



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 cornerstone 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

To increase and unlock the value of the Group's land holdings

OUR BUSINESS MODEL

Our Property and Leisure cluster seeks to deliver long-term value from the Group's existing land ownership in the North. We have identified two priority zones for development – the Beau Plan Smart City development and the neighbouring Balaclava Golf and Lifestyle Estate – the development of which will be supported by the targeted sale of 'non-strategic' land that will generate cash flow for investment and enhance the value of the broader property portfolio.

Our most immediate focus is on delivering value through the Beau Plan Smart City project. Occupying an area of 228 hectares in the Pamplemousses region, one of the most densely populated districts in the north of Mauritius, the proposed development benefits from easy access to major new roads and public transport services, in a site identified as a rural regeneration zone in the Government's National Development Strategy.

We strongly believe that the Smart City will become an important economic hub, creating thousands of employment opportunities, and providing an appealing commercial, residential, education and leisure environment. The site adjoining the villages of Pamplemousses and Bois Rouge is being developed in the vicinity of the existing historical botanical garden and around the sugar museum and business park, which – together with the recently established African Leadership College, Greencoast International School and other educational, commercial and recreational developments – is already drawing people to the area. The final development will include retail outlets, office parks, residential offerings and recreational areas, as well as medical and sports facilities, cultural activities and an enlarged university campus. The Smart City will be designed to 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.

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 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 Terra's existing land, as well as on the property of our neighbours, contributing positively to the general enhancement of the region.

CAPITAL

MATERIAL INPUTS (2018)

MATERIAL OUTCOMES (2018)

People



118 employees

Consolidation of development and sales team
Injury rate: **9.07**

Manufactured



Available space for rent:
• Industrial: **35,076 m²**
• Office: **12,110 m²**
• Residential: **24,022 m²**

Occupancy rate: **96.9% ▲ 0.8%**

Natural



573 hectares of land approved for development

Waste segregation
Optimising energy use
Recycling waste water

Social



Our business model depends on **maintaining quality relationships with key stakeholders** including: Government, tenants, project developers, financiers, neighbouring communities and the media

7.6% employee turnover rate
MUR 2.2 million payment in taxes
MUR 0.4 million of CSR contribution
112,000 persons visited *L'Aventure du Sucre*

Financial



Property and Leisure total equity (Jan 2018): **MUR 2,469.4 million**
Total borrowings: **MUR 1.5 million**
Capital expenditure: **MUR 4.7 million**

Turnover: **MUR 179.0 million ▲ 4.2%**
Profit (including profits on land sales): **MUR 180.7 million ▲ 72.8%**
Property and Leisure total equity (Dec 2018): **MUR 2,958.5 million**
Net cash and cash equivalents : **MUR 25.3 million**

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
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.
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 already secured the commitment of some 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.

OUR 2018 PERFORMANCE

This has been a very satisfactory second full year in operation. We met our budget for the year, delivering profit after tax of MUR 180.7 million (up from MUR 104.6 million in 2017), and achieving MUR 88.7 million in rental income for the period, a 9.5% increase on last year. We obtained the certificate for the Beau Plan Smart City, met most milestones for the year’s projects and sales targets, and made valuable progress in obtaining additional land conversions for priority areas.

PLEASING PROGRESS IN IMPLEMENTING OUR STRATEGY

The first step in delivering on our strategic goal of realising the value of the Group’s land holdings was to recruit and appoint a talented multidisciplinary leadership team, structured to provide services across five departments: project development and finance; land management; property and assets; marketing and sales; and project management. The appointment of our team of property development and management professionals was successfully completed in 2017.

This year our main focus has been on providing momentum to the Beau Plan Smart City development. We have made very encouraging progress, delivering the successful completion, among others, of the African Leadership Campus, the first phase of the Greencoast International School, the La Louisa Equestrian Centre and the Patrick Mavros jewellery atelier. The planning and design processes is well under way for our retail and office developments, boosted by the commitment we have secured from some important local and foreign partners and anchor tenants. In driving these developments, we have placed a strong emphasis on rationalising costs and improving efficiency at all levels across our activities. To ensure efficient land management, we have invested in GIS systems and recently completed a cadastral plan detailing land use per region and business activity.

One of Terra’s subsidiaries within the Property and Leisure cluster is Sugarworld Ltd. Operating under the brand name *L’Aventure du Sucre*, which runs a museum showcasing the history of sugar operations in Mauritius. This year it posted a turnover of MUR 99.8 million, up 7% from 2017.

OUR STRATEGIC OUTLOOK

Our main focus for the year ahead will be to build on our momentum for the Beau Plan Smart City. We will be finalising deeds of sale with key partners, securing new agreements with development partners, and looking to obtain regulatory approval for the Balaclava Golf and Lifestyle Estate.

A significant milestone next year will be to start the development of our planned retail and office parks, our apartment and duplex projects, and a boutique hotel. We will maintain a strong focus on reducing the development costs of our projects, targeting efficiency opportunities at all different stages, from inception to operation.

We will also be developing and rolling out our comprehensive marketing and communication strategy, aimed at building Novaterra’s reputation locally and internationally, in view to attracting the full range of anticipated tenants.

Over the longer-term, we plan to develop the 200-hectare golf and lifestyle estate on the neighbouring ‘Balaclava’ coast, with the proposed 18-hole golf course and villas with beach access fully complementing our Smart City offering at Beau Plan and linked with a dedicated green corridor.

PERFORMANCE GRAPH

