ceo's review

The year just ended has been eventful. We continued on the dynamism that has been a hallmark of the Group by making significant investments and launching Moka Smart City. We have now embarked on our new 3 year plan, Vision 2020, which we are confident will bring the Group into a new dimension.

Dear Shareholder,

2017 has been yet another year of bold decisions and dynamic entrepreneurship, a year during which we cleared new milestones in our strategy to leverage our significant land assets to bring in healthy, cash-generating businesses. Some of our most telling initiatives include the launch of the Moka Smart City, the increase of our equity stake in New Mauritius Hotels (NMH) and the official launch of our operations in the technology-empowered financial services sector. And all along, we have stayed on course in terms of performance.

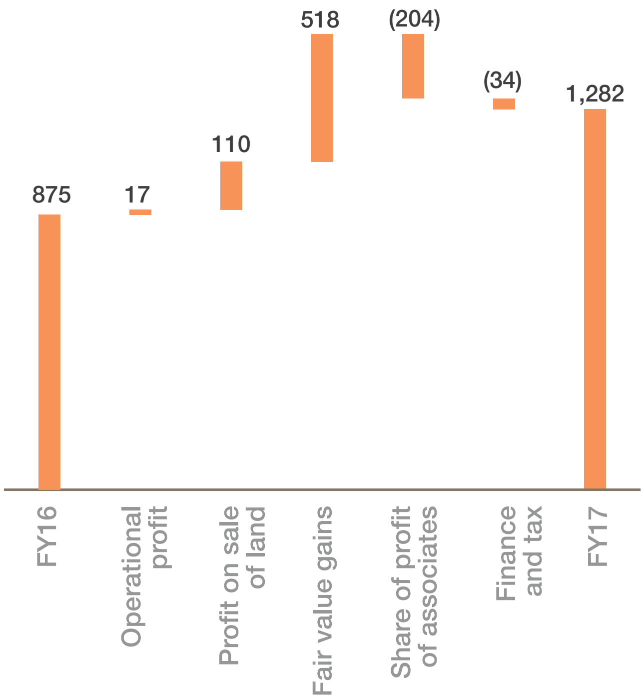
Our operating results are on the increase:

- Turnover increased by 3% to Rs 13.8bn.
- At Rs 1bn, operating profit was at par with that of last year.
- Profit after tax (PAT) increased by 47% to reach Rs 1.3bn, and so despite a 65% decrease in the share of profits from associated companies due to losses suffered by NMH following significant negative adjustments in its annual accounts at 30 September 2016.
- At Rs 1.6bn, cash generated from operations was comparable with last year, most of it being ploughed back to sustain and expand our businesses.

The enhanced PAT is attributable to:

- a Rs 518m increase in fair value gains compared with last year, resulting from an increase in the value of our retail assets and of our land assets in Moka, and
- a Rs 78m profit on the sale of land and investments compared with a loss of Rs 32m last year

From Rs 875m to Rs 1,282m profit



Rs 13.8 bn
turnover
(2016: Rs 13.4 bn)

Rs 1 bn
operating profit
(2016: Rs 957 m)

Rs 1.3 bn
profit after tax
(2016: Rs 875 m)

This performance favourably impacted shareholder value:

- Profit attributable to the shareholders reached Rs 467m.
- Earnings per share reached Rs 2.18, yielding a price-earnings ratio of 12.6x based on the year-end share price.
- The share price increased by 12% to reach Rs 27.50 at 30 June 2017, compared with the beginning of the year.
- Dividend paid settled at Rs 0.69 per ordinary share, equivalent to a yield of 2.5% based on the year-end share price.

The dividend paid coupled with the higher share price yielded a total shareholder return of 15% for the year.

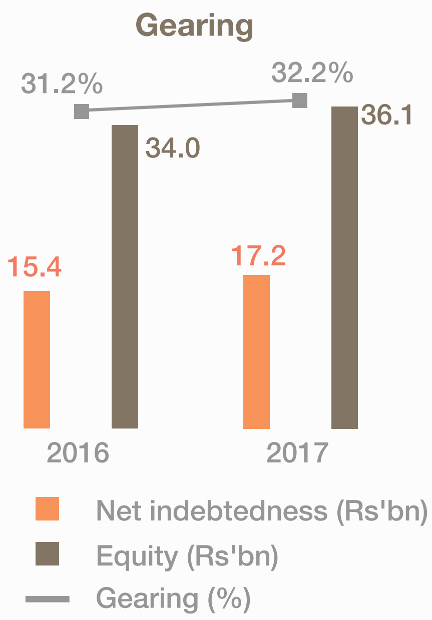
Financial capital

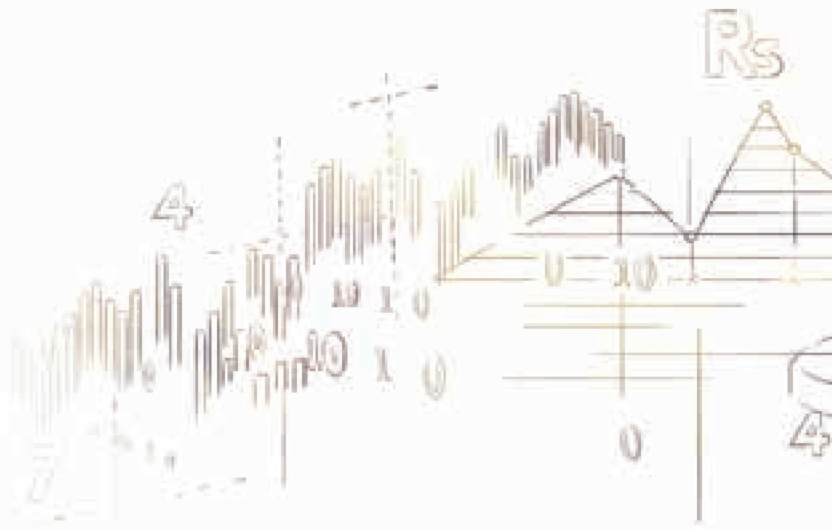
Total Group assets grew by 5% to reach Rs 60bn resulting from investments made, gains in fair value of our investment properties and the revaluation of our land and buildings, as set out in our triennial revaluation policy. Group net asset value per share increased by 4% to reach Rs 80.38.

Our main investments were as follows:

- **Hospitality:** During the financial year, the Group further increased its stake in NMH, thereby triggering a mandatory offer. As a result, we acquired an additional 5.27% stake in the hotel group for Rs 536m and brought our total shareholding to 35.29%.

  The said NMH transactions were variously commented in the press and the Financial Services Commission has initiated an investigation. The Board reiterates that it has complied with all applicable rules and legislation when the group's companies transacted in NMH shares in 2016 and 2017. We recommend that our shareholders continue to exercise caution when interpreting communications that do not emanate directly from our Company and/or the regulators.



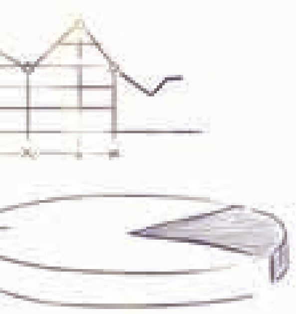


In addition to the investment in NMH, we further strengthened our stakes in the hospitality sector by acquiring a new hotel, Le Tamarin, during the year. We also renovated the Heritage Resorts hotels in Bel Ombre as well as Le Veranda Paul et Virginie. These outlays put us in a better position to benefit fully from the buoyancy of the tourism industry.

- **Property:** Ascencia completed the renovation of the Phoenix Mall and pursued with the construction of So'flo which is set to open in November 2017.

The investments made during the year were mainly financed by debt. As a result, net indebtedness increased by Rs 1.8bn to reach Rs 17bn. Nevertheless, we have been able to keep our gearing at a reasonable level of 32.2% (2016: 31.2%). We have also kept a tight rein on finance costs, notably by renegotiating terms with our banking partners. The Group's pace of development relies on the readiness of the market to embrace our new products and services and we constantly monitor our indebtedness based on market conditions.

The year under review has also seen us continue to improve our 'soft' assets.



Manufactured capital

The customer is constantly at the centre of our strategy for sustainable growth. We aim to provide a value for money proposition and a total quality experience to our customers. In this respect, we have invested significantly in improving our understanding of the markets in which we operate by gathering consumer insights and uncovering upcoming market trends. Based on this knowledge, we have crafted robust marketing strategies and plans for each of our subsidiaries. The ultimate aim is to nurture customers' loyalty over time.

Human capital

Operational efficiency, customer experience and our capacity to innovate depend on the level of engagement of our teams towards our organisation and its objectives. Our workforce is made up of 7,350 persons. We monitor their performance through a rigorous process of objective setting followed upon during the year and appraised at year-end. We also measure the engagement levels of our employees through group-wide surveys. Further improvement of our score in this field remains a priority and training is an important lever to achieve this objective. This year, we invested Rs 44m to enhance the competencies of our employees, focusing on leadership and talent development as well as on sharpening their technical competencies. Learn more about how we create value from our Human capital on pages 51 to 55.

Intellectual capital

Our take on innovation is to question our business models and to adapt them to market realities. Our businesses are exploring ways to incorporate digital communication technologies and big data to improve their service offerings.

This is particularly true in the FinTech segment which typically harnesses the power of technology to make financial and corporate services more agile, efficient and trustworthy. New innovative product offerings will be introduced on the local market before the end of 2017, coupling world-class financial expertise with cutting-edge technology to provide sophisticated business solutions tailored to customers' needs.

Ascencia is also experimenting the use of big data to improve the shopping experience inside its malls. Last year it launched FATTI at Bagatelle and Phoenix. This web application collects data about shoppers visiting the malls thanks to free wifi coverage. Marketers then use this data to draw valuable insights which are shared with tenants to enable them to better serve the end customer.

The travel sector is transforming itself in order to adapt to the digital world. Rogers Travel is at the helm of this evolution, partnering with third parties to operate an online tour operating service. This service will be launched under the Islandian brand name during the second half of 2017. Likewise, ENL Property is embracing digital marketing and has created 'Live in Mauritius', an online platform positioned as a one-stop-shop for all residential properties developed and marketed by the Group.

Social, relationship and natural capital

We are now integrating the concept of sustainability into our strategy and business models at the level of Hospitality, Agro-industry and Property. We have enlisted the support of specialists in order to assist us in managing the economic, environmental and social impacts of all our business decisions.

We are a keen supporter and an active participant in sustainable nation building through initiatives to support local communities, protect the environment and to promote arts, culture and sports. Two dedicated instruments deliver the Group's strategy in terms of corporate social responsibility: ENL Foundation which intervenes at the local community level, and Rogers Foundation which is currently focusing on the protection of the marine and coastal ecosystem in Bel Ombre. (read more on pages 56 to 59)

Let us now take a closer look at our segmental performance on pages 16 to 33.

Outlook

Over the years, we have grown into a natural leader in the **Property** and **Hospitality** markets and as Mauritius becomes increasingly attractive as a premium destination to live, work and play, we look forward to forge ahead with confidence, creativity and enthusiasm.

Our **Logistics** activities occupy a foremost position in the industry as does our **Commerce & industry** arm. We intend to carry on developing these sectors with continued vigour.

Agro-industry will remain a key contributor to our performance going forward, although our sugar operations will be challenged by prevailing market conditions.

The coming years will see us expanding our **FinTech** activities where we believe there is significant potential for growth.

Over the coming three years, growth within our Group will follow Vision 2020, our 3-Year Strategic Plan. This plan is the result of teamwork under the guidance of EY France: preparing this plan has been a participative, unifying exercise for our teams. We have chosen our destination together and have a common mind-set and language.

I am confident that Vision 2020 will enable the Group to reach new levels of excellence. We have chosen, for each served market, appropriate levers as guidance on the journey. We have developed tools to monitor our progress towards the Group's objective of transforming its asset base to capture growth and generate cash sustainably.

Our motto underscoring the strategic plan will be:

- to be more efficient in the use of our asset base
- to engage in carefully selected and efficiently managed investments and operations, in Mauritius and abroad
- to put operational efficiency at the heart of our preoccupations
- to endeavour to generate cash sustainably to finance our growth, and
- to privilege initiatives capable of generating sustainable value creation

This has been an eventful year during which we have cleared many milestones and paved the way for the renewed growth of our Group. I thank my fellow directors and the ENL group team for their diligence and hard work. And thank you, dear shareholder, for your continued trust and support.

Hector Espitalier-Noël
CEO