


REAL ESTATE

Our activities in the real estate segment include the following:

- **Property development** – Mixed use property development in the regions of Moka, Savannah and Bel Ombre;
- **Offices** – Oficea, a property fund that specialises in office space development and management; and
- **Malls** – Ascencia, a retail asset fund specialising in the development and management of shopping malls through the property and asset manager, Enatt.

Link to risks

 Top group risks (pages 64 to 67)

 Buoyancy of the segment being hampered by the rising costs of construction and squeeze of purchasing power



* from continuing operations

Property development

Operating Context

Over the last few years, property has seen a marked interest and remains an undeniable safe haven for investors. The importance of the place to live and associated comfort increased the attractiveness of our smart city portfolio. Moka is witnessing robust demand for plots of land and residential units. Government tax incentives for first-time home buyers have been extended for a second year in 2023 and are expected to keep boosting residential sales. Challenges are numerous in property development. The rising costs of construction have weakened the construction sector and are putting pressure on margins for built-ups. With global economic uncertainties, attracting clients from regional markets is a challenge and competition is strengthening with offerings from other smart cities.

Performance

Moka City

Moka is well on track to achieve its land sales target as per the objectives set in Cap 23, confirming its territorial attractiveness and position as a leading property destination in Mauritius. We are confident of the medium to long-term demand for land in Moka, as well as the appreciation of land value. Following the successful launch of two precincts, Telfair and L’Avenir, major infrastructure work has been kick-started. We launched the first residential project at Telfair in conjunction with a local partner and the 60 units offered to the market were quickly sold out. We introduced the first residential project in L’Avenir precinct in July 2022 and are enjoying very positive feedback from the market. We continued our momentum at Les Promenades d’Helvétia with the construction and delivery of additional residential units.

Efforts are directed to improve Moka’s connectivity through road infrastructure around Verdun, in partnership with the Government. In addition, the authorities are planning for the metro’s track to be extended to Saint Pierre.

Ascencia is the largest listed property company in Mauritius with 7 shopping malls across the island.



The team maintained its focus on curating Moka’s lifestyle and citizen collective, Moka’mwad, which included the following initiatives:

- welcoming the first tenants at Les Kocottes in the likes of NGOs, Moka’mwad and Made in Moris headquarters;
- putting in motion a cultural agenda hosting and supporting art and cultural events in Moka;
- curating various Moka’mwad initiatives through strong relationship and support of local authorities, like a cleaning and awareness campaign, a plastic recycling campaign, blood donation; and
- running various sports and activities that enjoy a wide affluence and boost the area’s attractiveness: Moka Trail, Moka Decathlon Night Run, Moka Tennis Open, Moka Moonrise, Moka Rangers competitions and Moka Sunrise jogs.

Savannah

Savannah Connected Countryside was unveiled after obtaining a Smart City Certificate for over 365 arpents to implement a Small Village integrated project. Infrastructure works for the neighbourhood of Les Jardins was completed during the year and delivery to the new owners is scheduled for later in 2022.

Les Ateliers de Gros Bois, houses regenerated into offices, will enter operations in October 2022. This offering will complement the existing coworking and meeting rooms of La Place de Gros Bois for those looking to work in the South. The latter provides residents with a restaurant, grocery store, daily conveniences and has been in operation for over a year now.

The Savannah International Primary School started operations in February 2022. It is targeting to increase the number of students enrolled at its next intake in January 2023, in line with its vision to grow with its pupils.

Bel Ombre

The year saw the launch of the territorial brand Bel Ombre. Later Lamer. Lavi. aiming to position the region as the reference for a sustainable and tropical art de vivre. Teams focused energies to perform a diagnosis of Agrïa so that an appropriate turnaround strategy can be designed for the company.

Priorities for the next financial year

Moka

- Seize the opportunity to further Moka’s position as the leading smart city in Mauritius
- Achieve Cap 23 land sales target by implementing regional initiatives to tap in new markets
- Begin work for the sports complex, which will enhance the quality of life in Moka
- Anchor Telfair as a vibrant city centre by maintaining its development pace
- Continue the sustainability and technology programme of Moka

Savannah

- Establish Savannah Connected Countryside as the leading destination in the South of Mauritius
- Maintain the development pace through the sale of land and residential units
- Progress on more qualitative amenities for the region

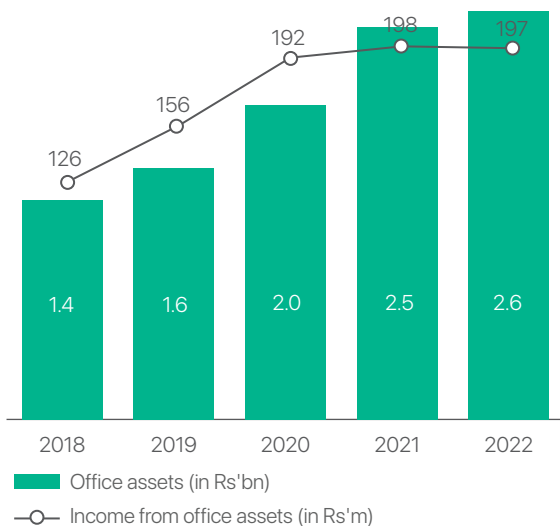
Bel Ombre

- Launch of a Sustainable Smart Village, with a pipeline of property projects
- Unlock land value with new road infrastructure

Offices

Operating Context

Working habits have had to be entirely rethought and transformed for a post-COVID-19 world; with a rise in flexibility, work-from-home, coworking and serviced offices. Despite changing working habits, the demand for offices in Moka has grown. The market is experiencing a surge of new entrants which, coupled with the increase in construction costs, is intensifying competition.



95%
OCCUPANCY RATE

Performance

The year was marked with the opening in June 2022 of Les Fascines, a 9,000m² LEED-certified building with a 60% occupancy rate at start. Designed to accommodate the new working trends, Les Fascines has enlarged the group’s office offerings with coworking spaces in partnership with Workshop17, a South African operator. Oficea is making headway in implementing the concept of workspitality to make the daily life of the 1,800 employees of its tenants easier. Enhancing the leisure activities, enlarging the food & beverages offering, providing nursery services are initiatives that became a reality during the year. They are contributing to a high level of satisfaction and the portfolio is enjoying a 95% occupancy.

Priorities for the next financial year

- Manage tightly the existing portfolio
- Extend the workspitality offer to uplift the game
- Nurture the partnership with Workshop 17
- Materialise the Telfair project, giving birth to a unique mixed-use city centre in Moka. Construction of 20,400m² LEED-certified mixed-use buildings in Telfair has begun and is due to be completed by December 2023. The development consists of 3,000m² of retail space as well as more than 300 underground parking bays. It is being financed through a Rs 2.3 billion fundraising that was recently completed.

Malls

Operating Context

Following uncertainties surrounding the global crises over the past two years, such as the prolonged pandemic or economic and international tensions, the malls have again delivered a strong performance marked by improving the rent to turnover ratio and trading densities. Consumption levels have been holding up high lately and we are expecting the pace to continue despite uncertainties.

Performance

The opening of 42 Market Street and the new shopping gallery at Bagatelle Mall housing global brands are well-received by the market. Some 22,283m² representing 17% of the portfolio’s GLA were renewed at a rent reversion rate of 5.6% against a standard escalation of 5.0%. A commendable achievement at a time when competition is shaping up, testifying to the confidence that tenants have in the continued success of Ascencia malls. Local initiatives to promote and support local entrepreneurs by giving them visibility in malls benefited some 30 SMEs, who were proposed preferential rates and more than 36 markets were organised during the year to promote SMEs. Ascencia launched in August 2021 its new digital operations platform, Infraspark, which contributes to the objective of achieving stronger operational excellence.

Results for the year were in line with expectations with net operational income growing by 13.9% from last year. Trading density increased by 16.8% and the rent to turnover ratio reduced from 8.6% to 7.9%. Cash flow management remained a priority and cash collections for the year represented 101% of billings. The migration from the DEM to the Official Market of the SEM and subsequent inclusion in the SEM-10 and SEMSI have enhanced the liquidity of the Ascencia shares.

Priorities for the next financial year

- Launch of the metro station at Phoenix Mall by end 2022, providing facilities and new shopping offerings to commuters and shoppers alike
- Revamping of Riche Terre Mall to refresh the look and feel inside and outside and improve the tenant mix of the food court
- Extension of Bagatelle Mall to bring the Home & Leisure node closer to the mall and hosting new brands, thus enhancing the offering
- Continuous improvement of operations through focusing on business continuity, process optimisation and monitoring of critical assets
- Implementation of a CRM to centralise several aspects of asset management and improve efficiency, visibility and tenant relations

+13.9%
NET OPERATIONAL
INCOME GROWTH

+16.8%
INCREASE IN
TRADING DENSITY

