

PROPERTY DEVELOPMENT



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- Anahita Estates Limited (AEL - a 100% Alteo owned company): Promotes, markets and sells off-plan properties and serviced plots within the Anahita Integrated Resort Scheme (IRS) and other real estate projects of Alteo, mainly in the East of Mauritius. Over the past decade, AEL has successfully positioned Anahita as one of the most renowned and highly regarded IRS developments in Mauritius. At the time of writing, AEL had sold 86% of Anahita's inventory (280 residential units out of 325).

- Anahita Residences & Villas Limited (ARVL - a 50% Alteo owned company): A joint venture with CIEL Limited. It operates Anahita Golf & Spa Resort and offers the rental of private residential properties and property management services to Anahita homeowners.
- Anahita Golf Ltd (AGL - a 87,77% Alteo owned company): Owns and manages the 18-hole championship golf course, the pro-shop and the clubhouse located at Anahita. AGL's performance is directly linked to Anahita Golf & Spa Resort's, Four Seasons Resort at Anahita's and surrounding hotels' performance, and in particular the capture ratio of golf players from within its pool of clients.

MARKET ANALYSIS

- The financial year 2020-21 was deeply marked by the COVID-19 crisis, during which a mandatory quarantine was imposed to anyone wishing to travel to Mauritius.
- The crisis escalated to a total closure of the borders from March to May 2021 following the second COVID-19 contamination wave in Mauritius.
- With almost no revenue generation for more than a year, this situation resulted in a major crisis for the tourism and golf sectors in Mauritius.
- Indeed, hotel operations were limited to local guests and a small number of establishments opted to operate as quarantine centres for foreign travellers coming to Mauritius.
- The effects of the crisis were mitigated by Government support, notably the Wage Assistance Scheme (WAS), which limited the number of redundancies in the country and the risk of definitive closure of tourism and hospitality operators during this period.
- The Mauritian property market nevertheless remained active despite the very low tourist arrivals in Mauritius, which may be explained by low-interest rate environment, by the attractiveness of real estate as a secure investment during uncertain times and a depreciating currency.
- Property sales at national level to international investors reached 421 transactions in 2020-21 with an average purchase price of Rs 27m.
- The minimum investment level in property developments to be eligible for permanent residence permit having decreased from USD 500,000 to USD 375,000 has boosted international sales, especially for entry-level products such as apartments and townhouses (59% of acquisitions in 2020-21) priced around USD 375,000.
- Predictions for tourist arrivals are more encouraging for 2021-22 with a government target of 600,000 tourists. As from 1 October 2021, the Mauritian government opened borders without quarantine for travellers vaccinated against COVID-19. Moreover, numerous airlines resumed operations in October 2021.
- Nevertheless, the situation remains fragile due to the lack of predictability regarding the evolution of the virus or the sanitary conditions in our main source markets.

PERFORMANCE REVIEW

Property	Revenue		Normalised EBITDA		Profit after tax	
	Rs' 000		Rs' 000		Rs' 000	
	2021	2020	2021	2020	2021	2020
Anahita Estates Limited	832,595	870,362	340,470	134,710	255,902	82,660
Anahita Golf Ltd	23,682	81,784	(24,347)	8,009	(50,869)	(18,305)
Alteo Properties Ltd	1,625	4,698	(251)	4,854	(392)	9,578
Share of results of Anahita Residences & Villas Ltd	-	-	-	-	(67,986)	(29,968)
	857,901	956,844	315,872	147,573	136,655	43,965

- AEL's turnover comprised revenue in relation to the progress of construction works on villas sold off-plan, as well as revenue arising from the sale of serviced plots (i.e. for which deeds of sale were signed during the year under review).
- AEL completed 11 sales of serviced land plots within Anahita during the financial year against 5 sales of serviced land and 5 sales of off-plan villas in the comparative year. This was the main driver for EBITDA growth for the year. Profitability was further improved by savings in marketing costs (linked to travel and events restrictions) and a drop in finance costs as a result of an accelerated debt servicing.
- However sales finalisations remained a challenge during the year and several confirmed reservations have been postponed to financial year 2021-22 due to delays in contract signing. These should be converted into sales by December 2021.
- Despite AEL's encouraging performance, the Property cluster had a challenging 2020-21 year as a result of the COVID-19 crisis and the closure of the Mauritian borders to the rest of the world as from March 2020. ARVL and AGL experienced a very limited level of activity during the year and posted significant losses. However, the management of both companies reacted proactively and implemented several measures to minimise costs and reduce the negative impact of the crisis.
- The most adverse impact on the cluster has been felt at ARVL. On top of the very challenging operational results, losses have been increased by unrealised foreign exchange losses of Rs 44m. Cost containment measures and the Government's Wage Assistance Scheme (WAS) have provided some support to the company so far. However, additional shareholder financing of Rs 100m was received during the year and the company has applied for further financing at the Mauritius Investment Corporation. This application was still under way at the time of writing. At the end of the financial year, ARVL also decided to put on sale the 24 Junior Suites it owns in the Amalthea neighbourhood, while preserving this inventory by entering into a 10-year rental agreement with the future buyers. The sale of these suites is expected to significantly reduce the company's debt level.
- The golf activities of AGL have also directly suffered from the lack of tourists especially at ARVL and Four Seasons Resort Mauritius. Additional financing from commercial banks and shareholders has also been required to support the company and the WAS has helped to meet part of salary costs. Here as well, management implemented immediate measures to reduce operational costs and to attract more local golfers through special offers and regular golf events to minimise losses.

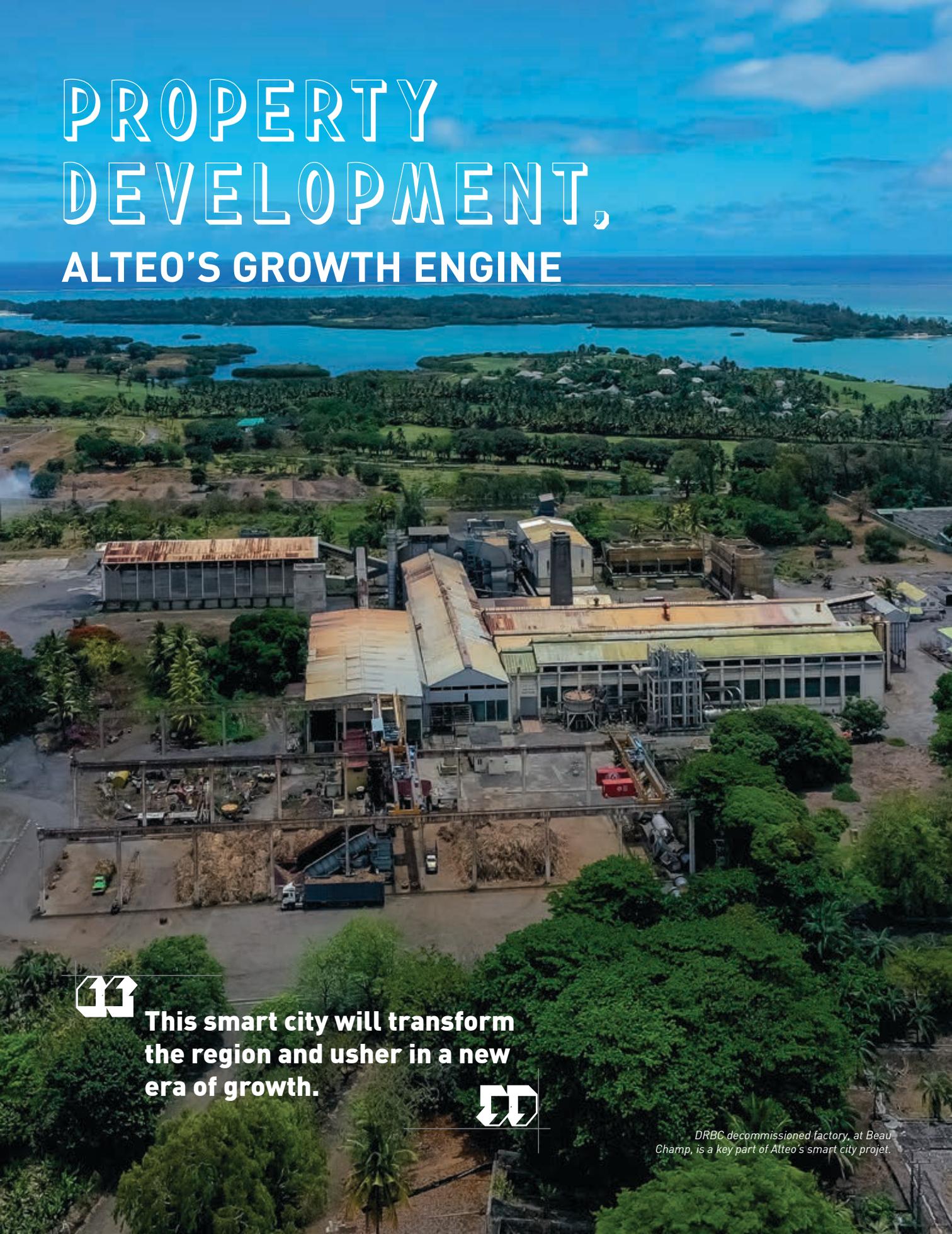
SHORT TO MEDIUM-TERM OUTLOOK

- In relation to marketing and property sales prospects to date, AEL has 3 off-plan villas and 4 plots of serviced land reserved with deposits which are expected to materialise in 2021-22 if no significant delays are experienced.
- Sales of residential developments Mont Piton 2 and Balnea 2 will be processed in 2021-22 and 2022-23, positively impacting on the performance of the cluster.
- The reopening of the borders without quarantine for vaccinated travellers as from October 2021 is expected to improve the performance of the companies of the cluster over the financial year, especially with potential buyers who have not been able to visit Mauritius since the start of the COVID-19 crisis in 2020.
- ARVL's performance for 2021-22 remains uncertain and will depend on the willingness of tourists to travel to Mauritius when the country opens. The Resort is expected to face tough competition from local hotels as well as from other destinations over the world. Registered bookings for the 2021-2022 high season remain however encouraging and the number of flights and seats is increasing regularly.
- AGL's performance will continue to be heavily dependent on the occupancy rate of the two resorts located within Anahita (ARVL and Four Seasons at Anahita). While waiting for the complete opening of the borders and the return of golf tourists, AGL continues to be active in the local market with a programme of regular golf events and attractive offers for local golfers.

LONG TERM STRATEGY

- Following the development of a strategic master plan for Alteo's land in 2019, the property development team is actively working on new projects which will be launched in the coming years. The sites earmarked for these projects are the areas surrounding Anahita and Beau Champ, Trou d'Eau Douce and Mont Piton. The AEL team is more specifically working on the future phases of development in the Anahita region, which will be launched in financial year 2022-23. This new endeavour will integrate residential, commercial and leisure components.
- With the perspective of improved connectivity for the Eastern region resulting from new roadworks, the Property cluster has been restructuring its operations to achieve better alignment with its longer-term strategy of becoming a leading property developer in the East. This involves an added focus on the domestic market while proposing innovative development concepts and expanding into new services. As part of this restructuring, Alteo Agri Ltd has entrusted the management of some strategic non-agricultural land assets to the Property Cluster. The aim of this new structure is to enable a more focused and dynamic management of these assets by property development specialists. The Property Cluster is also responsible for the preservation and rehabilitation of Alteo's historical sites for which an agreed yearly budget has been earmarked.

PROPERTY DEVELOPMENT, ALTEO'S GROWTH ENGINE



This smart city will transform the region and usher in a new era of growth.



DRBC decommissioned factory, at Beau Champ, is a key part of Alteo's smart city projet.

Alteo's Master Plan for the region has identified immediate opportunities to deliver quality projects for local and foreign investors. The Master Plan aims at maximising the potential of the group's significant land bank in Mauritius – 15,000 ha of freehold land between Mon Loisir and Grande-Rivière-Sud-Est. Moreover, the management of all our non-agricultural assets has now been entrusted to our Property cluster, thus empowering specialists to look at the best possible way of creating value from our land assets as well as from our heritage sites.

We are already in advanced stages of development for the first phases of this exciting strategy, most notably with our brand-new smart city project at Beau Champ, plans for which were officially provided to the Economic Development Board in September 2021. Spread over 100 ha between Grand-Rivière-Sud-Est and Beau Champ village, this smart city will transform the region and usher in a new era of growth. 50% of the surface area of this new project will be devoted to residential developments while the other half, which includes the decommissioned Deep River Beau Champ factory, will be transformed for non-residential, commercial, leisure and community use.

This is a monumental undertaking that will fuel Alteo's growth on the medium to long term and our teams are primed to take on this challenge. The true test of their skill will be the ability to reenergise property development in the region

without losing the uniqueness that makes the charm of the East and distinguishes it from other parts of the island, but our teams have already proven their worth with successful developments such as Anahita, Mont Piton and Balnea.

Besides, this smart city project is only the tip of the iceberg, with other ambitious plans in the pipeline, such as the development of the strip between Trou d'Eau Douce and Bel Air, or the long-awaited project that will highlight the exceptional Beau Rivage site. Yet, our aim is not to launch an all-out development campaign for the region, but rather to respond intelligently to the needs of the market by shepherding innovative and distinctive projects that add value to the destination. This is the Alteo way.



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