



BUSINESS PLAN

HERMITAGE ESTATES

Real Estate Property Development
Ile D'Ambre, Mauritius

Proposal for Investors

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EXECUTIVE SUMMARY

The directors of Hermitage Estate herewith submit a business plan for an upcoming project, named '**Cap Ermita**' under the Property Development Scheme.

This document describes the proposed project by Hermitage Estate, (hereafter referred to as the PDS Company) under the Property Development Scheme (PDS) for a luxury residential project at Hermitage in the northeast coast of Mauritius facing Ile d'Ambre. The proposed development shall consist of a mix of independent villas, apartments and penthouses, including a commercial complex including Spa & Gym

Company name	Hermitage Estate
Group Name	PROPERTIES & BUILDING DEVELOPMENT Co Ltd
Nature of Business	Land Promoter and Property Developer
Principle Place of Business	Hermitage, Riviere du Rempart
Type of Entity	Private Company Limited by shares
Name of the main Shareholders	Mr. Sanjiv PURMANUND Mr. Bye Siddik BODHEE Mr. Ehtaysham DOSSA
Financial year	New entity
Financing	Investment proposal – Initial Capital of GBP 15 million for 50 villas, apartments and Penthouse project financing to be deployed as follows: <ol style="list-style-type: none"> 1. \$7M for land acquisition- 23 Acres 2. \$14M for construction of 10 luxury villas, development of infrastructure and a commercial space (Phase 1) 3. Phases 2 to 5 shall be financed from ongoing sales and clients' payment schedules, supported by banking revolving facilities.

1.1 Company Background

Properties & Building Development is a private limited company recently setup on account of the company founders' experience. The company's main activities are real estate promoters / property developers and job contracting. The company has been newly incorporated but people behind the company, with their clear vision, have got enough expertise to lead the company to higher summits.

The projects have been successful owing to the quality and rigour in the finishes and appealing designs. The company thus nurtures and attract professionals in the different trade it seeks to support its endeavour.

2. INTRODUCTION

Hermitage Estate is projecting to develop 23 acres (9,31 Hectares) of land at Hermitage facing Ile D'Ambre, Riviere Du Rempart and to redesign the landscape of an additional 17 acres (6,88 Hectares) of Pas Geometriques (the reserved lands along the seacoast). We shall develop this land into a PDS project comprising of 50 luxury residential Villas, Apartments & Penthouse, a commercial space comprising of a gym/spa and a business center. The units shall be sold to foreigners wishing to establish themselves in Mauritius or those wishing to have a second home, or as an invested asset.



The PDS scheme allows foreigners to buy properties in Mauritius and are eligible for a residence permit.

3. MISSION, VISION AND OBJECTIVES

3.1 Mission

Hermitage Estate is committed to the respectful, thoughtful development of living areas. Our development provides privacy, space, amenities, and preserves the natural beauty of land. The Directors of Hermitage Estate are experienced, stable, dependable and reliable with outstanding customer service in the forefront of our building process.

The promoters want to offer a unique tropical lifestyle against the backdrop of sustainable environment, in perfect harmony of the legendary Mauritian hospitality that cuts across cultures. The aim is to develop an innovative and sustainable project in line with the expectations of the country seeking to promote a vibrant local economy driven by innovation.

3.2 Vision

Our vision is to be a recognized as a PDS developer with a purpose, in Mauritius, with a strong image centered around a distinct brand.

3.3 Objectives

The main objectives of the project are as follows:

- To develop a luxurious and unique residence in this part of the North East of the country.
- To ensure that the essential aspects of the project blend with the features of the natural environment all around.
- To meet all the expectations of all stakeholders, such as investors, buyers, neighbors, public authorities, workers, commercial partners and agents.
- To offer an attractive and peaceful living environment to residents, in line with the good image of Mauritius as a unique tourist, investment and relocation destination, keeping in mind our legendary and world-renowned Mauritian hospitality.
- To create social positivity in line with social needs of the area and to allow for greater social integration.

3.4 Keys to Success

1. The land is found next to the sea and has an original beach that needs to be developed. Indeed, beachfront properties are a rare asset nowadays.
2. Extensive company experience in all phases of development process.
3. Union Allied Construction Ltd (UAC-our own construction company) is unlike any other construction or development company in the area. It is able to control costs and production delays by keeping the majority of our work in-house. The company owns its own heavy construction equipment and imports a majority of necessary materials needed for the constructions. This enables us to have a better control of our costs. UAC does all its constructions and has dependable and skilled sub-contractors. In short, it can develop a property completely from an original undeveloped property to the marketing and sales of completed residential housing.
4. The project will be mainly marketed by trusted International Real Estate Agencies with whom we have long standing business relations, but we can also consider the Investors' proposition.

4. PROJECT DETAILS

The site to be developed is located at Hermitage facing the sea, in the Northeast coast of the country. The land consists of 23 Acres of prime coastal land, to be developed into a residential complex and 17 Acres of Pas Geometriques. The project shall be developed in 5 phases, namely:

- Phase 1: 10 Luxurious individual villas and seafront,
- Phase 2,4 & 5: 40 Luxurious Villas, apartments & Penthouse and
- Phase 3: Commercial complex, Spa & Gym.

The promoters have already entered into negotiations with landowners and the sale price has been fixed at **\$7M**.

The land is located in the Rivière du Rempart District Council and is found well within the settlement boundaries and the area is also serviced by electrical network (CEB) and water supply (CWA), as well as telephone network (Mauritius Telecom).

The site is set in a quiet, and exclusive part of Mauritius. It is five minutes' drive to Riviere Du Rempart, the closest agglomeration which includes supermarkets, commercial complexes, shops and fast-food outlets, banks, a bus station, a market, and other interesting amenities.

The promoters have deliberately chosen this region to to implement a PDS project, in order to move away from the overdeveloped areas such as Grand Bay, Mont Choisy, Pereybère and thus to propose future buyers the tranquility and calm atmosphere that a beachfront community can enjoy.



Indeed, future settlers also have the opportunity to integrate with the local community so as to participate in village life and interact with the locals, namely during a multitude of festivals nearly all year round.

This will contribute to creation of direct and indirect jobs in the region and also bring businesses to small shops and entrepreneurs as well as to pave the way for future similar developments in the region.

The site accesses directly to one largest lagoon of the country. Sea sports facilities and accessible nearby islets,

namely the Ile D'Ambre and Ilot Bernache islets, are the icing on the cake. Potential for marina development in the area can be envisaged later on.

4.1 ESSENTIAL CHARACTERISTICS

- Hermitage Estate shall be situated in a secluded region in the North East of Mauritius.
- It will comprise of 50 luxurious individual private villas, Luxurious Apartments & Penthouse to be developed in Phases, based on a five-year program.
- Phases 2,4&5 will be self-financing whereby clients will pay via call of funds to complete their construction.
- Each villa will stand on freehold land of an extent of approximately 800 square metres.
- The plot size complies with the requirements of the Authorities.
- There is room for further development as land in the surroundings are for sale.

4.2 PLANNING BRIEF

The site is located in a permitted development zone of the Riviere du Rempart District Council Area, and all the architectural plans and design of the whole project will be made in strict compliance of current regulations as well as the Planning Policy Guidelines of the Ministry of Housing and Lands, the National Development Strategy and the Outline Planning Scheme, as recommended by the Economic Development Board (EDB) and the District Council.

4.3 FUNDING

The promoters are seeking potential investors into this potentially high return investment. Investors shall raise adequate capital to fund for the land acquisition (**\$7m**), the project development and the initial constructions of 10 villas, which is estimated at **\$14m**.

The total project value is estimated at **\$107m** over the development period of 5 years and shall thus fund for these initial stages and the completion of phases 2 to 5, which comprise of further 40 villas, apartments, penthouse and commercial entities.

Income over the construction period shall also be sought from signing clients, under planned construction scheme (VEFA - Vente En Future d'Etat d'Achevement). This shall bring significant cash flow which shall further improve the Return to the Investors.

5. MARKETING STRATEGIES

Ever since the implementation of the Property Development Scheme there has been a sustained demand for high end residences from foreign investors seeking to reside and work in Mauritius. This Real Estate business has thus attracted several foreign realty organizations.

These promoters are well familiar with the sector, its strengths, weakness, opportunities and threats; they have previously engaged in property development projects, and they have extensive experience in construction, marketing and dealing with foreign and local customers. Based on their experience and survey, they have been able to grasp the elements necessary for successful sales of villas.

They have been able to identify the type of customers they wish to target for the villas under development. Given their impressive track record and their vast networks across the hospitality sector and business circles, they have also been able to generate satisfactory level of interests from potential buyers. There are those interested to acquire a villa in order to obtain a residence permit and those Interested to purchase for investment purposes.

5.1 Market Segmentation

Hermitage Estate has segmented its target market for this development towards professionals, retired couples and families. In the limelight are mainly Europeans - especially English, French, Swiss, Italians, Asians and South Africans among others.

5.2 Market Needs

The level of development in the country calls for experienced promoters. The respectful and thoughtful design of the Promoters' existing projects reflects an experienced developer who values people, wildlife and the land.

- **Market Trends**

There is an ongoing strong demand for multi-million villas that showcase both spectacular design and the amazing natural beauty of the area, especially espousing the natural coastal beauty of Mauritius. The restricted covenant and the seafront location of the planned subdivision tap into this ongoing trend.

5.3 Competition

Our immediate competitor in this region of the island remains Azuri Village, seafront luxury development with a golf course. Leveraging on their experience they are now marketing four-bedroom villas of 265 sq m at **\$2M**. These are high end villas whose marketing is indeed left with these experienced professionals and whose service shall surely be sought later on.

The Hermitage Estate development does not see itself as a competitor to such Azuri offerings but instead as a complement to them. For example, offer more wellness programs that shall sustain proposed commercial units as well as designing agreements for use of Azuri facilities.

Hermitage Estate must be planned in such a way that promises of delivery of villas to buyers are strictly kept and thus distinguish itself as a first-class investor. To this effect, the contractor shall be imposed deliverables that prizes quality of construction and finish and construction times that play into the promises made to clients.

The quality of the delivered estate should thus not only compete with the likes of Azuri but also surpass them, so as to usher this segment of real estate development into a new realm of Real Estate development, at par with the propositions in highly sought destination such as Dubai.

6. FINANCE

6.1 Profitability Analysis

The following table summarises the P&L, based on the project planning, the marketing and sales plans and the current constructions costs estimates of high-end beach villas. Variations are estimated at about 5%.

The area development shall consist of building the access roads and services amenities, along with features to enhance the area, in harmony with its coastal environment. Access to a small boat area shall also be envisaged.

The promoters wish to add a Green touch to the development, namely to extensively use renewable energy for the inhabitants and waste management.

The estimated profit is about 19% of total sales, whereas EBITDA is estimated at 27% of total sales.

PROJECTED PROFIT AND LOSS ACCOUNT FOR INVESTORS						
	2022	2023	2024	2025	2026	TOTAL
CURRENCY: USD	Year 1	Year 2	Year 3	Year 4	Year 5	5 years plan
Number of villas	10	10	10	10	10	50
Proceeds from Sales of Villas (incl LTT)	27,500,000	28,325,000	29,175,000	30,051,000	30,953,000	146,004,000
Other Revenues (Commercial)	0	75,000	100,000	110,000	125,000	410,000
Total Revenue	27,500,000	28,400,000	29,275,000	30,161,000	31,078,000	146,414,000
<u>Less Cost of Sales</u>						
Cost of land and civil infrastructure	6,750,000	500,000	530,000	562,000	596,000	8,938,000
Cost of completed Villas incl Land cost	14,000,000	14,840,000	15,731,000	16,675,000	17,676,000	78,922,000
Net Cost of Completed Villas	20,750,000	15,340,000	16,261,000	17,237,000	18,272,000	87,860,000
Other Expenses						
Sales Commissions	550,000	568,000	586,000	604,000	622,000	2,930,000
Professional fees	300,000	262,500	270,000	280,000	287,500	1,400,000
Sales & Marketing Fees	500,000	400,000	250,000	150,000	100,000	1,400,000
Land Transfer Tax LTT	1,713,000	1,442,000	1,486,000	1,531,000	1,578,000	7,750,000
Directors' Fees	25,000	25,000	25,000	25,000	25,000	125,000
Other direct cost (excl VEFA cost and LTT)	700,000	756,000	817,000	883,000	954,000	4,110,000
Administrative costs (Govt + Notary etc)	100,000	105,000	111,000	117,000	123,000	556,000
Office Expenses	120,000	126,000	133,000	140,000	147,000	666,000
Total Other Expenses	4,008,000	3,684,500	3,678,000	3,730,000	3,836,500	18,937,000
TOTAL EXPENSES	24,758,000	19,024,500	19,939,000	20,967,000	22,108,500	106,797,000
EBITDA	2,742,000	9,375,500	9,336,000	9,194,000	8,969,500	39,617,000
Profit before finance costs	2,742,000	9,375,500	9,336,000	9,194,000	8,969,500	39,617,000
Finance costs	0	931,811	1,112,167	952,737	780,929	3,777,643
VEFA Expenses (2%)	825,000	849,750	875,250	901,530	928,590	4,380,120
Profit before Tax	1,917,000	7,593,939	7,348,583	7,339,733	7,259,981	31,459,237
Income tax expense	-287,550	-1,139,091	-1,102,287	-1,100,960	-1,088,997	-4,718,886
Profit after Tax	1,629,450	6,454,848	6,246,296	6,238,773	6,170,984	26,740,351

6.2 Notes for investors:

- **Dividend / Loan repayments**

We may offer equity for investors to become part of the project.

The project is viable in the sense that we will be able to repay investments as well reap a good profit. Please note that figures have been calculated on a very conservative basis.

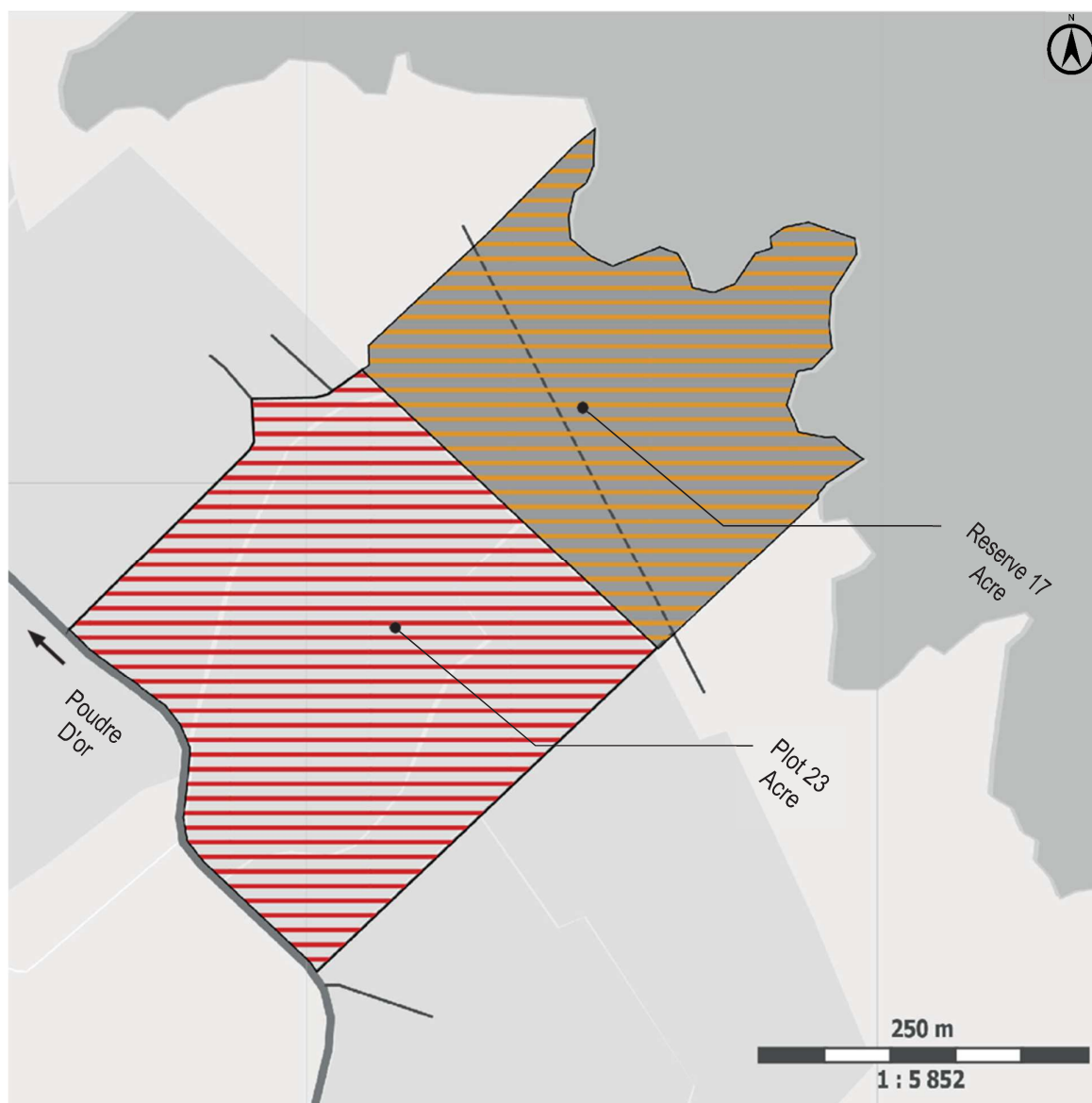
- **Risks**

The PDS company, in which the investors will be the Preference Shareholders, will acquire the land. In case of default, the company will be obliged to sell off its assets and pay off its Preference Shareholders in the first place. In this respect, the risks for the investors can be considered as minimal.

- **Scope for long term investment**

The company envisages to invest further in land in the neighborhoods of 'Cap Ermita' in the future. Surrounding land will be available for sale once our proposed project has been launched, leading way for long term investment opportunities for our investor

7. Project – Concept Plan



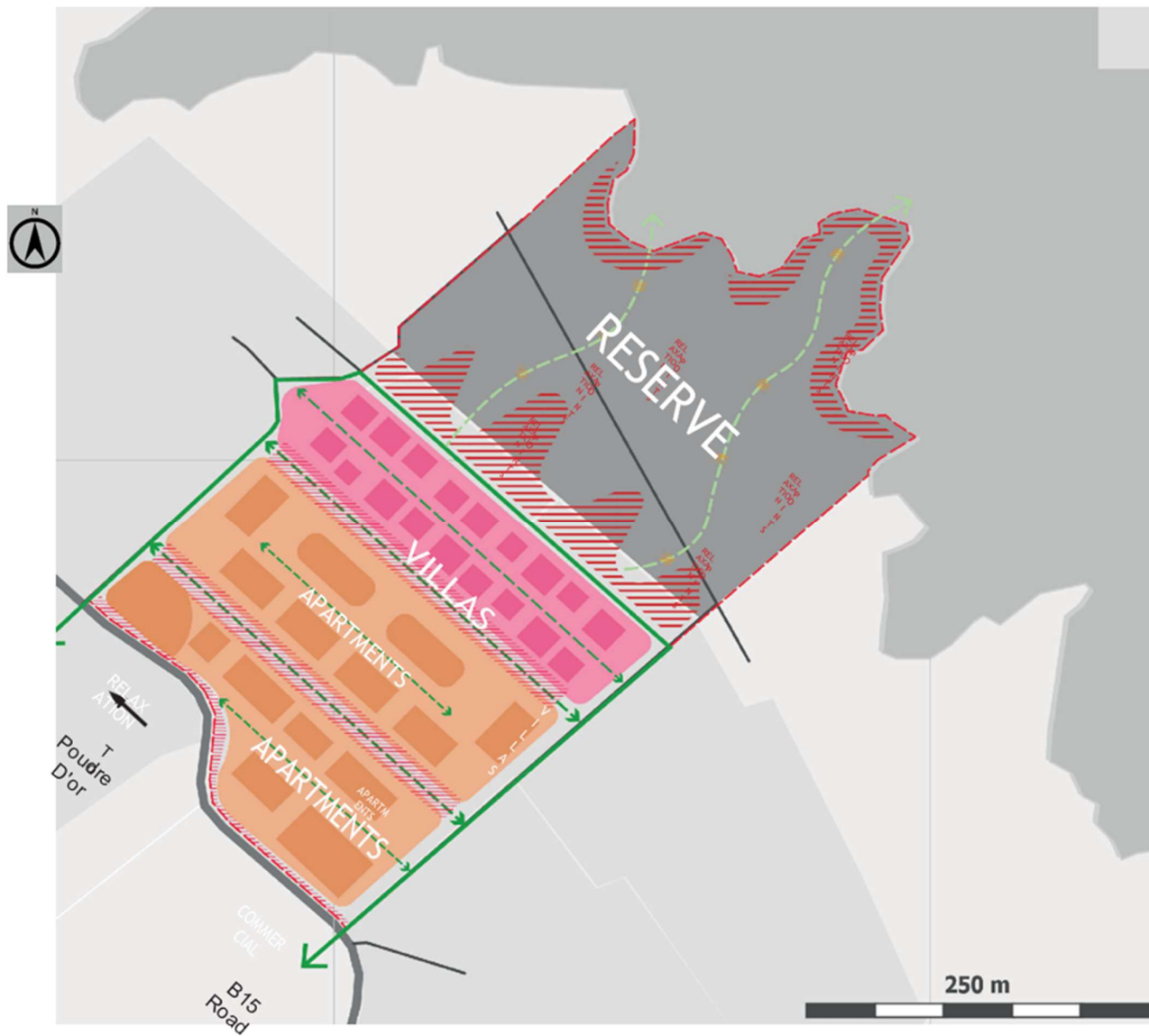
Legend



- Plot

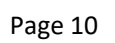


- Reserve



Legend

- Residential Unit: Villas
- Residential Unit: Apartments
- Green Belt with LEISURE programs
- Walk-board
- LEISURE/ENTERTAINMENT Points
- Existing Reserve/Forest





Legend



- Phase 1: Villa + Sea front
23% of land + 17 acre
reserve

- Phase 2:
Apartments 30% of
land

- Phase 3: Apartment;
Commercial 22% of land



8. PROPOSED VILLA DESIGNS

Typical high-end villas adapted to local environment



Poolside adds to recreational area, with ample relaxation areas





Expert-designed interior with lavish openings for external light and aeration





Well kept garden for recreational and individual past times





The verandah - to keep residences from the full might of the tropical sun and to keep evenings cool, by the seafront





Ample space to live, in a secluded area



Thank you for your attention.



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