

CM Diversified Credit Ltd

Circular Notice dated 11 March 2022

THIS CIRCULAR NOTICE CONSTITUTES, FOR THE PURPOSES OF THE LISTING RULES, A SUPPLEMENT TO THE LISTING PARTICULARS DATED 23 DECEMBER 2020, AS AMENDED (“LISTING PARTICULARS”) IN RELATION TO THE SECURED CREDIT-LINKED NOTES OF CM DIVERSIFIED CREDIT LTD (THE “ISSUER”).

Unless otherwise defined, words and expressions used in this Circular Notice shall bear the same meanings as in the Listing Particulars.

This Circular Notice is issued pursuant to the Listing Particulars in relation to, (i) a Portfolio Review whereby an additional Reference Underlying is proposed to be added to the Reference Portfolio; (ii) the proposed issue of additional Notes by the Issuer; (iii) the proposed increase of the Maximum Aggregate Nominal Amount; (iv) the proposed changes in stated capital of the Issuer and implementation of credit enhancement amount; (v) the change in the rating of the Notes, (vi) changes pertaining to terms of the CJ Notes (as defined below), and (vii) such other changes to the Listing Particulars which will be amended by way of this Circular Notice. These changes are summarized in an annex to this Circular Notice (the “Annex”). Any investment decision in respect to the Notes shall be based on careful consideration of this Circular Notice (including the Annex) and the Listing Particulars as a whole.

1. The terms and conditions applicable to the Interest Rate are amended as follows:

Amendment to	Current Terms	Proposed Amended Terms
Interest Rate	Higher of 1.40% p.a. and R – 15 bps p.a. where R is the weighted (by amount allocated at each auction) average of the highest 91-day Government of Mauritius or Bank of Mauritius (as the case may be) bill yields accepted on primary auctions held during the period beginning on (and including) 29 th December 2021 (the “Initial Date”) and ending on (but excluding) the date on which the Circular Notice immediately following the Initial Date is issued	Higher of 1.40% p.a. and R – 15 bps p.a. where R is the weighted (by amount allocated at each auction) average of the highest 91-day Government of Mauritius or Bank of Mauritius (as the case may be) bill yields accepted on primary auctions held during the period beginning on (and including) 29 th March 2022 (the “Initial Date”) and ending on (but excluding) the date on which the Circular Notice immediately following the Initial Date is issued
Interest Reset Date (subject to Business Day Convention)	29 March 2022	29 June 2022
Duration of Interest Period	90 days	92 days
Maturity Date	31 st May 2036	18 th March 2037

2. The Notes have been upgraded by CARE Ratings (Africa) Private Limited from CARE MAU A- (SO) to CARE MAU A (SO) to reflect the improved credit quality of the Reference Portfolio. The rating rationale is available to the general public at <http://www.careratingsafrica.com/rating-symbols-definitions.php>.

3. Increase in Stated Capital and Implementation of Credit Enhancement Amount

Pursuant to the terms and conditions of the Listing Particulars and this Circular Note:

- The Issuer's board of directors has approved an increase in its stated capital from MUR 132,150,000 to MUR 137,400,000 through a rights issue of 5,250 new ordinary shares at a price of MUR 1,000 each; and
- The Issuer's board of directors has resolved that a Credit Enhancement Amount (as described in paragraph B of the Annex) be implemented. Upon this Circular Notice becoming effective, the Credit Enhancement Amount shall amount to MUR 137,400,000.

4. Reference Underlying issued by Currimjee Jeewanjee and Company Ltd ("**CJ**")

Subject to the satisfactory completion of negotiations, the Issuer shall agree to a change in security interests and an increased dividend payment by CJ, the issuer of RU – CJ 01 (the "**CJ Notes**"). Paragraph C of the Annex contains additional information in relation to these CJ Notes' changes.

5. Further Issue of Notes and Portfolio Review

The proposed addition to the Reference Portfolio is subject to: (i) the issuance of notes by Commercial Investment Property Fund Ltd ("**CIPF**") and (ii) the approval of the Stock Exchange of Mauritius Ltd ("**SEM**") for the issuance and listing of new Notes by the Issuer. Following the issue of new Notes by the Issuer, the Aggregate Nominal Amount shall increase from MUR 1,967,270,000 to MUR 2,117,270,000. Paragraph D of the Annex contains additional information in relation to the Portfolio Review.

6. In accordance with the terms of the Listing Particulars, you may exercise your Put Option by replying to this email and quoting the text specified in paragraph 7 below within three (3) Business Days of the date hereof. We remind you that, unless waived by the Issuer, a Put Option Notice sent to the Issuer shall be irrevocable.
7. In the event you wish to exercise your Put Option, please reply to the email notice and quote therein verbatim (save for the number of notes to be edited as applicable) the following text, which shall, for the purposes of the Listing Particulars, constitute the Put Option Notice:

"Further to the Circular Notice dated 11th March, 2022, I hereby unconditionally and irrevocably request you to redeem, purchase, or arrange for the purchase of, [all]/[insert number] Notes and to credit the Put Proceeds into the relevant bank account."

8. The amendments specified in this Circular Notice and the Annex shall take effect on 29th March 2022.
9. Subject to the SEM's approval, a new listing particulars ("**New LP**"), which will, *inter alia*, integrate all the applicable terms still in force in all previous Circular Notices, including this Circular Notice in the Listing Particulars and which will be updated for SEM purposes, will supersede the Listing Particulars as from the 29th March 2022. The Issuer is also in the process of seeking the SEM's approval to increase the Maximum Aggregate Nominal Amount from MUR 2,500,000,000 to MUR 3,500,000,000, which shall take effect on 29th March 2022.

10. Except as amended pursuant to this Circular Notice, all the other terms and conditions set out in the Listing Particulars shall remain in full force and effect.
11. The governing law and jurisdiction clauses of the Listing Particulars shall apply to this Circular Notice.

11th March 2022

ANNEX – SUPPLEMENTAL INFORMATION ON VARIATION OF TERMS AND AMENDMENT TO LISTING PARTICULARS

A. Consequential Amendments to the Terms of the Listing Particulars

- i. The table in Clause 2 of the Listing Particulars is hereby amended with the following new terms for the section “Interest Reset Date”:

PRINCIPAL TERMS	
Interest Reset Date	The next Interest Reset Date shall be 29 th June 2022

- ii. The New LP will amend the Listing Particulars to comply with the requirements imposed by the Guidelines for the Issue of Corporate and Green Bonds in Mauritius dated 23 December 2021 (as may be amended from time to time) issued by the Financial Services Commission, namely with regards to the duties of the registrar and transfer agent and the corporate finance adviser of the Issuer.
- iii. The definition of “Aggregate Nominal Amount” be replaced by the following: “The principal amount raised, at any time, by the Issuer under these Listing Particulars.”
- iv. The definition of “Total Aggregate Nominal Amount” be deleted and the term be replaced by “Maximum Aggregate Nominal Amount” throughout the Listing Particulars.
- v. A new definition be added as follows:

Rating Agency	Shall mean CARE Ratings (Africa) Private Limited or any other national credit rating agency duly recognised and licensed by the FSC
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- vi. References that were initially made to CARE Ratings (Africa) Private Limited in the Listing Particulars be replaced by the term “Rating Agency”.
- vii. Amendment to Clause 6.1 as follows:
 - the heading is replaced by “Notes in Issue”.
 - the first paragraph is replaced by:

“As at the date of these Listing Particulars, there are 1,967,270 Notes which are listed on the Official Market of the SEM.”

B. Credit Enhancement

The Issuer is introducing the concept of “credit enhancement” in a new Clause 4.10 of the Listing Particulars, and the corresponding amendments to the Listing Particulars are as follows:

- i. Insertion of new definitions in the definition section as follows:

Credit Amount	Enhancement	Shall be calculated in the manner described in Clause 4.10.1
Reference Capital requirements	Underlying	Shall be calculated in the manner described in Clause 4.10.2

ii. Amendment of Clause 4.7.1 as follows:

“As at the date of these Listing Particulars, the stated capital of the Issuer is MUR 137,400,000 divided into 137,400 ordinary shares at a price of MUR 1,000 each and the Issuer’s sole shareholder is MCB Capital Markets Ltd.

The stated capital of the Issuer has increased from MUR110,250,000 to MUR137,400,000 within the 2 years immediately preceding the issue of these Listing Particulars. There have been no commissions, discount or brokerages granted with respect to the capital of the Issuer. Furthermore, the capital of the Issuer is neither under option nor agreed conditionally or unconditionally to be put under option.”

iii. Addition of new Clause 4.10 as follows:

“4.10 Credit Enhancement

4.10.1 The Issuer shall maintain a minimum stated capital which shall be equal to the aggregate amount of the Reference Underlying Capital Requirements (the **“Credit Enhancement Amount”**). As at the date of these Listing Particulars, the Credit Enhancement Amount is MUR 137,400,000. During the life of the Notes, the Credit Enhancement Amount may change and any such changes shall be disclosed in the relevant Circular Notice.

4.10.2 The **“Reference Underlying Capital Requirements”** means the credit enhancement amount required for each Reference Underlying. It shall be calculated based on the Reference Underlying’s credit rating and on the Reference Underlying Nominal Amount in the manner described below:

Rating of Reference Underlying	Reference Underlying Capital Requirements
AAA	3% of the Reference Underlying Nominal Amount
AA+, AA, AA-	4.5% of Reference Underlying Nominal Amount
A+, A, A-	7.5% of Reference Underlying Nominal Amount
BBB+, BBB, BBB-	15% of Reference Underlying Nominal Amount

4.10.3 In the event that:

4.10.3.1 the Credit Enhancement Amount is less than the aggregate amount of the Reference Underlying Capital Requirements, the Issuer undertakes to take such action as may be required for the Credit Enhancement Amount to be equal to the aggregate of the Reference Underlying Capital Requirements prior to the next Interest Reset Date;

4.10.3.2 the Credit Enhancement Amount is greater than the aggregate amount of the Reference Underlying Capital requirements, the Issuer shall be entitled to reduce the Credit Enhancement Amount at the next Interest Reset Date by a share buyback in accordance with the Act and its Constitution, provided that following such buyback the Stated Capital is at least equal to the Credit Enhancement Amount.

4.10.4 In addition to Clauses 6.8.3 (b), (d) and (e), the Issuer undertakes that in the case of a Credit Event Acceleration, the Credit Enhancement Amount, shall be applied towards the relevant Noteholders, on a pro-rata basis, until full repayment of the Nominal Amount per Note, provided that the recovery amount per Note (net of recovery costs and Recovery Fee) is less than the Nominal Amount per Note.”

iv. Amendment of Clauses 6.12 (a) and (b) as follows:

“(a) The Notes are direct and limited recourse obligations of the Issuer (“**Limited Recourse**”). The Issuer's ability to satisfy its payment obligations under the Notes will be wholly dependent upon receipt, in full, of payments under the Reference Underlying. Other than the foregoing and the Credit Enhancement Amount, the Issuer will have no other funds available to meet its obligations under the Notes.

(b) Recourse to the Issuer shall be limited to the Reference Portfolio, the Credit Enhancement Amount or other assets subject to Security Interest and the proceeds of such assets, as applied in accordance with these Listing Particulars. If such assets and proceeds prove ultimately to be insufficient (after payment of all claims ranking in priority to amounts due under the Notes) to pay in full all principal and interests on the Notes, then, the Noteholders shall have no further recourse against the Issuer or any other person for any shortfall arising or any loss sustained.”

C. Changes to the Terms of the CJ Notes

The Issuer has received a request to change terms of the RU – CJ 01 notes relating to (i) the security interests, and (ii) its dividend payments.

As at the date of this Circular Notice, the CJ Notes are secured by a first rank floating charge on certain assets of CJ and no other security interests can be created without the consent of the CJ's noteholders. CJ has requested that an additional security interest in the form of a second-ranking floating charge on certain of its assets be granted to

another lender for the purposes of securing a banking facility contracted by one of its affiliated companies. The Issuer expects to successfully complete the negotiations of the terms and conditions of this second rank floating charge shortly.

The CJ Notes are rated by CARE Ratings (Africa) Private Limited at CARE MAU A-. Based on the CJ Notes rating rationale, the dividend payment is one of the factors which impact the rating of the CJ Notes. As at the date of this Circular Notice, the rating agency has not taken any rating action and the rating of the CJ Notes has been maintained at CARE MAU A- (stable).

D. Increase in Maximum Aggregate Nominal Amount, Further Issue of Notes and Portfolio Review

Pursuant to Clause 3.3 and Clause 6.3 of the Listing Particulars and pursuant to the terms of an offer memorandum, the Issuer will issue further Notes by way of preferential offer to sophisticated investors for an aggregate amount of up to MUR 150,000,000 ("**Notes Proceeds**"). Such issue will be subject to: (i) the issuance of notes by CIPF, and (ii) the approval of the SEM for the issuance and listing of new notes by the Issuer.

Subject to SEM's approval, the Maximum Aggregate Nominal Amount in the New LP will be increased to MUR 3,500,000,000. The outstanding aggregate nominal amount of Notes of the Issuer after the abovementioned new notes issue shall therefore be MUR 2,117,270,000. The new notes to be issued shall have the same rights and shall rank *pari passu* with the existing notes of the Issuer.

The Notes Proceeds will be invested in the secured notes issued by CIPF for an amount of up to MUR 150 million.

Upon the issuance of the notes by CIPF and the listing of the new notes being approved by the SEM, the provisions of Schedule II (The Reference Portfolio) of the Listing Particulars should be repealed and replaced by the below new provisions.

"PART I: REFERENCE UNDERLYINGS

Reference Entity	Reference underlying reference	Rating	Security	Weight in reference portfolio
ENL Limited	RU – ENL 01	CARE MAU A (stable)	A first rank share pledge on ENL Property Ltd (" ENLP "). The shares pledged by ENL Limited and shall carry a minimum valuation of 1.3x of the ENL Limited's exposure.	21.8%
CIEL Ltd	RU – CIEL 02	CARE MAU A+ (stable)	A first rank share pledge (shared <i>pari passu</i> with all noteholders) on Alteo Ltd (ISIN: MU0368N00004) (" Alteo Shares ") and SUN Limited (ISIN: MU0016N00009) shares (" SUN Shares "). The Alteo Shares and the Sun Shares pledged carry a minimum valuation of 1.25x of the CIEL's exposure	9.2%
CIEL Ltd	RU – CIEL 03	CARE MAU A+ (stable)	A first rank share pledge on CIEL Textile Limited Shares (" CTL Shares "). The CTL Shares pledged shall carry a minimum valuation of 1.5x of the CIEL's exposure	8.0%
MUA Ltd	RU – MUA 01	CARE MAU AA- (stable)	None	21.8%
MUA Ltd	RU – MUA 02	CARE MAU AA- (Stable)	None	2.3%

Reference Entity	Reference underlying reference	Rating	Security	Weight in reference portfolio
OHTE Ltd	RU – OHTE 01	CARE MAU A- (stable)	<ul style="list-style-type: none"> A pledge of bank accounts of the Reference Entity A first rank share pledge of the Omnicane Thermal Energy Operations (La Baraque) Ltd shares held by Omnicane Ltd 	10.8%
Ascencia Ltd	RU – ASC 01	CARE MAU AA- (stable)	A first rank pari-passu floating charge on the assets of Ascencia Ltd	9.5%
Currimjee Jeewanjee and Company Limited	RU – CJ 01	CARE MAU A- (stable)	A first rank floating charge on all the assets of the CJ, except for the 25% share capital in Emtel (already pledged) which is carved out from the charged assets	9.5%
Commercial Investment Property Fund Limited	RU-CIPF 01	CARE MAU A- (stable)	<ul style="list-style-type: none"> A first rank fixed and floating charge on all the assets of CIPF 	2.4%
	RU-CIPF 02		<ul style="list-style-type: none"> An assignment of rental proceeds 	3.5%
	RU-CIPF 03		<ul style="list-style-type: none"> A debt service reserve guarantee (3 months of interest payments) 	1.2%

PART II: REFERENCE ENTITIES

- CIEL Ltd**

CIEL Ltd is a diversified Mauritian based investment company with operations across Africa, Asia, and Mauritius. CIEL Ltd, listed on the SEM, operates across 5 major clusters: Textile, Agro & Property, Hotels & Resorts, Healthcare, and Finance. As at 30 June 2021, CIEL Ltd (on a group basis) generated revenues of MUR 17.9bn and, a normalised EBITDA of MUR 2.7bn.

- ENL Limited**

ENL Ltd is a diversified investment company listed on the SEM operating across 7 segments of land & investments, agro-industry, real estate, commerce & industry, hospitality, logistics and fintech. For the year ended 30 June 2020, ENL Ltd (on a consolidated basis) generated revenues of MUR 14.4bn, an operating profit of MUR 303m and a loss after tax of MUR 957m.

- MUA Ltd**

MUA was incorporated in 1948. It has been listed on the Official Market of the Stock Exchange of Mauritius Ltd since 1993. MUA operates within the financial services industry specialising in Insurance, Corporate Pension Schemes, Investment and Loans for both individuals and corporates. For the year ended 31 December 2020, MUA earned gross premium of MUR 5.2bn and a group profit after tax of MUR 365m.”

- OHTE**

OHTE is a wholly owned subsidiary of Omnicane Limited and is the majority shareholder (60%) of Omnicane Limited’s main power plant, Omnicane Thermal Energy Operations (La Baraque) Ltd (“OTEOLB”). OTEOLB has signed a 20-year Power Purchase Agreement (“PPA”) with the Central Electricity Board (“CEB”), which will expire in July 2027, and which requires OTEOLB to be available to the CEB for a minimum of 8,000 hours annually. Whilst OTEOLB exports the majority of the electricity it produces

on-demand to the CEB throughout the year, the power plant also supplies both electricity and low-pressure steam to Omnicane Milling Operations Limited (“OMOL”) during the harvest season.

- **Ascencia Ltd**

Ascencia is the leading mall owner and operator in Mauritius. Its prime assets include Bagatelle, the busiest mall in the country, and ‘Jumbo’ Phoenix Mall. As at 30 June 2021, Ascencia generated a total revenue of MUR 1.3bn, an operating profit of MUR 704m, and a profit after tax of MUR 958m.

- **Currimjee Jeewanjee and Company Limited**

Currimjee Jeewanjee and Company Limited (“CJ”) is part of the Currimjee Limited Group, a family owned business founded by the Currimjee Family over 130 years ago. CJ has a solid asset base of across Telecoms, Media & IT (“TMIT”), Real Estate, Hospitality and Tourism, Commerce & Financial Services and Energy clusters. It owns and represents several popular brands within the country, namely Emtel, Canal+, Total, Batimex, Island Life Assurance, Phoenix Central, Quay 11 and Arcades Currimjee.

- **Commercial Investment Property Fund Limited**

Commercial Investment Property Fund (“CIPF”) is a property fund owning commercial and industrial assets in Mauritius leased to companies forming part of the ENL Group. In January 2017, CIPF has entered into 20 years lease agreement with all the tenants. The tenants have established track record of operations of over 15 years having business interest in diverse industries including automobile dealership, eyewear manufacturing and construction. As at 30 June 2021, CIPF generated an annual revenue of MUR 76.4m, an operating profit of MUR 58.2m and a profit after tax of MUR 28.9m.”