement Parking) as from FY22 and FY24. Telfair Square owns two completed properties in Moka (PWC building) over an area of less than 2,000 sqm. Both buildings are expected to be fully rented by the end of FY22. The Super Basement Parking will comprise of over 350 parking spaces.
- Oficea will pay dividend subject availability of cash post debt repayment.
- Cash Interest Coverage for the senior tranche of MUR 1,400 million Bond issue is expected to remain comfortable for the projected period i.e., between 3.70-47.96x times reflecting the ability to absorb non-receipt of some of the lease rentals due to delay in renewal of lease post expiry.
- Cash Interest Coverage for the total Bond of MUR 2,300 million will also be comfortable throughout the projected period i.e., between 1.12-19.46x times.
- Oficea will have a cumulative cash surplus of MUR 637 million before the repayment of principal in FY29. It will comfortably repay the debt obligations (interest and principal repayment) throughout the projected years. If Oficea decides to pay dividend in FY34-36, it will have to refinance part of the junior tranche or borrow to pay the dividend.

Details of Proposed instruments

Details of Proposed Bonds

Particulars	Amount (MUR Million)
Bond Issue – Senior Secured Tranche Junior Secured Tranche	1,400 900
Total Bond Issue	2,300

<u>Purpose of Bond Issue:</u> Oficea proposes to raise a bond of MUR 2,300 million over a period of 20 years. The bond will be raised in tranches: Senior secured bond of MUR 1,400 million and Junior secured bond of MUR 900 million year.

The Senior Tranche Bond (MUR 1,400 million) 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). Accordingly, the same will be repaid 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 construction of office space (21,200 sq m) in Telfair (project cost- Mur 1,805 million) and development of super basement for parking & other projects in Telfair square (aggregate project cost - MUR 776 million). Accordingly, the same will be repaid out of the proceeds of the rentals from Telfair project.

<u>Particulars of bond issue:</u>

Notes	Drawdown date	Amount (MUR Mn)	Interest	Repayment	Interest payable
Senior Tranche	Oct-21	200	Yr. 1-14: 5.25% p.a.	Oct-35	Interest Rate will be paid Quarterly in arrears in September, December, March, and June of each calendar year.
	Oct-21	125	Yr. 1-20: 4.00% p.a.	Oct-41	
	Jun-22	50	Yr. 1-8: 3.70% p.a.	May-30	
	Jun-22	50	Yr. 1-9: 3.75% p.a.	May-31	
	Jun-22	150	Yr. 1-10: 3.77% p.a.	May-32	
	Jun-23	150	Yr. 1-12: 3.85% p.a.	May-35	
	Jun-23	100	Yr. 1-14: 3.90% p.a.	May-37	
	Jun-23	200	Yr. 1-11: 3.80% p.a.	May-34	
	Jun-24	100	Yr. 1-14: 3.90% p.a.	May-38	
	Jun-24	150	Yr. 1-13: 3.875% p.a.	May-37	
	Jun-24	125	Yr. 1-14: 3.90% p.a.	May-38	
Junior tranche	Oct-21	150	Yr. 1-20: 4.40% p.a.	Oct-41	
	Oct-21	150	Yr. 1-14: 5.65% p.a.	Oct-35	
	Oct-21	100	Yr. 1-9: 4.15% p.a.	Oct-30	
	Jun-22	75	Yr. 1-9: 4.15% p.a.	May-31	
	Jun-22	100	Yr. 1-10: 4.175% p.a.	May-32	
	Jun-22	175	Yr. 1-11: 4.20% p.a.	May-33	
	Jun-23	150	Yr. 1-12: 4.25% p.a.	May-35	
Security	The Notes shall be secured by the following Security Interests granted by the Issuer to the Noteholders' Representative (acting for and on behalf of the Noteholders): (i) the Fixed and Floating Charge. (ii) the New Immovables Fixed Charge. (iii) the General Bank Account Pledge. (iv) the DSRA Pledge. Over and above the Security Interests above, the Issuer shall add the Noteholders' Representative as a co-insured party together with the Issuer on the Insurance Policies.				
Covenant	The covenants herein shall remain in force during the whole tenor of the Bond. On the basis of the annual audited accounts of the Issuer:				

	1. For the period beginning on the Issue Date and ending on the Handover Date, the Issuer's Interest Coverage Ratio on the Notes shall exceed [2.0]x, and the Debt Service Coverage Ratio shall exceed [1.2] x. 2. The Loan-to-Value ratio shall be no greater than [60] % 3. Dividends: Subject to the Intercreditor Agreement, the Issuer shall be entitled to declare and pay dividends and interest on the convertible debentures if there no Event of Default which are continuing under the Notes. 4. Bank Accounts: Save for the General Bank Account and any other bank accounts opened prior to the Issue Date, the Issuer shall not maintain any other bank account without the prior consent of the Noteholder Representative. 5. Permitted Indebtedness: The Issuer may incur additional Financial Indebtedness provided that such additional Financial Indebtedness (i) occurs after the Handover Date, (ii) the Loan to Value ratio immediately after the incurring of such additional Financial Indebtedness shall be less than 50%, and (iii) any new security interests new security interests given by the Issuer in relation to any additional Financial Indebtedness shall rank junior to the Notes, and (iv) and the Noteholder Representative being notified of the additional Financial Indebtedness 6. Permitted Disposals: The Issuer shall only be permitted to sell or transfer or otherwise dispose of its assets provided that such disposal is no more than [10] % of the Issuer's total assets as determined in its latest annual audited accounts. 7. Negative Pledge: Save for the Permitted Indebtedness, the Issuer shall not, without the prior consent of the Noteholder Representative, create or permit any security interest on the Security Package given herein for the Notes. 8. Change in Control: ENL Property shall not dispose of any of its shareholding in the Issuer without the consent of the Noteholder Representative, such consent not to be unreasonably withheld; Change in Parties to Key Contracts: There shall be no change to the Parties of Key Contracts without the consent of the Noteholder Representative, such consent not to be unreasonably withheld
Noteholder Representative	MCB Bank

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.