

# PROPERTY AND LEISURE

Our Property and Leisure business, operating as Novaterra, is a relatively new addition to the Group that is currently focusing on establishing an innovative property-development cluster between Port-Louis and the northern part of Mauritius. The cornerstone of this development will be the Beau Plan Smart City that aims to transform the Beau Plan region into a futuristic urban environment serving the North.






## Our business model

Our Property and Leisure cluster looks to deliver increased value from the Group's existing land ownership in the North. Our core immediate focus is to grow value through our proposed Beau Plan Smart City development cluster. Strategically located with access to the activities and services of the Pamplemousses region – one of the most densely populated districts of Mauritius – the development benefits from ready access to major roads and public transport services. Occupying an area of 211.33 Ha, the site has been identified as a rural regeneration zone in the Government's National Development Strategy.

It is envisioned that the Smart City will become an important economic hub, creating thousands of employment opportunities, and providing an appealing commercial, residential, educational and leisure environment. The site, adjoining the villages of Pamplemousses and Bois Rouge, is being developed around the existing historical botanical garden, sugar museum and business park, which – with the recently established African Leadership College – is already drawing people to the area. The final development will include schools, retail outlets, office parks, residential offerings and recreational areas, as well as clinics, sports facilities, cultural activities and a university campus. The Smart City will be designed to integrate multiple digital connectivity solutions, encourage the uptake of renewable energy and facilitate a healthier lifestyle through the generous provision of non-motorised transport infrastructure and quality recreational spaces.

### Delivering broader societal value

We anticipate that the Beau Plan Smart City development will result in the creation of 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 various goods and services. We will be providing training to develop skills of people in the region, including in 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 to the general enhancement of the country's overall wealth.

CAPITAL	MATERIAL INPUTS (2017)	MATERIAL OUTCOMES (2017)
 <b>People</b>	73 employees	Injury rate: 2.73 Two new senior executives appointed
 <b>Manufactured</b>	Industrial 31,959 m <sup>2</sup> Office 11,079 m <sup>2</sup> Residential 22,620 m <sup>2</sup>	Improved occupancy rate by 3% during the year to reach 96.1%
 <b>Natural</b>	454 hectares of land approved for development	Waste segregation to recycle paper, cardboard, plastic and cans at Beau Plan Business Park
 <b>Social</b>	Our business model depends on maintaining quality relationships with key stakeholders including: Government, tenants, project developers, financiers, neighbouring communities and the media	11.8% employee turnover rate MUR 2.4 million payment in taxes MUR 0.3 million of CSR contribution 100,000 persons visiting <i>LAventure du sucre</i>
 <b>Financial</b>	Creating Value: Realisation of non-strategic assets for reinvestment in adequately planned and designed project thus widening yielding based assets Capital expenditure MUR 60.2 million Investment in infrastructure and improvement (in progress): MUR 49.3 million Investment in associate - Beau Plan Campus Ltd (Education project): MUR 100.6 million (out of which MUR 57 million for land capitalised in 2016)	Turnover: MUR 170.7 million (33.2% increase) Profit: MUR 103.7 million (240% increase)

MATERIAL ISSUE IMPACTING VALUE CREATION	OUR RESPONSE
<b>Regulatory and policy framework</b> – Changes in Government policies and regulations relating to property development, as well as any delays in obtaining approvals and other Government permits, could impact on the execution of our business model.	We place a high priority on building and maintaining good relations with Government and regulatory authorities and keeping well informed of any current and proposed regulatory and policy changes. We have secured a letter of intent from the Board of Investment for the Beau Plan Smart City, and are developing diversified service to minimise any negative impact resulting from changes in Government strategies.
<b>The changing competitive and business environment</b> – There is always a possibility that certain property developments remain unoccupied, resulting in 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. Appropriate in-house resources are in place to drive effective project marketing.
<b>Non-delivery by service providers</b> – Any failure by service providers to complete their obligations on time reduces our ability to deliver the full potential of our developments in a timely and cost-efficient manner.	Rigorous screening processes are in place 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 program of works and we ensure service providers are properly insured.

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## Our 2017 performance

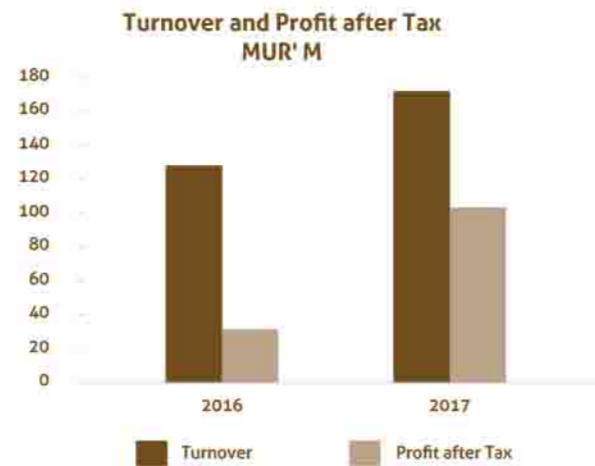
This year we completed the appointment of our core leadership team, with the successful recruitment of two new executives during the year. The full team is now constituted to provide services across our five departments: project development and finance; land management; property and asset management; sales and marketing; and project management. In making these appointments we have placed a strong emphasis on ensuring a diverse set of skills and experience, with the aim of instilling greater creativity.

Having finalised the recruitment of a high-profile team of property development and management professionals, we have started to drive implementation of our strategy: to develop investment properties in well-located sites to create and unlock value of the Group's land holdings. This has been a fair first full year in operation. We met our budget for the year, and our rental income for the period reached MUR 78.0 million as compared to MUR 56.0 million achieved in 2016 (+40%). Our profit after tax amounted to MUR 103.7 million. A key achievement has been to obtain the letter of intent for the proposed Beau Plan Smart City development, as well as securing conversion permits for strategically located land.

We have developed a detailed plan for the sale of non-strategic land, with the aim of securing additional finance for our property development investments, which in turn will boost the value of remaining property portfolio. We successfully launched and sold two key projects. As part of the phased roll-out of the Smart City development, we have continued to identify and engage with potential partners and anchor tenants, and have already secured the commitment of some important tenants. During the year we also completed a consultative corporate identity and branding exercise.

Notwithstanding these very encouraging developments, there have been some challenges over the year. Unexpected delays by a contractor meant that we were unfortunately not able to hand over the new campus to the African Leadership College in December 2017 as promised. We have managed the implications of this delay with the latter and formally handed over the new campus facilities to them in April 2018.

One of Terra's subsidiaries within the Property and Leisure cluster is Sugarworld Ltd. Operating under the brand name *L'Aventure du Sucre* it runs a museum showcasing the history of sugar operations in Mauritius. This year it posted a turnover of MUR 93.2 million and a profit after tax of MUR 12.0 million, up 10% from 2016.



## Our strategic outlook

Our principal focus for the year ahead will be to give momentum to the Beau Plan Smart City development. In addition to obtaining some of the key required certificates and permits, we will be commencing infrastructure work on 'Le Hameau' development and the construction of the first phase of Greencoast Primary School. The planning and design processes are well under way for our retail and office developments. In driving these developments we will be seeking, where possible to rationalise costs and investing in GIS systems to ensure efficient land management. We will also continue our process of selling non-strategic agricultural land to raise cash to finance infrastructure.

Over the longer-term we plan to develop a 200-hectare lifestyle estate on the coast, with an 18-hole golf course and villas with beach access, which will fully complement our Smart City offering at Beau Plan.



## The new African Leadership College campus

