

ABACUS ROYAL ESTATE LTD

A public company limited by shares incorporated in the Republic of Mauritius on 24 August 2022

Business Registration Number: C22190055

Company Number: I90055

Registered Office: 33, Labourdonnais Street, Port-Louis, Mauritius

Business Plan

In respect of listing of 200,000 Secured Bonds of a nominal value of MUR 1,000 each by way of placing on the Development and Enterprise Market ("**DEM**") of the Stock Exchange of Mauritius Ltd.

The Directors
ABACUS ROYAL ESTATE LTD
33, Labourdonnais Street,
Port Louis
MAURITIUS

25 June 2024

Dear Sirs,

We have reviewed the business plan which include projections of ABACUS ROYAL ESTATE LTD (“ABACUS”) as set out on pages 16, 17 and 18 of this document. Management is responsible for the projection including the assumptions set out in Note 4 on which it is based.

This projection has been prepared in respect of listing of 200,000 Secured Bonds of a nominal value of MUR 1,000 each by way of placing on the Development and Enterprise Market (“DEM”) of the Stock Exchange of Mauritius Ltd. As the entity is in a start-up phase the projection has been prepared using a set of assumptions that include hypothetical assumptions, including the cost estimate provided by the cost consultant, about future events and management’s actions that are not necessarily expected to occur. Consequently, readers are cautioned that this projection may not be appropriate for purposes other than that described above.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the projection. Further, in our opinion the projection has been properly prepared on the basis of the assumptions and has been presented in accordance with International Financial Reporting Standards.

Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and the variation may be material. BDO does not assume any responsibility with respect to achievement of the projection.

BDO assumes no responsibility whatsoever in respect of or arising out of or in connection with the contents of this certificate to third parties.

Yours faithfully,



BDO LLP

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I. EXECUTIVE SUMMARY

Around the world and throughout generations, past and present, owning a house, a land or any property has been perceived as a symbol of social mobility, prestige, and wealth. However, nowadays this quest is harder than before. Youngsters and aspiring property owners are facing many challenges to access finance, lack of attractive properties and rising property prices amongst others. Therefore, the new Royal Park Gated morcellement is thus strategically positioned to cater of the aspirations of the above-mentioned as well the obstacles they are facing.

The main objectives of the issuer are as follows:

- Provide to the market an affordable entry-ticket into the much sought after gated community.
- Transform housing estates into homely communities.
- Ensure a quality, security, and comfortable lifestyle to its residents.

The new Royal Park morcellement can be summarised as follows:

- Phase 1:
 - Total Area Developed: 18,778 toises.
 - 105 residential lots
 - Mobilisation Period: August 2024
 - Delivery of Lots: June 2025
 - Length of development: 9 months.
- Phase 2:
 - Total Area Developed: 28,676 toises.
 - 98 residential lots
 - Mobilisation Period: January 2025
 - Delivery of Lots: December 2025
 - Length of development: 15 months.
- Phase 3:
 - Total Area Developed: 14,440 toises.
 - 84 residential lots
 - Mobilisation Period: April 2025
 - Delivery of Lots: June 2026
 - Length of development: 15 months.

The Issuer believes that the following factors will be potential tailwinds:

- The exquisite location of the morcellement on the north-western coast of Mauritius close to famous luxury hotels and Turtle Bay.
- The unique natural features of the existing “domaine”.
- The proximity of Balaclava to Port Louis and Ebene, via newly built road networks.
- The diluted “cahier de charges”.
- The affordable selling price as follows:
 - Phase 1: MUR 24,219 per toises
 - Phase 2: MUR 30,000 per toises
 - Phase 3: MUR 30,000 per toises

2. THE ISSUER

Overview of the company

ABACUS ROYAL ESTATE LTD (“**Abacus**” or the “**Issuer**”) was incorporated as a Private Company limited by shares on the 24th of August 2022 under section 24 of the Companies Act in the Republic of Mauritius, at the Registrar of Companies, bearing Company Registration Number 190055 and Business Registration Number C22190055. The Company undertakes real estate activities (Estate Agency) on a fee or contract basis and its registered address is 33, Labourdonnais Street, Port-Louis, Mauritius.

Vision and Mission of the company:

Abacus is committed to transforming houses into homes by creating sustainable and innovative residential communities that foster a strong sense of community and provide a secure and comfortable living environment.

The Company’s mission is to be the leading operator in the sector of gated communities, with an integrated Masterplan to estate the art of living, while delivering exceptional customer service and an ethical and transparent business practice.

The Board of the Issuer

Name & Position	Biography
Mr. AH-SONG AH-CHIN (Bobby) (Director)	Bobby is a successful entrepreneur with a proven track record of founding and growing businesses. He founded Precifab Engineering Workshop in 1993 and successfully sold the enterprise in 2007 before retiring. He is also a Senior Manager in network marketing in Forever Living Products. In 2013, he joined forces with the founder of El Mondo Pizza and has built a successful chain of 5 outlets in various locations across Mauritius. Other Directorships: Alpacebo companies (El Mondo restaurants), ABACUS PROPERTY LTD
Mr. FONG WAI CHIN CHY CHONG (George) (Director)	George is one of the beneficial owners of HAPPY HOUSE LTD, the authorised importer & distributor of LEGRAND branded products. He has also been on the board of Directors of several other companies and brings to the company is vast experience in experience in management, directorship, and entrepreneurship. Other Directorships: NEW GOODWILL INVESTMENT COMPANY LIMITED, INTERNATIONAL DISTILLERS (MAURITIUS) LTD, MEDINE DISTILLERY COMPANY LIMITED, HAPPY HOUSE LTD, VILLA PLUS LTD, ABACUS PROPERTY LTD
Mr. LI CHUNG JACQUES LAVAL (Director)	Jacques is a Fellow Member of The Association of Chartered Certified Accountants (FCCA). He is also Partner at Valor Associates Ltd which is an accounting and audit firm and is also owner of the chain of pubs, Mafiozzo and Sifu restaurant. He brings to the Company is long standing track record in the financial management and his experience in the entertainment and food & beverage sector. Other directorships: GOLDEN JAR LTD, MAGIC SAKE LTD, Valor Associates Ltd, ABACUS PROPERTY LTD
Mr. WONG CHEONG JEAN ERIC (Director)	Jean Eric is a seasoned entrepreneur with more than 28 years of experience in the food retail and property sector. He has successfully led ventures such as La Friandise, a popular pastry business specialising in cake making and snacks and L’Arabica, a popular coffee chain. He also has a wide experience in the property and hospitality sectors, especially in the private villa and bed and breakfast segment.

	Other Directorships: L.V.M.C RESORTS LTD, WALLSTONE CAPITAL LTD, WONG CHEONG PROPERTY LTD
Mr. WONG CHEONG JEAN FRANCOIS ALFRED (Director)	Alfred is an entrepreneur in the construction and F&B sector. He is also the founder of El Mondo chain of pizzerias and has in past led successful ventures such as Rodeo Chicken, a fried chicken fast shop business. He is also the pioneer of the KOTO building system in Mauritius, which is a method of construction that is faster, more affordable and more versatile. He has since then, successfully built and delivered many villas around the island using this technique. Other Directorships: Koto Building System Ltd, ABACUS PROPERTY LTD, Alpacebo companies (El Mondo restaurants)

Real Estate Experience

Mr. Li Chung Jacques Laval, Mr. Ah-Song Ah-Chin (Bobby), Mr. Wong Cheong Jean Francois Alfred and Mr. Fong Wai Chin Chy Chong (George) are equal shareholders in ABACUS PROPERTY LTD. This Company was formed in 2019 and has since been involved with property development in Mauritius, particularly in the residential segment. The Company is currently undertaking the construction of an apartment building comprising of 35 units in the Bagatelle gated residential community. Construction started in October 2022 and is expected to end in June 2024. 34 out of 35 units have been sold. The Company has also acquired a land of 1.5 acres in the same morcellement for the construction of 10 premium villas which will be around 300m² each. 9 out of the 10 villas have already been reserved, and construction is expected to start in late 2023.

Mr. Wong Cheong Jean Eric is currently the majority shareholder of WALLSTONE CAPITAL LTD which has been formed to start the development of an office complex on a plot of 800 toises in the Telfair smart-city of ENL Group. Jean Eric is also majority shareholder in Wong Cheong Properties which has constructed a ground +4 building in Beau Bassin, of which the ground and first floor have already been sold. In 2018, Jean Eric, sold LANDSTONE INVESTMENT CO LTD a company set up to construct and hold a ground +4 building in the city centre of Port-Louis. Finally, Jean Eric is also project consultant for ABACUS PROPERTY LTD.

Key Milestone

- Incorporation as a Private Company on 24 August 2022.
- The Board approved capital raise of up to MUR 300 million on 18 November 2022.
- The Board approved appointment of AXYS Corporate Advisory as Corporate Finance Advisor for the capital raise of up to MUR 300 million on 19 November 2022.
- The Board signed an agreement with the Receiver Manager of Royal Park Balaclava Ltd for the acquisition of land (the "Property") on 6 February 2023.
- The Land was acquired in November 2023

3. THE PROJECT – ROYAL PARK

Location Description

Royal Park, Balaclava opens its doors to its community. This breath-taking gated community is ideal for young families offering all types of facilities. At the heart of the development is a 25 acre thoughtfully laid out park designed by internationally acclaimed landscape architect Colin Okashimo. Landscaped with indigenous trees, plants, and water features, it provides a beautiful and soothing space in which to relax, play and admire nature at work.

The Assets

The Issuer has entered into an agreement with the Receiver Manager of Royal Park Balaclava Ltd to acquire 257,044m² of Land. The purchase of the 61 acres of land is ratified by a notarised contract between the Receiver Manager of Royal Park Balaclava Ltd and the Issuer signed on 6th February 2023 and further amended on 28th April 2023. As per “Articles 15” of the agreement, the Issuer has the option to buy the land for MUR 186,400,000. Consequently, in November 2023, the Issuer finalised the purchase of Land at Royal Park, Balaclava for the development of its residential morcellement.

Previously, the project was designed to be high-end residential estate with around 150 premium luxury villas over an area of 90 hectares. However, the project failed to attract attention of foreign investors and locally there was not enough demand for this specific development. Moreover, the “cahier des charges” for the previous project carried high fixed and maintenance costs. Also, the lots were larger, averaging over 700 toises per lot. Thus, following a default on a bank loan Royal Park, Balaclava was put in Receivership.

Usage of the proceeds

The amount raised by the Bond issuance will be used to finance the acquisition of Land at Balaclava. The table below provides a breakdown of the usage of the total proceeds raised by the Issuer.

Acquisition Cost of Land	186,400,000
Property Acquisition Costs (including land registration)	10,420,768
Working Capital of the Company	3,179,232
Total Amount Raised	200,000,000

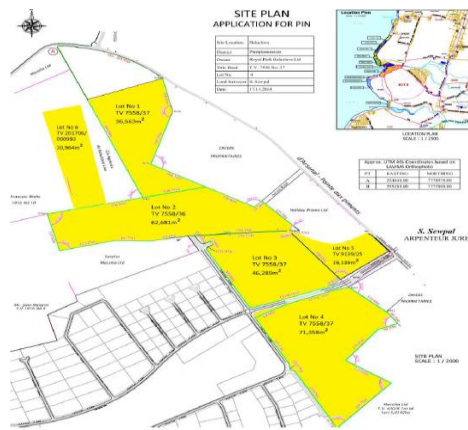
The project costs are completely financed by the debt issuance of MUR 200,000,000. However, the shareholders are injecting an estimated MUR 4.2 million to cater for part of the initial construction mobilisation costs. This amount has been classified as a shareholder loan to the Company and will be reimbursed to the shareholders after all bondholders have been repaid their principal at maturity.

The Real Estate Development

Out of the 257,044m² (or 67,643 toises) that will be purchased, 235,201m² (or 61,895 toises) will be developed into residential plots over 3 phases.

From the site plan below, the different phases will be demarcated as follows:

- Phase 1 – Lot 4 (TV7558/37) covering a surface area of 71,358m² or 18,778 toises.
- Phase 2 – Lot 3 (TV7558/37) and Lot 2 (TV7558/36), covering a surface area of 108,970m² or 28,676 toises.
- Phase 3 – Lot 1 (TV7558/37) and Lot 6 (TV201706/000993), covering a surface area of 54,873m² or 14,440 toises.



Site Plan – 257,044m²

The First Phase – 71,358m² (or 18,778 toises)

This phase entails the delivery of 105 residential lots under the “regime de copropriété” and is estimated to be delivered in 9 months. The average lot size will be of 128 toises and the selling price per toises for the first phase will be Rs 24,219. Following a marketing exercise by the Issuers, the 105 lots have already attracted significant attention and acceptance by prospective buyers. As such the timeline is expected to be as follows:

- I. Start of development (pre-contract) – October 2024
- II. Start of call of funds from buyers – October 2024
- III. Start of Infrastructural work – January 2025
- IV. Lots delivered to buyers – June 2025

Sales Details of Phase I:

- i. Lots of Phase I were first marketed in Q3’ 2022
- ii. The promotor has received non-binding reservations for 100% of the plots on Phase I

The Second Phase – 108,970m² (or 28,676 toises)

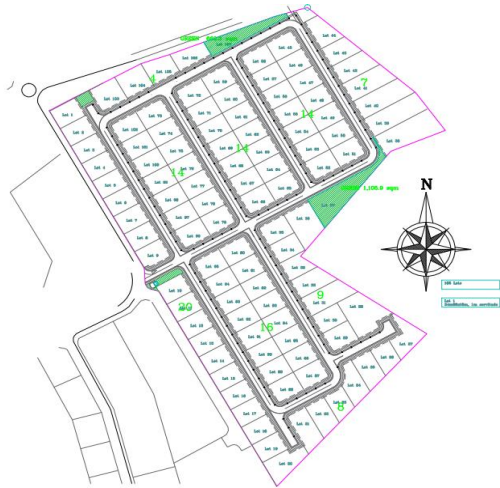
This phase entails the delivery of 98 residential lots under the morcellment scheme and is estimated to be delivered in 15 months. The average lot size will be of 197 toises and the selling price per toises for the second phase will be Rs 30,000. As such the timeline is expected to be as follows:

- I. Start of development (pre-contract) – October 2024
- II. Start of call of funds from buyers – March 2025
- III. Start of Infrastructural work – March 2025
- IV. Lots delivered to buyers – December 2025

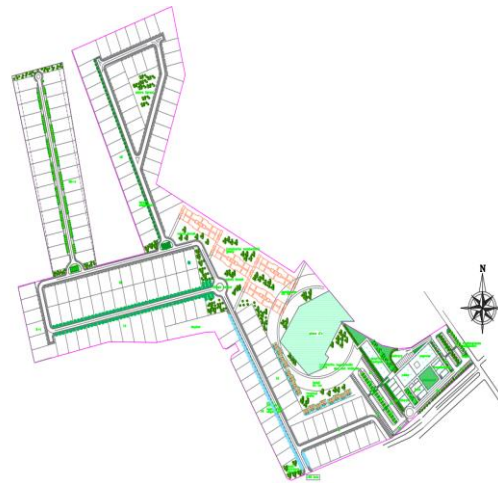
The Third Phase – 54,873m² (or 14,440 toises)

This phase entails the delivery of 84 residential lots under the morcellment scheme and is estimated to be delivered in 15 months. The average lot size will be of 115 toises and the selling price per toises for the third phase will be Rs 30,000. As such the timeline will be as follows:

- I. Start of development (pre-contract) – March 2025
- II. Start of call of funds from buyers – June 2025
- III. Start of Infrastructural work – July 2025
- IV. Lots delivered to buyers – June 2026



Design Plan – Phase I



Design Plan – Phase 2 and Phase 3

Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis

Strengths

- Gated community with exclusive facilities such as the 25 acres park of luscious vegetation, newly built clubhouse, swimming pool and tennis court.
- Prime location near to the beach, 4 to 5-star hotel resorts, school, and shopping mall.
- Easy access to the Motorway.
- More affordable “cahier des charges”.
- Smaller lot sizes, more suitable for the target population.
- Competitive pricing compared to immediate competitors.

Weaknesses

- Phase I will be done under the “regime de copropriété” and owners will need to abide strictly to the building plans provided.
- Balaclava is prone to heatwaves in the summer as compared to the cooler regions of Mauritius.

Opportunities

- High Capital gains for buyers.
- Security becoming a key trend for residential buyers.
- Younger generation seek state-of-the-art master planning.
- Inflation pushes people to invest in land.
- Home ownership schemes and facilities boosting sales.

Threats

- Interest Rates might rise in the future, thus dampening loan serviceability.
- Supply chain restrictions and the war in Ukraine might increase construction costs.
- Non-gated morcellement closer to the inner regions of the island such as Moka and Trianon

Feasibility of Planned Approach

The company's plan to design specific zoning for residential, business, commercial, and hospitality parks on different acres shows a clear and well-thought-out approach. With a 56-acre area dedicated to

residential zoning and a 5-acre area for business, commercial, and hospitality parks, the company can cater for a wide range of clients' needs.

- The residential development will benefit from a more affordable “cahier des charges” as well as smaller residential lots as compared to previous residential developments in Royal Park.
- The Issuer will also provide template of housing and building plans to the landowners, compliant with the “cahier des charges” and building regulations. Therefore, proposing to their customers, a one-stop-shop solution.

Potential Risks and Contingency Plans

Risk associated with a fall in real estate markets

- Real estate markets are cyclical. A fall in real estate prices in Mauritius (for example, due to adverse economic conditions) will likely impact the value of the real estate owned by the Issuer.
- *Contingency Plans: The exposure to the real estate industry is limited to the non-construction residential segment. Moreover, real estate is generally viewed, in Mauritius, as a store of value. Therefore, in an inflationary context, where the real value of assets is lower than the nominal value, real estate might benefit from being the windfalls of being a refuge asset class.*

Risk associated with the sale of residential plots

- The residential plots may not be sold in the time frame or at the pricing levels envisaged. The inability to sell the residential plots or any delays in selling those residential plots could materially affect the Issuer's financial results, and accordingly, its debt servicing ability.
- *Contingency Plans: The selling price of the residential plots are competitive compared to other morcellement projects. Moreover, the unique natural features of Royal Park build a solid business case in favour of the project.*

Risk associated with changes in laws and regulations

- Risks associated with changes in laws or regulations: Any change in the tax status of the Company, or in real estate policies (including without limitation to RES Schemes, PDS Schemes) or in taxation legislation in Mauritius or such other jurisdiction that may affect, in quantum, value or otherwise, may directly or indirectly affect income to be derived by the Company.
- *Contingency Plans: The Issuer will engage in constructive dialogue with regulators and also regularly seeking independent legal advice to ensure compliance with updated prevailing regulations.*

Risk associated with the Constructions timeline and costs overrun.

- The investments, business, profitability, and results of operations of the Issuer may be adversely affected as a result of the difficult conditions in the Issuer operating environment.
- *Contingency Plans: The Issuer will appoint independent project managers and quantity surveyors to mitigate the impact of potential time delays and cost overruns.*

Risk associated with the high leverage level of the Issuer

- The Issuer is fully financing the acquisition of the Land by leverage, i.e. issuance of Bonds for an amount of MUR 200,000,000. Moreover, equity injections from the Issuer are very minimal.
- *Contingency Plans: The Issuer has structured the bond with mandatory capital repayment at each anniversary of the Bond to systematically reduce its leverage level.*

4. FINANCIAL INFORMATION AND KEY ASSUMPTIONS

The financial model of the Issuer is based on the following key assumptions.

Key Assumptions

Details	Basis	Phase 1	Phase 2	Phase 3	Total
Total Area Bought	Toises	18,778	28,676	15,139	62,593
Total Area Developed	Toises	18,778	28,676	14,440	61,895
Total Area Sold	Toises	13,419	19,353	9,676	42,448
Number of Lots	#	105	98	84	287
Average Lot Size	Toises	128	197	115	
Buying Price per Toises	TAB	2,756	2,756	2,756	172,484,757
Selling Price per Toises	TAS	24,219	30,000	30,000	1,195,870,000
Total Other Related Land Cost	TAD	29,250,000	52,253,100	26,125,200	107,628,300
Total Operating Expenses	TAD	173,164,246	261,617,177	132,509,240	567,290,663
Total Administrative Expenses	TAD	7,172,089	28,897,293	18,449,548	54,518,931
Total Financial Charges	TAD	11,054,200	21,866,895	11,238,905	44,160,000

TAB means Total Area Bought, TAD means Total Area Developed and TAS means Total Area Sold.

Total number of Sales	Basis	Year 1	Year 2	Year 3	Total
Plots sold from Phase 1	#	-	105	-	105
Plots sold from Phase 2	#	-	-	98	98
Plots sold from Phase 3	#	-	-	84	84

Revenue and Costing Assumptions

Selling Price

The selling price for Phase 1 was identified by comparing asking prices of already listed residential land within Royal Park. A total of 22 plots of land were studied, from which an average benchmark price of Rs 26,647 per toises was determined. From this reference price, a further discount was applied and therefore the company decided to fix the selling price of Phase 1 at Rs 24,219 per toises.

For Phase 2 and 3, the selling price was identified using comparable asking prices of listed land from newly developed morcellements in various parts of the island. This included first time buys and land listed for re-sale. A total of 74 lots were studied from the following projects: Park View West Balaclava, La Salette Estate, Les Jardins d'Anna, Highland Rose, Aurea Bois de Natte and Le Petit Trianon. From all these listings, an average benchmark price of Rs 36,573 was determined. From this reference price, a further market discount was applied, and the company decided to fix the selling price of Phase 2 and Phase 3 at Rs 30,000 per toises.

Other Land Related Costs

The other land related costs include land transfer tax and sales commissions payable to real estate agents of 5% and 4% respectively. These have been estimated in the order of cost report issued by the appointed Quantity Surveyor, Etwaro & Associates, on November 2023.

Total Operating Expenses

The total operating expenses include the following costs: infrastructure works, professional fees, development services fees and fees related to taxes, permits and clearances. These have been estimated in the order of cost report issued by the appointed Quantity Surveyor, Etwaro & Associates, on November 2023.

Total Administrative Expenses

The total administrative expenses include the property acquisition costs which have been estimated by Notary, lead advisory fees and fees related to the debt raise. These fees have been contractually agreed between the Issuer and relevant counterparties.

Other Assumptions:

- Amounts payables and receivables are assumed to be paid and received at due date.
- Land kept from phase 3 for commercial development is kept at cost. This plot of land is considered as a Non-Current Asset and management is not expecting to use same in the forecasted period.
- Profit before Tax (PBT) is the Company's chargeable income for the year.

Break-even information

The Issuer assumes that development of each phase will start once, all the plots have been reserved. As such the breakeven point has been estimated on the lowest possible selling price, at which the Profit before tax is nil.

Detailed Break-even Analysis

		Phase 1	Phase 2	Phase 3
Base Case Selling Price	TAS per toise	24,219	30,000	30,000
Break-even Selling Price	TAS per toise	20,298	22,924	23,774
<i>Discount to base selling price</i>		<i>19%</i>	<i>31%</i>	<i>26%</i>

TAS means Total Area Sold.

REVENUE AND COSTING PER PHASE (Break-even level)

Details	Phase 1	Phase 2	Phase 3	Total
	MUR	MUR	MUR	MUR
Revenue	381,169,870	657,387,443	343,306,383	1,381,863,696
Cost of Land	(72,412,445)	(117,090,172)	(62,257,175)	(251,759,793)
Other costs related to Land Sale	(40,931,530)	(77,426,053)	(38,988,711)	(157,346,293)
Gross Profit	267,825,895	462,871,218	242,060,497	972,757,610
Total Operating Expenses	(242,320,599)	(387,651,361)	(197,754,061)	(827,726,021)
Total Administrative Expenses	(10,036,396)	(42,818,576)	(27,533,726)	(80,388,698)
Profit Before Interest, Tax and Depreciation	15,468,900	32,401,281	16,772,710	64,642,891
Financial Charges	(15,468,900)	(32,401,281)	(16,772,710)	(64,642,891)
Profit Before Tax	-	-	-	-

Timeline of each phase

- Phase 1
 - Start of development (pre-contract) – October 2024
 - Start of call of funds from buyers – October 2024
 - Mobilisation Period – August 2024
 - Start of Infrastructural work – January 2025
 - Lots delivered to buyers – June 2025
- Phase 2
 - Start of development (pre-contract) – October 2024
 - Start of call of funds from buyers – March 2025
 - Mobilisation Period – January 2025
 - Start of Infrastructural work – March 2025
 - Lots delivered to buyers – December 2025
- Phase 3
 - Start of development (pre-contract) – March 2025
 - Start of call of funds from buyers – June 2025
 - Mobilisation Period – April 2025
 - Start of Infrastructural work – July 2025
 - Lots delivered to buyers – June 2026.

Funding Requirements

The Issuer will fully finance the acquisition of Land at Balaclava through debt. With regards to the use of additional leverage, the Issuer undertakes the following:

- The Secured Bonds will rank senior to holders of all classes share capital of the Issuer.
- The secured bonds will rank senior to unsecured creditors and *pari-passu* without any preference among themselves.
- The Issuer will not create, assume or permit to subsist, any indebtedness other than:
 - indebtedness under the Bonds;
 - trade accounts payable, deferred taxes, obligations under operating leases, obligations under existing capital leases and other accrued obligations incurred in the ordinary course of business; and
 - loans from any governmental entity or agency on the condition that such loans carry no interest expense.

5. THE ISSUER'S FINANCIALS & FORECAST

5.1. UNAUDITED FINANCIALS AS AT 30 JUNE 2023

INCOME STATEMENT

	Unaudited Jun-23 MUR
Income	
Land Sales	-
Cost of Land Sold	-
Other costs related to Land Sale	-
Gross Profit from Land Sales	-
Expenses	
Estimated Infrastructure Work Expenses	-
Professional Fees	-
Development Services Costs	-
Costs for Taxes, Permits and Clearances	-
Operating Expenses	-
Property Acquisition Costs	-
Lead Advisory Fees	-
Bond Charges	-
Administrative Expenses	-
Profit Before Interest, Tax and Depreciation	-
Financial Charges	-
Profit Before Tax	-
Taxation	-
Profit after Tax	-

STATEMENT OF FINANCIAL POSITION

	Unaudited Jun-23 MUR
Assets	
Non-Current Asset	
Land	-
Total non-current asset	-
Current Assets	
Land Inventory	-
WIP Inventory	-
Cash and Cash Equivalents	200,000,000
VAT Refundable	-
Receivable from Shareholders	1,000
Total Current Assets	200,001,000
Total Assets	200,001,000
Equity and Liabilities	
Equity	
Stated Capital	1,000
Retained Earnings	-
Total Equity	1,000
Liability	
Current Liability	
Tax Liabilities	-
Total Current Liability	-
Non-Current Liabilities	
Shareholders Loan	-
Deferred income	-
3Y Redeemable Notes	200,000,000
Total Non-Current Liabilities	200,000,000
Total Liabilities	200,000,000
Total Equity and Liabilities	200,001,000

STATEMENT OF CASH FLOWS

	Unaudited Jun-23 MUR
<u>Cash Flow from Operations</u>	
Profit Before Tax	-
Tax Paid during year	-
VAT Paid during the year	-
VAT Refund during the year	-
Adjustment for Financial Charges	-
<i>Changes in Working Capital</i>	
Land Inventory	-
WIP	-
Deferred income	-
Net Cash Flow from Operations	-
<u>Cash Flow from Investing Activities</u>	
Acquisition of Land	-
Net Cash Flow from Investing Activities	-
<u>Cash Flow Financing Activities</u>	
Proceeds from Bond	200,000,000
Bond Repayment	-
Interest Paid	-
Shareholders Loan	-
Repayment of Shareholders Loan	-
Net Cash Flow from Financing Activities	200,000,000
Opening Cash and Cash Equivalent	-
Net change in Cash and Cash Equivalent	200,000,000
Closing Cash and Cash Equivalent	200,000,000

5.2. ISSUERS FINANCIAL FORECASTS

FORECASTED INCOME STATEMENT

	Forecast Jun-24 MUR	Forecast Jun-25 MUR	Forecast Jun-26 MUR
Income			
Land Sales	-	325,000,000	870,870,000
Cost of Land Sold	-	(51,746,515)	(120,738,242)
Other costs related to Land Sale	-	(29,250,000)	(78,378,300)
Gross Profit from Land Sales	-	244,003,485	671,753,458
Expenses			
Estimated Infrastructure Work Expenses	-	(133,467,578)	(306,190,326)
Professional Fees	-	(13,346,758)	(30,619,034)
Development Services Costs	-	(322,992)	(740,981)
Costs for Taxes, Permits and Clearances	-	(26,026,919)	(56,576,076)
Operating Expenses	-	(173,164,247)	(394,126,417)
Property Acquisition Costs	-	(2,892,910)	(6,749,921)
Lead Advisory Fees	-	(9,750,000)	(26,126,100)
Bond Charges	(9,000,000)	-	-
Administrative Expenses	(9,000,000)	(12,642,910)	(32,876,021)
Profit Before Interest, Tax and Depreciation	(9,000,000)	58,196,328	244,751,020
Financial Charges	(16,000,000)	(14,720,000)	(13,440,000)
Profit Before Tax	(25,000,000)	43,476,328	231,311,020
Taxation	-	(3,140,976)	(39,322,873)
Profit after Tax	(25,000,000)	40,335,352	191,988,147

FORECASTED STATEMENT OF FINANCIAL POSITION

	Forecast Jun-24 MUR	Forecast Jun-25 MUR	Forecast Jun-26 MUR
Assets			
Non-Current Assets			
Land	14,693,180	14,693,180	14,693,180
Total non-current assets	14,693,180	14,693,180	14,693,180
Current Assets			
Land Inventory	172,484,757	120,738,242	-
WIP Inventory	202,770,844	318,402,887	-
Cash and Cash Equivalents	149,865,069	365,459,864	220,646,346
VAT Refundable	22,163,650	39,622,654	11,306,847
Receivable from Shareholders	1,000	1,000	1,000
Total Current Assets	547,285,320	844,224,648	231,954,193
Total Assets	561,978,500	858,917,828	246,647,373
Equity and Liabilities			
Equity			
Stated Capital	1,000	1,000	1,000
Retained Earnings	(25,000,000)	15,335,352	207,323,499
Total Equity	(24,999,000)	15,336,352	207,324,499
Liabilities			
Current Liabilities			
Tax Liabilities	-	3,140,976	39,322,873
Total Current Liabilities	-	3,140,976	39,322,873
Non-Current Liabilities			
Shareholders Loan	4,772,500	4,772,500	-
Deffered income	398,205,000	667,668,000	-
3Y Redeemable Notes	184,000,000	168,000,000	-
Total Non-Current Liabilities	586,977,500	840,440,500	-
Total Liabilities	586,977,500	843,581,476	39,322,873
Total Equity and Liabilities	561,978,500	858,917,828	246,647,373

FORECASTED STATEMENT OF CASH FLOWS

	Forecast Jun-24 MUR	Forecast Jun-25 MUR	Forecast Jun-26 MUR
<u>Cash Flow from Operations</u>			
Profit Before Tax	(25,000,000)	43,476,328	231,311,020
Tax Paid during year	-	-	(3,140,976)
VAT Paid during the year	(22,163,650)	(39,622,654)	(11,306,847)
VAT Refund during the year	-	22,163,650	39,622,654
Adjustment for Financial Charges	16,000,000	14,720,000	13,440,000
<i>Changes in Working Capital</i>			
Land Inventory	(172,484,757)	51,746,515	120,738,242
WIP	(202,770,844)	(115,632,044)	318,402,887
Deffered income	398,205,000	269,463,000	(667,668,000)
Net Cash Flow from Operations	(8,214,251)	246,314,795	41,398,982
<u>Cash Flow from Investing Activities</u>			
Acquisition of Land	(14,693,180)	-	-
Net Cash Flow from Investing Activities	(14,693,180)	-	-
<u>Cash Flow Financing Activities</u>			
Proceeds from Bond	-	-	-
Bond Repayment	(16,000,000)	(16,000,000)	(168,000,000)
Interest Paid	(16,000,000)	(14,720,000)	(13,440,000)
Shareholders Loan	4,772,500	-	-
Repayment of Shareholders Loan	-	-	(4,772,500)
Net Cash Flow from Financing Activities	(27,227,500)	(30,720,000)	(186,212,500)
Opening Cash and Cash Equivalent	200,000,000	149,865,069	365,459,864
Net change in Cash and Cash Equivalent	(50,134,931)	215,594,795	(144,813,518)
Closing Cash and Cash Equivalent	149,865,069	365,459,864	220,646,346

Note: Revenue is recognised at a point in time, which will be upon transfer of ownership of the land to the client, that is, upon completion of infrastructural works for each of the respective phases which is in compliance with IFRS 15. No revenue has been accounted for 2024 given that no ownership of land will be transferred during that period. The costs incurred in fulfilling the contract is recognised within inventory, accounted for under IAS 2, and are released on a systematic basis to the statement of profit or loss in a similar manner as revenue is recognised.

6. OVERVIEW OF THE INDUSTRY

The real estate development industry is a broad and diverse sector that involves the development, construction, marketing, and sales of various types of residential, commercial, and industrial properties. Common examples of real estate developments in Mauritius include the following:

- Non-Gated Morcellement
- Gated Community
- Medium and High-rise Apartment Building
- Smart city projects including premium apartments, townhouses, duplexes, and shopping promenades.
- Commercial and Shopping Precinct
- Office Buildings

The Company intends to operate in the gated community segment of the real estate sector since such projects have gained much popularity in Mauritius. This results from the country opening its real estate sector to foreign investors or homebuyers from overseas seeking high-quality Mauritius housing. Besides foreigners, Mauritian nationals from the upper-middle class, empowered by the Home Ownership Scheme promoted by the Government since 2021 are also fuelling the demand for such residential properties.

Here are some of the advantages of living in gated community provides to its residents:

- A quiet, private setting: There's no bothersome through-traffic within gated communities. These residential developments are enclaved with private streets that only residents and their guests can access. These properties are also typically developed with lush landscaping that serves as a buffer to the din of nearby public roads or streets.
- Eco-friendly, sustainable features: Strict environmental standards are enforced in real estate developments in Mauritius. More so with the gated communities on the island which are developed in harmony with their natural environment. Mauritius housing developments also must adopt energy-efficient features and solid waste disposal system.
- Secure, safe, and maintenance-free: Upscale gated residential enclaves in Mauritius, have 24/7 security and controlled access. A property management service provider also typically takes care of home maintenance in gated communities. This allows the convenience of lock-and-leave homes for residents leaving for extended trips outside the island.
- A range of onsite amenities: The treasured finds amongst gated Mauritius housing projects come with a range of onsite amenities. These enclaves usually come with an adults' swimming pool and a separate one for kids. Also included are a children's playground, a wellness centre and tennis courts.

Current Market Conditions and Trends

The real estate development industry in Mauritius is currently experiencing a period of growth and expansion, driven by factors such as the refund on Home Ownership Scheme, the depreciation of the rupee, the high inflation rate, and the Visa Premium. These factors have boosted the demand for long-term rentals and have made real estate investments an attractive option for both local and foreign buyers. Moreover, according to a study Mauritius is above the average rate in terms of homeownership at 89% while the average of 42 countries under study is at 74.1%. Furthermore, the proportion of households owning their houses in 2011, up from 76% in 1990 to 88.9% and housing units are forecasted to increase by 4,500-5,000 yearly up to 2025.¹

Entry Criteria:

Entering the real estate development industry in Mauritius requires compliance with several basic entry criteria. These criteria may include specific licenses, expertise, and approvals that are necessary to operate within the industry, such as:

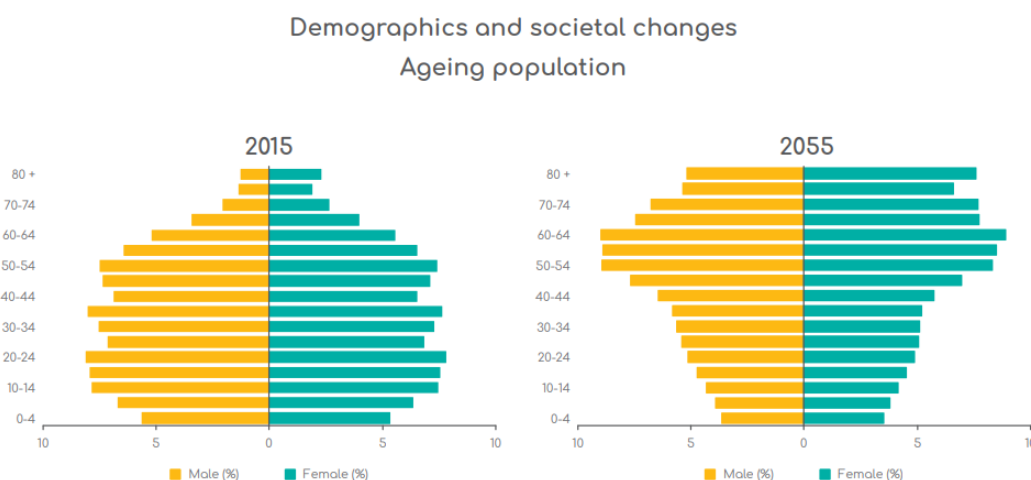
- **Morcellement Permit:** A morcellement permit is required for any individual or company that wishes to subdivide a property into smaller lots for sale or development. The permit is issued by the Ministry of Housing and Land Use Planning and is necessary for any real estate development project that involves the subdivision of land.
- **Approval of the Prime Minister's Office (PMO):** For buyer's eligibility to buy property in Mauritius: Non-citizens and non-residents of Mauritius must obtain approval from the PMO before they can purchase property in the country. The PMO evaluates the eligibility of the buyer and ensures that the purchase complies with relevant laws and regulations.
- **The long process to grant GFA, VEFA from the banks:** Real estate development projects require significant capital investment, and developers often require loans facilities from banks to finance their projects. Banks in Mauritius have a rigorous process for evaluating loan applications, including granting Gross Floor Area (GFA) and "Vente en l'Etat Futur d'Achevement" (VEFA) guarantees. This process can be time-consuming and may require developers to provide extensive Due diligence documentation and project plans.
- **Access to capital:** Access to capital is critical for real estate development projects, and developers must have access to sufficient funds to carry out their projects. This may require raising capital from investors or securing loans from banks or other financial institutions.

7. STRATEGY OF THE COMPANY

Target Market

The company has identified the following as key targets for the gated community project at Royal Park, Balaclava.

- Millennials: In 2016, there were roughly 338,000 persons aged 18-25 representing 27% of the overall population in Mauritius.¹ Moreover in 2016, 6 out of 10 millennials were living with their parents and only 3 out of 10 millennials were already homeowners.¹ Furthermore, 55% of this market intends to purchase a plot of land and 9 out of 10 millennials find their ideal home in gated morcellement.¹ Moreover, the company estimates that the government-back Home Ownership Scheme will further incentivise millennials to acquire properties, including residential land.
- Baby Boomers and Gen X: This investor population is becoming more prevalent as the Mauritian society is become an ageing one as depicted by the population pyramid below. Although is age-class might already be homeowners, the company estimates they might be a plausible target for the following reasons:
 - The Royal Park development presents itself as a investment that it is naturally inflation hedge, a stable store of value and finally as an asset that could be given as inheritance to their children and grandchildren.
 - Secondly, this age-class would be retiring in the next 10-15 years. As such the Royal Park gated development possesses the security, hassle-free and privacy attributes that future retirees might be keen to enjoy in their old-age lifestyle.



Source: Mauritius: Housing Market Report, MCB Group and DCDM Research

Long-term, middle-term and short-term aims of the company

The first milestones are to acquire, deliver and sell the residential plots with the infrastructure completed. The focus is on efficiently delivering the residential plots to buyers with all necessary amenities, services, and infrastructure in place. The company aims to achieve this goal within the next few years by efficiently managing the development process and meeting the demands of the market.

On the medium-term, the Issuer aims: To develop or partner for the development of commercial, workspace office, senior residence, and wellness centre. This vision aligns with the changing trends & lifestyle proposed in the real estate market, where commercial and office space, wellness centres, and senior living facilities are in high demand. The company aims to capitalize on these trends by developing state-of-the-art facilities that meet the changing demands of the market.

Over the long-term, the Issuer intends to repeat similar investments and development projects. This vision involves expanding the business operations, investing in new projects, and growing the company's market share in the real estate industry. The long-term vision is focused on creating a sustainable business model, building

brand value, and providing exceptional value to the customers. The company aims to become a market leader and a trusted name in the real estate industry by following this long-term vision.

Competitiveness of the Company

The real estate development industry in Mauritius is highly competitive, with many players vying for market share. However, the company has several competitive advantages that give it an edge over its competitors, such as:

- **Shareholders as Service Providers:** The fact that the company's shareholders are service providers and building solution providers is a significant competitive advantage. It means that the company has direct access to the resources and expertise required to carry out its projects efficiently and effectively. This also enables the company to provide a high level of quality control and ensures that the projects meet or exceed the expectations of its clients.
- **Active Directors and Key Project Managers:** All shareholders are active directors or key project managers, which means that the company has a hands-on approach to managing its projects. This allows for prompt decision-making and rapid response to any issues that may arise. Additionally, the fact that there are no salaries for the directors or key project managers means that the company's focus is on fulfilling its financial commitments first and providing dividends to its shareholders.

Known Major Peers in this Segment of the Industry

- **MaxCity Group:** Founded 40 years ago by Maxime Fon Sing, MaxCity is a group of trusted companies – operating mainly in the Real Estate and Information Technology sectors. They have recently, started diversifying their real estate by tapping into the gated-residential morcellement segment and the Smart City segment. They are currently developing the Montebello Smart City and La Salette Estate.
- **Sugar Investment Trust:** The Sugar Investment Trust is a body corporate established in 1994. Since the creation of the company, no less than 2,338 residential and 3,060 agricultural plots of land have been successfully sold out. Amongst their latest achievements is namely the upscale integrated property development project, Aurea-Living Harmony, which comprises a mix of residential (residential plots, apartments, duplexes), commercial, light industrial, educational, and recreational land uses over 259 arpents at Cote d'Or. Recently, we have also embarked on several other development projects which are due for completion soon. Amongst these figure Domaine Deux Bras and Domaine Ile d'Ambre, both agricultural morcellements, and SIT Business Centre which comprises of stylish and fully fitted office spaces offered for rental in NG Tower in Ebene.
- **Groupe Roland Maurel (GRM):** GRM is a the leading industrial and retail conglomerate and is also a large landowner. Through its property development arm, Mauvillac Properties, it has successfully developed the Domaine Saint Louis and is now embarking on the Royal Saint Louis project.
- **Groupe Mont Choisy (GMC):** Established in 1820, Compagnie de Mont Choisy Limitée (Mont Choisy Group) is a leading real estate development company that started as a small sugar estate. The group is very diversified and offers various real estate opportunities. Amongst which is “Bois des Champs”. Approved under the Smart City Scheme, Bois des Champs is the first residential estate development part of Mont Choisy La Destination. This gated morcellement consisted for 96 plots ranging from 125 toises to 150 toises, of which all have been sold out.

8. THE TRANSACTION

The Issuer intends to finance the transaction by an issue of Secured Bonds up to an aggregate nominal of MUR 200,000,000. The following is a general summary of the terms of the Secured Bonds:

Transaction Summary:

Issuer	ABACUS ROYAL ESTATE LTD
Type of Financing	Secured Debt
Size of Debt	200,000,000.00
Currency	MUR.
Term of Debt	3 Years.
Interest	8% p.a.
Coupon Frequency	Semi-annual, payable on 28 June and 28 December of each year
Entry Fees	Nil
Minimum Investment	1,000,000
Nominal Value per Bond	1,000
Offer Start Date	31 May 2023
Offer End Date / Issue Date	28 December 2023
Early Capital Prepayments	16,000,000.00 at the end of Year 1 and Year 2
Security	First rank mortgage on Land at Balaclava
Listing Venue	Development and Enterprise Market (DEM)

Rationale for Listing

- Compliance with the Rule 8 of the Securities (Preferential Offer) Rules 2017 since the Issuer is targeting more than 25 investors.
- Provide liquidity to the bondholders after issuance of the bonds, whereby bondholders will be able to sell their positions on the DEM.
- Provide a tradeable asset/investment product to local investors hunting for yield in the real estate sector or looking for a real estate exposure in their investment portfolios.

- Provide the Issuer with a prospective avenue for further issues of securities to the capital markets in view of diversifying its sources of funding and debt to equity mix in the future.
- Ensure greater transparency and better corporate governance to investors and stakeholders as enforced by the DEM Listing Rules.

Rationale to Invest

- **Solid Business case**
 - Current inflationary condition makes real-estate an attractive asset class.
 - Demand for residential land sustained by government initiatives to promote home ownership.
 - Royal Park is a mature gated residential morcellement with unique features.
- **Attractive Return**
 - 8% coupon per annum, representing a run-off of more than 396bps on most recent 3-year Government of Mauritius Note.
- **Secured Investment**
 - The bonds are secured through a first ranking mortgage on the property.
 - The property has been valued by the receiver manager of ROYAL PARK BALACLAVA LTD (IN RECEIVERSHIP)
 - At the request of the Issuer (and after the Issuer has provided substance and evidence that the sale of certain plots of the Property will be concluded and that the proceeds receivable from the sale will be solely used for payment of outstanding interest and principal owed to the Bondholders at that material time), the Security Agent shall have the power to take all necessary actions and sign agreements to the release and/or partial release of the Security Interest to permit the sale of certain plots of the Property in furtherance of the Project.
- **Tenor**
 - 3-year duration, with mandatory early capital prepayment of 8% of principal at the end of Year 1 and Year 2.
 - Optional final capital repayment at the end of Year 2.
- **Listed Instrument**
 - The bonds will be listed on the DEM, giving investors possibility to sell their positions on an exchange rather than “Over the Counter” (OTC).
 - The bonds will be compliant with the DEM rules and required disclosures, providing comfort and transparency to investors.

9. KEY CORPORATE INFORMATION

THE COMPANY

ABACUS ROYAL ESTATE LTD

Registered office: 33, Labourdonnais Street, Port-Louis, Mauritius

COMPANY SECRETARY

BUSINESS ALLIANCE LTD

OFFICE 103B Royal Road Moka Business Centre
Moka Mauritius

REGISTRAR AND TRANSFER AGENT

MCB REGISTRY & SECURITIES LTD

Sir William Newton Street, Port Louis

INDEPENDENT FINANCIAL ADVISOR

BDO & Co Ltd

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Mauritius

CORPORATE FINANCE ADVISOR

AXYS Corporate Advisory Ltd

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LEGAL ADVISER AND LEGAL ADVISER TO THE LISTING

LX Legal

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BONDHOLDERS' REPRESENTATIVE AND SECURITY AGENT

SBM Fund Services Ltd

Level 10, Hennessy Tower, Pope Hennessy Street,
Port-Louis, Mauritius

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