



omnicane

Integrating Energies

Circular to Shareholders

A Circular to the shareholders of Omnicane Limited in respect of the acquisition of Omnicane Management & Consultancy Limited and its Subsidiaries (the "Transaction")

The above acquisition constitutes a Related Party Transaction under Chapter 13 of the Listing Rules

10 July 2023

IF YOU ARE A SHAREHOLDER OF OMNICANE LIMITED,
THIS DOCUMENT IS IMPORTANT AND REQUIRES
YOUR IMMEDIATE ATTENTION

This document constitutes a Circular. For a full appreciation of this Circular, the document should be read in its entirety. If you are in any doubt about the action you should take, you should consult your financial advisor, your investment dealer or any other independent advisor immediately.

This Circular is neither an invitation nor a prospectus nor a statement in lieu of a prospectus for the public in Mauritius or elsewhere to subscribe for shares of Omnicane Limited. This Circular has been prepared for the purpose of complying with the laws of Mauritius and the Listing Rules (as defined hereinafter) issued by the Stock Exchange of Mauritius Ltd, more specifically Chapter 13 of the Listing Rules.

This Circular is issued by Omnicane Limited, Registration Number C07000386, having its registered office at New Airport Access Road, Mon Trésor Business Gateway, Omnicane House, Plaine Magnien, Mauritius.

A communiqué was also published on 28 June 2023 to inform the shareholders of Omnicane Limited and the public at large of the Transaction.

Pursuant to Chapter 13 of the Listing Rules, this Circular has been submitted to the Stock Exchange of Mauritius Ltd prior to its issue. The present Circular has been vetted by the Stock Exchange of Mauritius Ltd, in conformity with the Listing Rules.

A copy of the Circular has been filed with the Financial Services Commission (the "FSC").

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The Financial Services Commission and the Stock Exchange of Mauritius Ltd accept no responsibility for the content of this Circular, make no representation as to the accuracy or completeness of any of the statements made or opinions or reports expressed herein and expressly disclaim any liability whatsoever for any loss arising from or in reliance upon the whole or any part of this Circular.

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1. Glossary & Definitions

BDO	BDO & Co Ltd
Board	The Board of Directors of Omnicane Limited
Circular	This document prepared in accordance with the Listing Rules issued by the SEM
FSC	The Financial Services Commission
Independent Valuation Report	The valuation report prepared by BDO regarding the value of OMCL
Independent Valuer	BDO
Listing Rules	The Listing Rules of the Stock Exchange of Mauritius Ltd
M	Million
MHML	Morningside Hospitality Management Ltd
MUR	Mauritian Rupees, the lawful currency of the Republic of Mauritius
OL	Omnicane Limited
OHL	Omnicane Holdings Limited
OMCL	Omnicane Management & Consultancy Limited
OTML	Omnicane Treasury Management Ltd
Related Party Transaction or the Transaction	The Transaction between OL and OHL for the acquisition of OMCL and its Subsidiaries (as defined below) being a related party transaction due to OHL being a common controlling shareholder of both OL and OMCL, for a total consideration of MUR 804.3M.
SEM	The Stock Exchange of Mauritius Ltd
Special Meeting	Special Meeting of the shareholders of OL to be held on 4 August 2023
Subsidiaries	Collectively, OTML and MHML

2. Declaration of Directors

This Circular includes particulars given in compliance with the Listing Rules governing the official listing of securities and the Companies Act 2001 for the purpose of giving information on the Transaction between OL and OHL which constitute a Related Party Transaction under Chapter 13 of the Listing Rules.

The Directors of OL whose names appear in Section 4, collectively and individually, accept full responsibility for the accuracy and completeness of the information contained in this document and confirm, after having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

Furthermore, the Directors declare that, to the best of their knowledge and belief, and after having made reasonable inquiries, in relation to the period from 31 December 2022, the date to which the last audited financial statements of OL have been prepared, to the date of this Circular that the working capital available to OL Group is sufficient for at least the next twelve (12) months from the date of issue of this Circular.

Signed on behalf of the Board, by



Mr. Jacques Marrier d'Unienville
DIRECTOR

3. The Transaction

3.1. Introduction

On 17 April 2023, the Board approved a study of a corporate restructuring of OL. As part of this, on 28 June 2023, the Board has considered and recommended the acquisition of OHL's 100% stake in OMCL, together with its Subsidiaries (99.9% stake in OTML and 100% stake in MHML), for a cash consideration of MUR 804.3M. By acquiring OMCL, OL will become a 100% shareholder of OMCL.

3.2 Rationale for the Transaction

The Transaction will enable OL to secure control of essential management expertise, treasury activities and other support functions for the future development of OL Group and retain the surplus from management contracts and treasury activities within the OL Group. For the financial year ended 31 December 2022, OMCL and its Subsidiaries achieved an EBITDA of MUR 80.7M and profit after tax of MUR 48.2M.

3.3 Company information

OL is a public limited liability company incorporated on 15 September 1926 and domiciled in Mauritius. OL bears the registration number C07000386. The ultimate holding company of OL is OHL, a private company incorporated in Mauritius. Both companies' registered office is at New Airport Access Road, Mon Trésor Business Gateway, Omnicane House, Plaine Magnien, Mauritius.

OL's main operating location is in Mauritius and is engaged in sugar cane, other food crops cultivation and investment activities. OL is the holding company of several subsidiaries (together defined as "OL Group" or the "Group"). The principal activities of OL Group are raw and refined sugar production, electricity and ethanol production, hospitality, property development and logistics.

OMCL is a private company incorporated on 28 April 1971 in Mauritius. OMCL bears the registration number C07001897. OMCL provides management and consultancy services to companies within the OL Group and derives management fees from the related companies. As at the date of this Circular, OHL has 100% stake in OMCL.

OMCL, in turn holds the following:

- A 99.9% stake in OTML, bearing company registration number C12107148 and incorporated in Mauritius. OTML is involved in the management of the Group's treasury function. OTML holds a treasury management licence issued by the FSC. The remaining stake is held by OL.
- A 100% stake in MHML, bearing company registration number C12112791 and incorporated in Mauritius. MHML acts as the service provider for Airport Hotel Ltd, also known as Holiday Inn.

The revenue derived from OMCL and its Subsidiaries are based on contracts with companies within the OL Group which are of indeterminate duration. By acquiring OMCL and its Subsidiaries, OL would be acquiring the value of the contracts from its controlling shareholder, OHL.

3.4. Related party transaction and independent valuation

This Transaction constitutes a related party transaction as defined under Chapter 13 of the Listing Rules as OHL is the parent company of both OMCL (through direct ownership of a 100% stake) and OL (through direct ownership of a 70.25% stake).

A Circular and approval of shareholders of OL is required as the percentage ratio of consideration of the Transaction to market capitalisation of OL, calculated in accordance with Listing Rules 13.32 (a), is greater than 10%.

Given that OHL is a related party to the Transaction, OHL shall not vote on this resolution. The Transaction will therefore be approved by the remaining shareholders of OL through an ordinary resolution at the Special Meeting to be held on 4 August 2023.

3.5. Basis of determination of the consideration

The Board of OL and OHL appointed BDO, a firm of Chartered Accountants in Mauritius, as Independent Valuer to independently determine the fair market value of OMCL and its Subsidiaries. In arriving at the fair market value of OMCL, BDO considered the audited financial statements and management accounts of OMCL and its Subsidiaries for the years ended 31 December 2018 to 2022, management forecasts from 31 December 2023 to 2027, management forecasts for all related entities from which OTML and OMCL derive income for the years ending 31 December 2023 to 31 December 2027, related party agreements and held discussions with the management team.

The paragraphs below are extracted from the valuation report of BDO:

- *The concluded valuation methodologies are as follows:*

Entity	Concluded valuation approach
OMCL	Income approach – Discounted Free Cash Flows
OTML	Income approach – Discounted Free Cash Flows
MHML	Adjusted net assets method

"Assessment of the concluded valuation approach"

- *"Management has made available financial projections for OMCL and OTML for the next 5 years. This is most appropriate for the valuation of revenue generating companies where the future cash flows can be reliably estimated by Management.*
- *This method of valuation captures the intrinsic value of the business.*
- *We have held several work sessions with Management to review the underlying assumptions of the financial forecasts of OMCL, OTML and the related entities.*
- *Adequate information is publicly available to estimate the discount rate. This was done using the CAPM methodology.*
- *MHML had no activity as at the date of this report. We understand that there are certain items on the Balance Sheet of MHML. Therefore, in this particular circumstance, adjusted net assets value is deemed appropriate. MHML is valued at Nil because it was in a net liabilities position as at 31 December 2022.*
- *Omnicane Foundation is a CSR company. No valuation has been performed in this respect as no economic benefits are derived by OMCL."*

Valuation summary as per the independent valuation report is as follows:

Company	MUR M
OTML	729.2
OMCL	75.1
MHML	-
Sum of parts	804.3

MUR M	OMCL	OTML	MHML
Enterprise value	166.9	621.4	-
Net related party receivables	69.1	101.4	-
Cash and cash equivalents	2.2	6.4	-
Debt	(146.9)	-	-
Retirement benefit obligations	(16.2)	-	-
Equity value	75.1	729.2	-
Discount rate used	11.32%	11.93%	n/a
Growth rate used in terminal value	3.80%	3.80%	n/a

BDO does not hold any shares in OL, OHL and any of its subsidiaries and has given written consent to inclusion in this Circular. Refer to Appendix I for the Independent Valuer's consent letter.

The Independent Valuation Report prepared by the Independent Valuer is available for inspection during the normal business hours at the registered office of OL until 4 August 2023.

The Board has considered the Independent Valuation Report of the Independent Valuer and is unanimously of the opinion that the Transaction is fair and reasonable as far as the shareholders are concerned.

3.6. Terms of the Transaction and effective date

The Transaction will become effective on 4 August 2023 and is subject to approval of:

- The shareholders of OL (other than OHL); and
- All other regulatory approvals, consents or waivers required to give effect to and implement the Acquisition are granted unconditionally.

The cash consideration of MUR 804.3M, funded by bank debt, is expected to be settled upon completion of the Transaction by 31 December 2023.

4. Directors of Omnicane Limited

The full names of the directors of OL as at 30 May 2023:

Current directors of OL:
Mr. Jacques Philippe Henri Marrier d'Unienville
Mr. David Nelson Mirthil
Mr. Marie Joseph Bertrand Thévenau
Mr. Joseph Paul Hugues Didier Maigrot
Mr. Mike Jimmy Tong Sam
Mr. James Harold Mayer
Mr. Marie Pierre Bertrand Boulle
Mr. Joseph Paul Pierre Marrier d'Unienville
Mr. Gansam Boodram
Mrs. Madoobala Jeetah
Ms. Maheswaree Naraini Madhub

5. Financial Information

5.1. Omnicane Management & Consultancy Limited

The financial highlights of OMCL for the last five financial years are as follows:

MUR M	FY18	FY19	FY20	FY21	FY22
Turnover	139.2	141.4	122.2	127.5	181.9
EBITDA	30.7	41.8	33.2	23.5	4.1
Profit for the year	50.1	53.5	(18.1)	4.1	41.2
Total Assets	535.8	505.2	444.0	424.5	634.1
Total equity	130.5	184.2	154.5	196.7	229.4

5.2. Omnicane Treasury Management Ltd

The financial highlights of OTML for the last five financial years are as follows:

MUR M	FY18	FY19	FY20	FY21	FY22
Turnover	85.1	71.6	39.8	63.9	126.1
EBITDA	63.6	42.7	0.0	23.5	76.5
Profit for the year	58.4	40.3	4.1	22.3	66.8
Total Assets	112.7	101.7	63.3	76.0	142.4
Total equity	60.3	50.6	47.7	63.0	69.8

To note that the financial performance of OMCL and OTML for the financial years 2020 and 2021 were impacted by the Covid pandemic.

6. Additional Disclosures

6.1. Directors' interest

The Directors' interest in the shares of OL is as follows:

	Direct number of ordinary shares	Indirect number of ordinary shares
Mr. Jacques Philippe Henri Marrier d'Unienville	67,000	-

None of the other directors have any direct/indirect interests in OL's shares.

6.2. Directors' service contracts

There is no contract or arrangement subsisting at the date of this Circular in which a director of OL is materially interested, and which is significant in relation to the business of OL Group.

7. Appendices

Appendix I – Statement from the Independent Valuer



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BDO & Co
10, Frère Félix de Valois Street
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P.O. Box 799

24 May 2023

The Board of Directors
Omicane Limited
New Airport Access Road
Omicane House
Mont Tresor Business Gateway
Plaine Magnien
Mauritius

The Board of Directors
Omicane Holdings Limited
New Airport Access Road
Omicane House
Mont Tresor Business Gateway
Plaine Magnien
Mauritius

Dear Sirs

RE : VALUATION OF OMNICANE MANAGEMENT & CONSULTANCY LIMITED AND ITS SUBSIDIARIES

We refer to the Related Party Circular ("Circular") in relation to a related party transaction which involves the acquisition of Omnicane Management & Consultancy Limited and its subsidiaries by Omnicane Limited from Omnicane Holdings Limited.

We hereby consent:

1. to act in the capacity stated in the Circular,
2. to our name being stated in the Circular, and
3. to the references to ourselves in the form and context in which they appear in the Circular.

We do not hold any shares in Omnicane Limited, Omnicane Holdings Limited and any of its subsidiaries.

We confirm that we have not, at the date hereof, withdrawn our consent as aforesaid and will not do so prior to the issue of the Circular.

Yours faithfully,

BDO & Co

Appendix II – Documents available for inspection

The following documents are available for inspection at the registered office of OL, namely Omnicane House, Mon Trésor Business Gateway, New Airport Access Road, Plaine Magnien, Mauritius from 14 July 2023 to 4 August 2023 during normal working hours:

- The Independent Valuation Report; and
- Audited financial statements of OTML, OMCL and MHML for the financial years ended 31 December 2020, 2021 and 2022.



omnicane

Integrating Energies

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New Airport Access Road, Plaine Magnien 51521