

Property and Leisure

Established in January 2016, our Property and Leisure business (Novaterra) focuses on utilising Terra's land assets to establish an innovative property-development cluster in the north of Mauritius.

The cornerstones of this development will be the Beau Plan Smart City and the Balaclava Golf and Lifestyle Estate, both of which aim to positively transform the region.

Our purpose is to create and unlock the value of the Group's land holdings for all its stakeholders.

PROPERTY AND LEISURE MODEL

VALUE DRIVERS

REVENUE DRIVER (RENTAL AND SALE)

Property development cluster

Long-term value from the Group's existing land ownership in the north of Mauritius.

Beau Plan Smart City project, a mixed activities development covering 228 hectares in the Pamplemousses region, one of the most populated districts in the North.

COST DRIVER (MANAGING ASSETS)

Property management

Tenant relationships

Integrated and sustainable development

CONTEXT AND OUTLOOK

- Targeted sale of 'non-strategic' land generates cash flow for investment.
- Development of a mix of real estate projects over a five-year cycle sets the base to grow the portfolio of yielding assets.

- Two priority zones for development include the Beau Plan Smart City development (already started and major projects well under way) and the neighbouring Balaclava Golf and Lifestyle Estate (development rights granted), enhancing the value of the broader property portfolio.

- A key differentiator to other business destinations in the north of Mauritius is that we are offering a mixed activities development within an exceptional urban design framework. Substantial investment has been made in the infrastructure of the area, including new roads to improve accessibility to our projects and enhance access to public transport services. The Beau Plan Smart City will be inclusive of the adjoining villages of Pamplemousses and Bois Rouge, sites already recognised as a rural regeneration zone in the Government's National Development Strategy.

- The Smart City will be an important economic hub, providing an appealing commercial, residential, education and leisure environment; the Mahogany Shopping promenade, amongst others, will be a key employer to the surrounding villages.

- We have significantly improved the performance of our existing yielding assets, and currently own 284 properties rented out. Our costs are well under control to manage these assets. During 2020, additional measures were taken to rationalise costs for the long term.

- A key challenge is to ensure a minimum vacancy period once a tenant has left. Ensuring quality tenant relationships will be critical to our success and we are committed to maintaining customer satisfaction.

- We have integrated green design principles by working with professionals that have sustainability expertise; we have also invested substantially in the stormwater drainage network to mitigate potential effects of flash floods.

- The Smart City will integrate multiple digital connectivity solutions, encouraging the uptake of renewable energy sources and facilitating a healthier lifestyle through the provision of quality recreational spaces and non-motorised transport infrastructure.

Property and Leisure (cont'd)

DELIVERING BROADER SOCIETAL VALUE

The Beau Plan Smart City development is anticipated to create at least 8,400 new and direct jobs in the Smart City itself, with an additional 500 construction jobs during the initial construction phase, and another 5,000 indirect jobs for the suppliers of associated goods and services. We will be providing training to develop the skills of people in the region, including small business management, organic farming and ICT. In addition to boosting job creation opportunities, our development will have a positive impact on the value of Terragri's existing land, as well as on the property of our neighbours, contributing positively to the general enhancement of the region.

RESIDUAL RISKS

The main residual risks for the Power cluster as at 31 December 2020 are summarised in the list below.

RISK	CONTRIBUTING FACTORS	RISK MITIGATING ACTIVITIES	YEAR ON YEAR TREND
R1	<p>The activities are exposed to the consequences of an economic downturn and decline in consumer spending.</p> <ul style="list-style-type: none"> Loss of tenants due to the impact of the recession. Increased construction costs. Delayed re-opening of <i>L'Aventure du Sucre</i>. Impact of economic recession reduces the purchasing power of local buyers and the propensity of foreigners to invest in Mauritius. 	<ul style="list-style-type: none"> Containing capital investment and operational expenses to what is essential. Containing annual rental increases on a case-to-case basis. 	New
R2	<p>Oversupply of properties on the market resulting in loss of revenue.</p> <ul style="list-style-type: none"> Demand for property may drop due to the pandemic. Cane planters and millers are switching into property as a result of the drop in sugar prices and the supply of cane. 	<ul style="list-style-type: none"> Renewed emphasis on strong marketing and communication. Property projects are attractively located (in close proximity to sought after locations in the North). The commitment of some anchor tenants has been secured. Timely implementation of a mix of facilities to entice entrepreneurs to relocate. 	Increased

CAPITAL

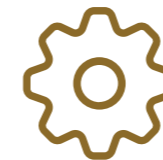
PEOPLE



EMPLOYEES (NOVATERRA)
73

EMPLOYEES (L'AVENTURE DU SUCRE)
65

MANUFACTURED



AVAILABLE SPACE FOR RENT
INDUSTRIAL AND OFFICE
COMMERCIAL 8,617 m²

RESIDENTIAL
24,978 m²

NATURAL



LAND AVAILABLE FOR
DEVELOPMENT AND REGENERATION
714 Ha

ACTIVITIES TO SUSTAIN VALUE

- Work at height and fire safety remained the key health and safety risks, mitigated through training and supervision.
- Both Novaterra and Sugarworld have strengthened their fire prevention and protection readiness, obtained fire certificates and ensured compliance with the Fire and Rescue Service Act (2018).
- Safety measures and procedures in place in response to Covid-19.
- Executive and leadership development coaching programmes are ongoing.

- Substantial drainage works to mitigate the impact of flash floods, including safety barriers installed during the construction of stormwater drains.
- The traffic circle in Beau Plan has been redesigned to better ensure driver safety.

- Waste segregation.
- Optimising energy use.
- Sewerage treatment plant constructed within the Smart City.
- Greencoast International School and the African Leadership Campus designed and constructed with no air-conditioning.
- Pedestrian access to Beau Plan enabled through non-motorised transport, including walking, cycling, and electric scooters.
- Internet of Things (IoT), intelligent sensors, and cloud-based software applications are being considered to monitor and manage natural resource impacts.
- Discussions ongoing with the CEB to construct a 1.6 MW photovoltaic solar farm to supply renewable energy power to the Smart City.

MATERIAL OUTCOMES (2020)




TOTAL RECORDABLE INJURY RATE (TRIR)
6.4% (-65%)

LOST TIME INCIDENT RATE (LTIR)
6.5% (-65%)

SEVERITY RATE
15.6 (-13%)

OCCUPANCY RATE
88.5% (-5%)

Property and Leisure (cont'd)

CAPITAL	MATERIAL INPUTS (2020)	ACTIVITIES TO SUSTAIN VALUE	MATERIAL OUTCOMES (2020)
SOCIAL AND RELATIONSHIP 	Our business model depends on maintaining quality relationships with key stakeholders including: Government, tenants, project developers, financiers, neighbouring communities, and the media.	<ul style="list-style-type: none"> Embedded our Culture and Engagement Journey for employees creating a culture of learning and results. Dedicated teams for effective relationship management with relevant stakeholders. 	EMPLOYEE TURNOVER RATE 4% (2019: 14%) PAYMENT IN TAXES MUR 0.7 M VISITORS TO L'AVENTURE DU SUCRE 16,732 people PARTICIPATING IN EVENTS AND FESTIVALS 8,500 people
INTELLECTUAL 	Project timelines include adequate buffer time for obtaining permits.	<ul style="list-style-type: none"> Land Management Department works full time on the following up of applications submitted to various ministries and authorities in view of obtaining necessary development permits. Audits of <i>L'Aventure du Sucre</i> from external tour operators. 	Some permits delayed, but these have been addressed. Audits on <i>L'Aventure du Sucre</i> on hold for 2020.
FINANCIAL 	PROPERTY AND LEISURE TOTAL EQUITY (JAN 2020) MUR 4,844.1 M TOTAL BORROWINGS MUR 544.1 M CAPITAL EXPENDITURE MUR 741.6 M	<ul style="list-style-type: none"> Actively managed the financial performance through weekly meetings with head of department, monthly senior management meetings and quarterly Board meetings. 	TURNOVER MUR 241.1 M (+13%) PROFIT (INCLUDING PROFITS ON LAND SALES) MUR 20.5 M (-92%) PROPERTY AND LEISURE TOTAL EQUITY (DEC 2020) MUR 4,451.2 M

THE OPERATING CONTEXT

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
Covid-19 – The lockdown period and the closing of borders resulted in delays to our projects, as well as a massive drop in revenue from our museum activities, <i>L'Aventure du Sucre</i> . We anticipate an increase in construction costs due to the rising cost in building materials, as well as an impact on sales from the loss of income for the population at large.	We were agile during the lockdown period; decisions were taken quickly to revisit our budgets with a special focus on cash flow. We made progress on all stages of our development programme including architectural drawings and plans while working remotely, and maintained close communication with all our staff. We own a lot of land and buildings that had to be managed and maintained during the lockdown. We managed repairs and maintenance work with a minimum workforce on site and successfully addressed problems faced by our tenants. With no Covid-19 cases, we were able to return to the office soon after the lockdown period, in order to resume building works on our ongoing projects, to get new ones off the ground and to engage fully with our customers. Given the tough commercial climate for the opening of our shopping mall, we accommodated better rates per square meter in our tenant's favour. This has minimised business risk and instilled confidence. Our 1.6 MW photovoltaic (PV) solar farm to supply renewable energy power to the Smart City still awaits the go-ahead from the authorities. With the rise in the cost of PV panels, the predefined tariff proposed by CEB compromises the viability of the project. We have earmarked a place for this and remain ready to start development, as soon as confirmation is provided by CEB on more preferential tariffs.
Regulatory and policy framework – Changes in government policy and regulation relating to property development, as well as any delays in obtaining approvals and other Government permits, could impact on the nature, cost and timing of proposed developments.	We keep a very close watch on current and proposed regulatory and policy developments, and we place a high priority on building and maintaining strong relations with Government and regulatory authorities. We have developed diversified service offerings to minimise any negative impact resulting from changes in Government strategy. We have efficient land management tools in place enabling us to adapt quickly to the continuously changing legislative environment. In 2020, we incurred delays on some projects due to the delay in decisions from some authorities regarding permits, but we are now on track to accelerate our land sales programme. Our Land Management Department works full time on the following up of applications submitted to various ministries and authorities in view of obtaining necessary development permits, which remain key to our development. With the implementation of the Financial Intelligence and Anti Money Laundering Act this year, every tenant or buyer is now subject to a full KYC, which lengthens the on-boarding process. A compliance officer has been hired (since May 2021) to ensure capacity to do full checks on all clients and to ensure efficiency in the process. A compliance manual has also been prepared and has been approved by the Board.
The changing competitive and business environment – A potential oversupply of properties on the market, and other changing market dynamics, could result in low occupancy rates, a loss of revenue and reduced return on investment.	We are ensuring the timely implementation of a mix of facilities, to provide a compelling proposition for entrepreneurs to develop or relocate their business. We have established a strong marketing and communications team and we have secured the commitment of key anchor tenants in the retail and boutique leisure sectors.
Non-delivery by service providers – The failure of any service provider to complete their commitments on time and within budget reduces our ability to deliver the full potential of our developments in a timely and cost-efficient manner.	Our experienced team conducts rigorous screening prior to contracting third party service providers, with provision for appropriate contractual remedies should the service provider underperform. We undertake regular quality controls during the construction phase to track delivery against the approved programme of works, and we ensure service providers are properly insured. We experienced no major concerns in 2020.

Property and Leisure (cont'd)

OUR 2020 PERFORMANCE

We were caught off balance by the unprecedented Covid-19 pandemic, with 2020 proving to be a disruptive year for our operations.

With the lockdown and closure of borders and the associated downturn in the economy, we saw projects and some sales being delayed, a drop in revenue from Sugarworld Ltd and the loss of a few tenants. Having reached an important milestone with the launch of the Beau Plan Smart City in May 2019, with plans in place to develop several projects in 2020, we had to revisit our initial budget and readjust our plans. We were able to meet the revised milestones on project delivery, which we exceeded in some areas, particularly on sales performance.

The situation in terms of our human capital proved to be fantastic. Our team was fully mobilised, while working remotely during the lockdown period, to focus on recovery and minimise the impact of the shutdown on the timing of our different projects. There was a great sense of solidarity in our team; everyone remained extremely focused and motivated, and this will impact positively on performance in the coming year.

Delays in the Beau Plan Smart City projects

The opening of our 12,500 square meter retail centre, Mahogany shopping promenade, in the heart of the Smart City, planned for November 2020, had to be rescheduled. While the delay in construction of the retail centre had an initial impact on the 2020 budget in terms of the loss in development fees, we will make this up in the coming year's budget. We have secured 82% of the leasing with potential to reach the 90% mark shortly, attracting two more French brands in 2020, exclusive to the north of Mauritius for two years, and we have opened in June 2021 with a good mix of reputable tenants. We also planned to start the construction of a new office building, The Strand, bringing additional vibrancy to Beau Plan. The building works have started in July this year.

We had a delay in the development of the first phase of Mango Village duplex and apartments (26 units), our first built-up residential project in Beau Plan, and construction started in February 2021. The sales of phases two and three of *Les Muguets* residential serviced plots were also delayed. The EIA application has been submitted early this year and is well under process. Sales will start as soon as the certificate is obtained.

The Beau Plan Smart City now offers educational, leisure, office, cultural, residential and shopping opportunities. We are also investing substantially in the infrastructure to make Beau Plan more accessible to the public. Circulation within the Smart City will also be possible through non-motorised transport, including walking, cycling, and electric scooters. In 2020, significant effort was dedicated to integrate sustainability practices into the design process of the Smart City. Internet of Things (IoT), intelligent sensors, and cloud-based software applications are all being considered to monitor traffic flows, water consumption, flood levels, energy consumption in public areas, energy efficiency, air quality, solid waste management, and wastewater management. We engaged in discussions with the CEB to construct a 1.6 MW photovoltaic solar farm to supply renewable energy power to the Smart City. This awaits clearances and licencing from the CEB on acceptable terms. The second phase of the Greencoast International School, has also been designed to operate with no air-conditioning.

The Mahogany shopping promenade will also be a key employer to the surrounding villages, helping us to fully integrate them in the development of the region. As a business that relies on a number of different contractors, we ensure everybody is on the same level-playing field and has the chance to benefit from the Beau Plan developments.

Over 90% of our rentals have been received during this challenging year and most of the unpaid amount will be in 2021, which was better than expected. Some tenants were impacted by the lockdown and left, while others could perform as usual. We remained in close communication with them during that period. While the revision of the Landlord and Tenant Act of 1999 allowed for delays in rental until 2021, only a few of our tenants opted for that option. Tenant satisfaction remains on top of our priority list. As such, we maintain close relationships and engage with them to understand their needs and treat their requests within the minimum delay. We remain committed to the best level of service, as we feel that our clients are our best ambassadors. This will be particularly relevant within our shopping mall.

We have placed a strong emphasis on rationalising costs and improving efficiency at all levels across our activities this year.

Our subsidiary, Sugarworld Ltd, which operates under the brand name *L'Aventure du Sucre*, is principally a tourist attraction and was totally impacted by the closure of borders in 2020. It incurred a loss of MUR 20.3 million this year, compared to profitability of MUR 7.6 million in 2019. To keep some momentum at the museum, we maintained the restaurant operations to a small degree, and implemented strict cost-controls due to the impact on cash flow.

OUR STRATEGIC OUTLOOK

The key components of the Beau Plan Smart City development have been put in place, including the foundational infrastructure, with MUR 600 million invested to date, thus unlocking substantial areas for further developments, and providing us the capacity to trigger new projects quickly. Our primary focus for the year ahead will be to build on this momentum to increase the attractiveness of Beau Plan and to launch new projects.

This year we went public with the opening of the Mahogany shopping promenade on 24 June, in the heart of the Smart City. As to date we have 48 tenants who are operating and 8 more completing their fitting-out works. Going forward, we aim to reach full occupancy by the end of 2021. A strong communication campaign has been held and the opening has been very successful. The maintenance and safety of the Beau Plan area will be key to this. Flash floods triggered by cyclone or heavy rain events remain one of the biggest safety risks and, to mitigate this, we have invested significantly to safeguard against future flooding events, with safety barriers installed during the construction of stormwater drains, some of which will become permanent. We have been working with the National Development Unit on land-drainage to support the Government's master plan on solving flooding problems in the north of the island. The traffic circle in Beau Plan has also been redesigned to better ensure driver safety. Trees on the site of the Mahogany shopping promenade are being inspected and trimmed, and the terrain surrounding the on-site lake will be assessed to identify any potential safety risks. Our sewerage treatment plant will be operational in the coming year and the shopping mall will be connected to this, enabling greywater to be used in nearby fields for irrigation purposes.

The construction of the first phase of Mango Village started in February this year and is scheduled for delivery in May 2022. The construction of The Strand, with 11,000 m² of offices, has started in July and shall be completed during the last quarter of 2022. We will deliver the second phase of Greencoast International School and hand over *Les Muguets* serviced plots to their owners. The activities within the Creative Park zone, comprising the Patrick Mavros atelier, the dance school and the African trader, will be further expanded.

Our land sales programme remains in place, but we have revisited our plans to sell more land quicker, including future phases of residential plots within the Smart City, bringing in much needed cash flow. There are a number of factors that can influence this, such as permits, and we will ensure we have these in place, as cash management will be critical in 2021.

Our biggest challenge will be the development of the Business City, an important precinct of our Smart City. Our aim is to attract local and international entrepreneurs to develop or relocate their businesses in Beau Plan. We are confident that the urban design framework of the city, set in an exceptional landscape and controlled environment, will attract investors in search of long-term value gain.

We will maintain a strong focus on managing the development costs of our projects, targeting efficiency opportunities at all different stages, from inception to operation. We will also be integrating environmental considerations to reduce our footprint.

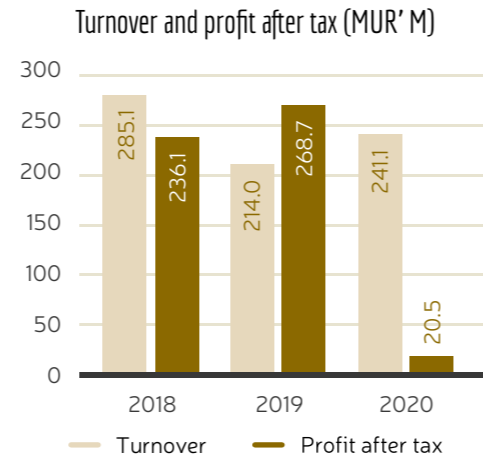
We will continue to monitor very closely how the market responds to the downturn in the economy. Though the re-opening of the borders is scheduled for the 1st of October, it will remain a very challenging year for *L'Aventure du Sucre*, being principally dependent on tourism, and we will continue to rationalise expenses. The northern region is highly sought after by non-citizens for investment in real estate, but with the closed borders it remained difficult to reach expatriates to buy property and encourage them to move to Beau Plan. As from now, strong marketing actions will be undertaken to reactivate this segment. On a positive note, towards the end of the year, we witnessed a resurgence in property purchases nationally, indicating a resilient local clientele, and this has given us confidence to continue our investments in our Beau Plan Smart City. Covid-19 will present a tougher year ahead, but we still continue to develop and invest for our future. While our total recovery is still highly dependent on the re-opening of our borders, our vision remains the same for Beau Plan.

This year again, with the resurgence of Covid-19, lockdown measures were implemented. Despite the temporary shutdown of our construction sites, which will cause some delays, we reacted promptly to the situation and remain confident that all the conditions are now in place for us to meet our targets. Going forward, with the emergence of the Smart City, we are analysing our current departmental structure to ensure the needs of our stakeholders are met. The five departments currently in place: development; land management; property and assets; sales and marketing; and finance, have successfully achieved the planning and delivery phases of our development. We will need to consolidate this model and gear ourselves up to provide an excellent level of service to people coming to Beau Plan Smart City and to all the tenants occupying our shopping mall. We have done exceptionally well to date, and we will now take the necessary measures to meet our next challenges.

Property and Leisure (cont'd)

IMPACT OF COVID-19

- At Group level we mobilised very quickly with the various Covid-19 protocol stages and kept strong communications with our teams. With the deployment of PCs and telecommuting, we were still able to make progress on architectural drawings and plans while working remotely. During the lockdown, Work Access Permits were delivered by the authorities to a core team, which could ensure minimum maintenance of our assets and provide essential services to our tenants. As soon as the lockdown period was over, we returned to the office, with all of the requisite hygiene practices in place.
- We had to temporarily close *L'Aventure du Sucre* from March 2020, which has incurred losses for the year, despite receiving support from the wage assistance scheme for some of the staff.
- We incurred a substantial loss of revenue on development fees, which make up 4% of development contracts, due to the delay in construction projects. We also had delays in signing deeds of sale of certain projects as implementation of infrastructure was temporarily halted.
- Our initial opening date for our retail centre was shifted to March 2021, but with 46 different tenants in place and most of them facing procurement challenges, especially with lead times in getting materials from China, we reviewed this milestone and decided to open three months later. This was following substantial engagement with all tenants.
- We estimated that our property rentals would be impacted by some 18%, and we did better than expected, with 94% of our rentals being received.



Beau Plan Smart City Master Plan

