One & Only Villas at St. Geran Ltd
24 October 2022

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating[1]	Rating Action
Bank Facilities - Non-Fund based facilities (Garantie Financière Extrinseque D'Achèvement (GFA) issued by the Bank)	4,300 (~USD 100 million)	CARE MAU AA-(SO); Stable [CARE Double A Minus (Structured Obligation); Outlook: Stable] *	Assigned
Total	**4,300**		

The Structured Obligation is for the ring-fencing of cash flow by escrow mechanism completely under the purview of the bank issuing GFA and any surplus cashflow can be up streamed to sponsor only with the approval of the bank.

Rating Rationale

The rating, assigned to the bank facilities of One & Only Villas at St. Geran Ltd (OOVSL) derives strength from the experienced and strong promoter, Kerzner International Holdings Limited (KIHL) with 16 years of track records in developing ultra-luxury hotels worldwide, explicit support in the form of sponsor shortfall undertaking and ultimate promoter group being Investment Corporation of Dubai, Sovereign fund.

The rating also takes into cognisance of the sales of 73% of total villas to be sold and the strength of the structure under VEFA Regulation where GFA providing bank, which supervises the cash outflow for the project expenses and undertakes to complete the project in the event of sponsor's inability to complete the project and vast experience of the contractor in executing greenfield projects in Mauritius.

The Rating, is however, constrained by the project implementation risk associated with nascent stage of project, development and construction of the project in case of any default by the contractor as the timely receipt of payment from the customers, marketing risk associated with sale of remaining inventory, nascent stage of construction, and the regulatory risk in case there are changes pertaining to laws associated with property development and sale.

Rating sensitivities

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

- Ability to execute the project as envisaged within the timelines
- Ability to maintain steady cash surplus throughout the projected years by way of receipt of payments from customers without any delay

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

- Delay in construction of the villas
- Significant delay in receipt of sale proceeds.
- Significant increase in construction costs and inability to absorb the cost which may lead to delay in execution.

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

BACKGROUND

Incorporated on 15th March 2007, One & Only Villas at St. Geran Ltd (OOVSL) is a 100% subsidiary of Kerzner International Mauritius Holdings Limited which is in turn a 100% step down subsidiary of Dubai based hotel developer and operator, Kerzner International Holdings Limited (KIHL). The ultimate holding company of the group is Investment Corporation of Dubai (ICD- holds 99.998% in KIHL), which is the sovereign fund of Government of Dubai.

OOVSL is presently holding land at Pointe De Flacq and is in the process of developing 52 Luxurious villas under the brand name of One& Only Private Homes, which is a renowned brand under KIHL. Other famous brands of KIHL are "Atlantis", "One&Only" and "Mazagan". As on 24 October 2022, OOVSL has sold about 38 villas out of 52 villas (73%). The company has appointed Stefanutti Stocks Hyvec Partners JV Limited, a JV entity of Hyvec Partners Ltd, as contractor for the project.

Kerzner International Holdings Limited: Incorporated in March 2006 and owned by Investment Corporation of Dubai, Kerzner is a leading global developer and operator of destination resorts, which comprises of luxurious hotels and residences, which are of innovative entertainment and gaming experiences and immersive lifestyle destinations. Its operations are under brands like; Atlantis Resorts and Residences, One &Only Resorts, Mazagan Beach & Golf Resorts and SIRO Hotels. KIHL operates 15 resorts in countries like UAE, Mexico, China, Mauritius, South Africa, Morocco, Rwanda etc. Kerzner is globally renowned for being pioneers in developing destinations with quality being its trademark. Each of Kerzner's brand offers a different experience with the same vision to deliver, detail by detail, amazing experiences all over the world.

Investment Corporation of Dubai (ICD) is the principal investment arm of the Government of Dubai. It was established in May 2006 by decree (11) of 2006 and mandated with the consolidation and management of the

Government of Dubai's portfolio of commercial companies and investments. ICD was also assigned the provision of strategic oversight to portfolio companies through the development and implementation of

effective corporate governance policies, and sound investment strategies. ICD is focused on maximizing stakeholder value for the long-term benefit of the Emirate.

Financial Guarantee backing from banks under VEFA regulation

As per GoM Regulation, all residential developments under PDS Schemes (targeted for international clients) should be under VEFA Regulation (Vente en État Futur d'Achèvement) – governed by Civil Law of Mauritius and requires a Financial Completion Guarantee (GFA) from a reputed Bank. A GFA is a financial guarantee given by a financial institution such as bank or insurance company to ensure the buyer that the property he bought off plan will be built and delivered even in the event the developer defaults. In other words, the Bank or the Insurance Company guarantees the full completion of the project should, for any reason, the developer fails to do so and is not able to complete construction.

Banks provide GFA only when the developer has achieved breakeven of the project cost and after analysing past track record of the promoter and group's popularity among the international clients. As per the GFA regulations, GFA providing Bank will create a Designated Account, where in the sale proceeds from that development phase will be deposited in that Designated Account. Bank will monitor the expenses and will release the payments in line with the expenses schedule submitted by the developer and on receipt of bills from the contractors. If the bank is not satisfied with the progress of work, they will not release any payment. If the development is also not in line with the plan committed by the developer, the bank will step in, take charge of the project, complete the project, and then hand over the same to the buyer.

Disclaimer

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Annexure I

Long /Medium-term Instruments

Symbols	***Rating Definitio***
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.

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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.