Yvan Legris
Chairman

Chairman's Message

Dear Shareholders,

I am honoured to write my first message to you as Chairman of Medine. In FY25, we went through a year of change on so many levels. The general elections last November brought in the third 60-0 victory, sweeping the previous government out of office. The new administration has taken some time to get fully up and running, and its direction of travel differs somewhat from that of the previous regime. The change has required a period of adaptation for all economic actors and there have been delays in the appointment of Boards and chief executives of several key government bodies. Thankfully, that process was completed during our final quarter. However, as you will read later, this has led to significant delays in the delivery of several property projects.

A year of change

Medine also went through a time of change with the departure of Dhiren Ponnusamy as CEO at the end of May. Dhiren made a strong positive impact on Medine during his 7 years with us, first as COO and then as CEO since 2021. There was a divergence of views on strategy between Dhiren and the Board, and we parted ways amicably. I would like to thank him for his contribution to Medine's development, particularly for the sharp debt reduction during his tenure as CEO. The Board wishes him well for his next professional chapter.

Shortly after the close of the financial year, our long-standing Chairman, René Leclézio, informed the Board of his intention to step down with immediate effect. René had initially planned to retire towards the end of 2025, but, as we were in the process of recruiting a new CEO, he felt that it would be more appropriate to step aside just after the financial year-end to give his successor free rein to choose our next CEO, with the help of the selection committee we had set up.

At its meeting on 4 July 2025, the Board unanimously elected me as the new Chairman. I would like to formally recognise René's immense contribution to the transformation of Medine, from a sugar estate to a diversified group encompassing property, leisure, hospitality, education and agriculture activities. He has always fought for Medine's independence from large family holdings that dominate the Mauritian private sector, and ensured we operate as a meritocratic organisation that serves the interest of all its stakeholders. On behalf of the Board, I wish René a happy retirement, and I hope that we will live up to the ideals he cherished.

My tenure so far has been unusual, to say the least: I have been a Chairman without a CEO! It has been hard work, but I have been able to rely on my fellow directors for advice and guidance. Many have also rolled up their sleeves to work more closely with the executive team to ensure continuity of operations. I have also been impressed by the professionalism of the management team, who have stepped up to ensure that their respective areas of activity continue to function well. A huge thank you to them for their hard work and achievements during this transition period.

Macroeconomic context

The macroeconomic environment in which we operated last year has been very challenging on many fronts. After a high of Rs 30,951 per tonne last year, the sugar price dropped to Rs 27,478 for FY25, driven by higher production in Brazil and India, and competition from non-cane sugars. This negative impact was exacerbated by the prolonged drought during the final phases of our growing period, which resulted in lower cane production per arpent and lower sugar yields per tonne of cane harvested. The overall effect was a significant drop in the revenue derived from our cane growing activities.

The change of government also impacted our property business unit. In the weeks preceding the general election, several government departments slowed the issuance of development permits, delaying many of our projects. The postponement in appointing the Boards of key public bodies following the elections further compounded these delays. It was only in the last quarter of the financial year that key institutions, such as the EDB, the CEB, and the CWA, were fully constituted. As a result, we could not deliver several residential projects already sold, which had a significant negative impact on our revenue and profits for the year.

Various measures introduced during the year also had a negative impact on our results. The 14th month bonus and the Wage Relativity Adjustments together added about Rs 36m to our wage cost. As we could not pass on most of these additional costs to our customers, they negatively affected our results.

On the positive side, tourist arrivals were markedly up compared to the prior year.

Looking back, I have to say that the period of transition has tested the strength of our governance, and I am pleased to be able to say that it has worked very well!

As Casela maintained a steady tourist market penetration rate, the park recorded an increase in the volume of tourists, which mitigated a slight drop in the number of resident visitors.

Financial headlines

Our revenue was significantly lower this year, primarily due to our inability to deliver several property projects that had already been sold. We had expected to deliver a large proportion of the 1,400 plots in the Pierrefonds morcellement during the year, but as the final permits were issued at the end of July, the recognition of that revenue will now take place in FY26. Apart from Property, all other business units recorded revenue growth last year.

Our operational profits, as measured by our operational EBITDA (excluding the sale of bulk plots), was slightly down compared to last year. This was mostly due to the unplanned increases in labour costs referred to earlier.

Our Profit After Tax declined sharply due to a combination of two main factors: the delay in revenue from land sales and a net valuation loss and impairment of Rs 320m on our investment property portfolio, valued at about Rs 8bn. This is a net amount made up of some big pluses and minuses. The largest negative element was a fair value loss on the extension of the Cascavelle Mall, which was more than 50% completed at the end of the financial year. In accordance with accounting standards, the directors took the view that it was prudent to factor in some of the uncertainties associated with the completion of the project and the ability to fully let the extra spaces quickly. As time has passed, we have gained greater confidence that the project will be delivered on time, within the cost contingencies originally allowed for and with a high occupancy rate.

It is worth noting that, even in a year where we had limited revenue from land sales, our operational activities generated more than Rs 600m of net operating cash flow, which is the best indicator of the underlying strength of our business. This is also why we were happy to declare a total dividend of Rs 2.75 per share, in line with the ordinary dividend declared last year.

Progress on strategic investments

We have continued to make progress with strategic investments that will increase our recurring revenues and profits in the future. We have invested heavily in the extension of Cascavelle Shopping Mall, which will be three times larger than the original mall, with an architectural design that will preserve its “human scale” character that everyone loves so much. The new mall will be open to the public in November 2025, just in time for the Christmas shopping period.

During the year, work also progressed on the extension of Middlesex University, which was completed just after the end of FY25 and officially inaugurated in September 2025. The construction of the hospital is also on track for completion in the first quarter of 2026. It will be open to patients in April/May 2026.

In parallel, we continued to invest in the infrastructure of the Smart City, creating a conducive environment for businesses to thrive. We are encouraged by the growing interest from a number of companies looking to establish themselves there in the coming years.

Our debt levels

We made the conscious decision to pursue our strategic investments even though the revenue expected from land sales was looking less and less likely to materialise as the year progressed. We had a surplus of cash from our debt re-financing last year and we had access to affordable lines of credit. As a result, our net debt increased throughout the year, from Rs 4.0bn in June 2024 to Rs 5.5bn at the end of FY25. The cost of servicing this higher debt was only slightly higher than last year, as the net interest on our debt decreased to around 5%.

We are comfortable with this level of indebtedness relative to the value of our revenue generating assets and our ability to generate recurring cash flow to service our debt. Future land sales will serve to finance our investments and continue to bring down our debt over time.

Strong management team

This message would not be complete without acknowledging the strength of our executive management team. The changes of leadership have tested our resilience, and the team responded well by remaining focused on delivering our strategy. Cindy Choong, our Chief Financial Officer, found herself as the sole executive director at a time when we had to finalise the FY26 budgets, complete the financial year and manage through the audit process. Cindy and her finance team stepped up and enabled the organisation to meet all its critical financial deadlines.

The Business Unit heads demonstrated their commitment to finish the year as well as possible while preparing the budgets for FY26. Over the past 4 months, I have had the pleasure of working closely with all of them and I have appreciated their support and deep commitment to Medine.

Thierry Arékion led Casela to record revenues and profits, while bringing new experiences to improve customer satisfaction and further advance our environmental sustainability agenda.

Joël Bruneau steered the property cluster through a difficult year, managing to remain focused on execution despite a temporary setback on delivery of sold plots. The property team remained focused on the major building projects while continuing to develop our sales and projects pipeline.

Under Dhanjay Jhurry’s leadership, the education cluster has now truly achieved lift-off with new partnerships like VIT and Swansea universities, bringing the student population across our campus to more than 3,000.

Patrick Lagesse has led the agriculture cluster to increase revenue despite a significant fall in the sugar price. We have invested to improve productivity and are diversifying into food and fruit production with our own distribution channel. The deer hunting and farming activities also grew and we continued to earn a good revenue from the sale of rocks to building materials producers.

Jean-Benoit Nisin, who joined us last year, has had an immediate impact on the operations of the lifestyle and hospitality cluster. During the year, the Tamarina Golf & Spa Boutique Hotel was renovated, and new managers were recruited for both Tamarina Golf Club and Sparc, leading to clear improvements in customer experience.

Resilient governance model

Looking back, I have to say that the period of transition has tested the strength of our governance, and I am pleased to be able to say that it has worked very well! Through our established Board Committees and management forums, we successfully approved the budgets for FY26, closed the accounts for FY25 and carried out the monthly business reviews of each business unit as normal.

I would like to thank my fellow directors who stepped up to ensure that Medine did not falter during the transition period: Marc Lagesse, Chair of the Corporate Governance Committee, who guided us through the transition and the recruitment of our new CEO; Thomas Doger de Spéville for agreeing to take on the responsibilities of vice-chairman; Frédéric Tyack for accompanying the property team with his expertise in managing property development projects, and all the other directors who have played their role in the governance of Medine in the past year.

I would also like to recognise the contribution of Shakil Moollan, who has served on the Board for more than 9 years and chaired the Audit and Risk Committee for the past two years. Shakil oversaw the integration of our acquisition of Reynaud Les Halles, which is already showing encouraging results and strengthening our diversification strategy. As he retires from the Board at the AGM, I would like to seize this opportunity to thank him for his service.

Welcome to our new CEO

Following Dhiren’s departure, we appointed an external executive recruitment company to accompany us in the search for our new CEO. The Board set out the role profile and a thorough recruitment process was launched publicly. We had more than 140 applicants for the position and the recruitment consultant helped us to select a first list of candidates that underwent psychological tests and preliminary interviews.

A shortlist of 6 candidates was then drawn up for a first round of interviews with a panel of directors and a shorter list of 3 candidates had a second interview with the other members of the selection committee. There was a strong consensus that the best candidate for the role was Heba Capdevila Jangeerkhan, who had been CEO of Cementis for over 2 years, following a 20-year tenure as COO of Taylor-Smith Group.

Heba has a strong background in Human Resources and Corporate Communications and a proven track-record of building high-performing teams across different industries and geographies. I look forward to working closely with her to develop the next 5-year plan and to continue driving Medine’s transformation and growth. She has made an impressive start!

Confident in Medine’s bright future

From an operational perspective, we will remain focused on increasing the recurring stream of revenue and profits from our various operations, while building out the exciting plans for the smart city. Over the coming year, we will develop plans to take advantage of the new road linking Flic en Flac to the airport, as it will not only improve access to The West, but also open-up vast areas of our estate for future development. We will continue with our programme of selling land for residential development to raise cash to fund our investments and reduce our debt. The prospects for Medine remain very bright indeed!

Yvan Legris
Chairman