

CHAIRMAN'S MESSAGE

A portrait of René Leclézio, a middle-aged man with grey hair and a mustache, wearing a dark blue pinstripe suit, a light blue striped shirt, and a red patterned tie. He is smiling slightly and looking directly at the camera. The background is a solid light blue. A vertical pink bar is on the left side of the image.

**“From all
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René Leclézio
Chairman

Dear Shareholders

From all points of view, this year has been a good one. Total income, EBITDA and Profit After Tax all progressed satisfactorily. Debt was repaid and is now down to a manageable Rs 4 billion, and a special dividend of Rs 2.50 per share, in addition to the regular dividend distribution, was paid to you, our shareholders. Also, our two big build-to-lease projects, namely, Cascavelle Hospital and the extension of Cascavelle Mall, were launched this year and are well under way. In other departments, Agriculture has surfed on the wave of an exceptional price for sugar, and Casela's performance, although seeing a fall in local entries, has progressed due to an increase of tourism to the island. There was some small progress in the Leisure department, namely, Tamarina Hotel and Golf and SPARC, but these activities lack the scale that is required for a quantum leap. I would encourage you to read Dhiren's CEO's report for a deeper dive into the operations.

The whole Wolmar waterfront area, an extent of some 300 arpents, which comprises Tamarina Hotel, is currently the subject of an extensive study. Although the infrastructure costs to develop the land are very high, the burden of negative up-front cash flow can be mitigated by the sale of land and villas. As Wolmar is Medine's most prized land asset, we really need to spend the time it takes to get it right. As the only sea access for us, it is important that the development caters for a maximum number of Mauritian families living in the vicinity, and also for a growing expatriate population looking for waterfront access. The Albion region, too, has sea views,

and when the time is right, we will also be looking at developing that region. The old mill, the two rivers and the land sloping down to Albion's cliff edge are all perfect ingredients for a spectacular development, which I unfortunately probably will not see.

Demographics are an issue for all businesses in Mauritius. Without a conscious effort by the authorities to encourage controlled immigration, population numbers will flatten out, and eventually start to decrease, thereby increasing the average age of the population, resulting in fewer active people working for more retirees, and generally reducing the size of the market. The advantage that we have is a growing middle class, which has more money to spend on housing, education and health, three areas of interest to Medine. Concerning education, Dhanjay Jhurry has done a great job attracting schools of excellence to our shores, the two latest being a healthcare offering by Swansea University and a well-known Indian Institute of Technology, for which accreditation has already been obtained from the authorities. We have also almost finalised the masterplan for our education zone, which will include housing and lifestyle facilities. The team will be doing a world tour of some places where this live-learn-play concept has been successful. Although the financials are relatively flat for the year, the education pipeline gives us reason to be very optimistic about the sector, and we believe that our investments will begin to bear fruit soon. We also believe that our initial target of 5,000 students in the area will be largely overtaken in time.

CHAIRMAN'S MESSAGE (Cont'd)

The property department is firing on all cylinders, and land sales, either in bulk or in parcels, continue to fuel the Group's development, paying down debt, increasing dividends and allowing investment for the future. In fact, we are building a city in western Mauritius that will be connected to the rest of the country by the new East-West connector, via which one will be able to drive from the airport to Flic en Flac essentially uninterrupted. Most of this new road will be open next year, and it will be a game changer for The West and for Medine. Apart from making The West one of

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the most desirable places to live, work, learn and play, it will also allow The West to become a logistics hub for the distribution of all sorts of goods. I wish I were 30 years younger so that I could witness this evolution, but then again....

At a recent analysts' meeting, we discussed valuations and liquidity. I don't know about you, but I find accounts, with all the new regulatory requirements and accounting variations on old themes, very difficult to read and analyse. So, I will do a simple calculation for you. You will have to trust me on these figures, but if you cannot work

them out from the accounts, please contact our CFO, Cindy Choong. At Rs 68 per share, market capitalisation is Rs 7.14bn. Along with Rs 4bn of debt, we have an enterprise value of Rs 11.14bn. Cindy has worked out Medine's non-Casela-non-land assets to be worth Rs 9.35bn. I believe that Casela could one day be a candidate for an IPO and a separate listing. With its 700 arp. of land, thus giving ample room for expansion, and a growing free cash flow stream, I would put a conservative valuation of Rs 2bn

on Casela. Medine's non-land assets therefore add up to Rs 11.35bn, which means you are getting the 20,000+ arp. of undeveloped land for free. Downside risk is minimal, because the level of debt is more than manageable, and surplus cash will be returned to shareholders. "Cheap" may be a point of view which depends on people's different perspectives, but I think you will agree with me that these shares are cheap. As far as liquidity goes, I agree that, at these prices, the shares are not liquid. The balance sheet is telling you that the shares are worth Rs 222, and so the only sellers at these prices are forced sellers. If prospective investors were willing to pay higher prices, the liquidity would naturally improve. Unfortunately, I cannot do their work for them.

I would like to take this opportunity to thank Dhiren and his team for the results that they continue to deliver. We have broken the back of our debt, we are investing for the future with serenity, and we are paying more and more dividends. Contrary to what I said last year I will not be leaving at the AGM this year. I have been asked to stay on and have accepted with much pleasure. Medine is very close to my heart. I would like to thank my fellow directors for their mark of confidence and their continued support over the years – they are a great team, most of whom have skin in the game, and so have personal interest in seeing Medine progress. Last, but not least, the Corporate Governance Committee has recommended the nomination of our CFO, Cindy Choong, as Executive Director, to be ratified by shareholders at the forthcoming AGM. Cindy is no stranger to the boardroom, as she already attends all board meetings to present the accounts. She is intelligent and hardworking, and I wish her all the success that she deserves.

Finally, let me express my deepest gratitude to you, dear shareholder, for sticking with us through thick and thin. I really believe that we are now out of the woods. I look forward to your continued trust, confidence and support.

Yours sincerely



René Leclézio
Chairman

16 October 2024

