

CM Diversified Credit Ltd

Circular Notice dated 13 June 2022

THIS CIRCULAR NOTICE CONSTITUTES, FOR THE PURPOSES OF THE LISTING RULES, A SUPPLEMENT TO THE LISTING PARTICULARS DATED 23 MARCH 2022, AS AMENDED FROM TIME TO TIME (“LISTING PARTICULARS”) IN RELATION TO THE SECURED CREDIT-LINKED NOTES (THE “NOTES”) OF CM DIVERSIFIED CREDIT LTD (THE “ISSUER”).

Any capitalised terms used herein, but not defined, shall have the same definition ascribed to them in the Listing Particulars.

This Circular Notice is issued pursuant to the Listing Particulars in relation to (i) a potential Portfolio Review, and (ii) an increase in the Interest Rate, as described below. Any investment decision in respect to the Notes shall be based on careful consideration of this Circular Notice and the Listing Particulars as a whole.

1. Potential Portfolio Review

As per the Portfolio Review pursuant to the Circular Notice dated 6th May 2022 (the “**CN060522**”), the notes of Currimjee Jeewanjee and Company Ltd, for an aggregate amount of MUR 200,000,000, shall be removed from the Reference Portfolio, and replaced with the Government of Mauritius Treasury Bills (the “**GoM Securities**”), for an amount of MUR 200,000,000, on the 29th June 2022.

The Issuer is considering subscribing to notes to be issued by ENL Limited (the “**New ENL Notes**”). In the event that the New ENL Notes (i) meet the Investment Universe criteria, (ii) are rated CARE MAU A- (or above), and (iii) are allotted and issued to the Issuer after the 29th June 2022, the Issuer may, at its sole discretion, sell some or all of its GoM Securities and purchase up to MUR 200,000,000 of the New ENL Notes. Accordingly, the noteholders and the public are hereby being made aware that during the period commencing on 29th June 2022 and ending on 29th September 2022, the Issuer may amend the Reference Portfolio by replacing some or all of its GoM Securities with the New ENL Notes.

This may cause the maturity date, i.e. 18th March 2037 (the “**Maturity Date**”) of the Notes to be extended. Upon completion of the above mentioned potential Portfolio Review, the Issuer shall forthwith issue a corresponding communiqué to the market (the “**Communiqué**”).

2. The Interest Rate

As from the 29th of June 2022 and notwithstanding the CN060522, the applicable Interest Rate on the Notes shall be amended and replaced by the following:

“Higher of 1.55% 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) 29th June 2022 (the “**Initial Date**”) and ending on (but excluding) the date on which the Circular Notice immediately following the Initial Date is issued”.

3. The Market Spread

On 3rd June 2022, the Bank of Mauritius's Monetary Policy Committee increased the Key Repo Rate by 0.25%. Following this increase, the Government of Mauritius Treasury bills increased by 0.25% to reach 0.85%¹. Accordingly, the Interest Rate of 1.55%, mentioned above, as from 29th of June 2022 represents a spread of 0.70% (the "**Current Spread**") on the Notes.

Prior to the COVID-19 pandemic and in line with similar rated securities, the Issuer was offering a spread between the range of 0.50% and 0.60% (the "**Market Spread**") on the 3-months' Government of Mauritius Treasury Bills. The Market Spread was increased as a result of the COVID-19 pandemic to compensate noteholders for the additional investment risk.

Since financial markets have recovered from the COVID-19 stresses, the Issuer intends to reduce the Current Spread to the Market Spread in the near future.

4. 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 5 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.
5. 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 13th June, 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."

6. The potential amendments specified in this Circular Notice pertaining to the Portfolio Review and the Maturity Date shall take effect on the date which will be communicated in the Communiqué.
7. Except as may be 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.
8. The governing law and jurisdiction clauses of the Listing Particulars shall apply to this Circular Notice.

13th June 2022

¹ Source: The Mauritius Commercial Bank Ltd. as at 13th of June 2022.