

Project Brief

Provided to prospective developers

**Rose Hill Mall (along with Rose Hill New
Municipal Market and Arab Market) at Rose Hill,
Mauritius**

on Build-Operate Transfer (BOT) Basis

Issued by

**Municipal Council of Beau Bassin-Rose
Hill (MBBRH)**

Government of Mauritius

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DISCLAIMER

This Document provides a 'brief' on the proposed development of the Rose Hill Mall along with the Rose Hill New Municipal Market and the Arab Market on Build-Operate-Transfer (BOT) basis in Rose Hill, Mauritius.

This Document is being given, on request, to the developers as part of the Expression of Interest so as to provide an understanding of the proposed project.

While MBBRH has provided key details to the prospective developers, they are advised to undertake the necessary site visit and studies necessary to obtain a direct appreciation and assessment of the proposed project.

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1 LIST OF ABBREVIATIONS

BUA	Built-up Area
CAGR	Compounded Annual Growth Rate
CSO	Central Statistics Organisation
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GoM	Government of Mauritius
IRR	Internal Rate of Returns
MBBRH	Municipal Council of Beau Bassin-Rose Hill
MUR	Mauritian Rupees
NPV	Net Present Value
PPP	Public Private Partnership
RFP	Request for Proposal
Sq.M.	Square Metre
Sq.Ft.	Square Feet
USD	United States Dollars

2 PREAMBLE

MBBRH proposes the relocation of the Rose Hill Municipal Market and the Arab Market from their current sites to an alternate location nearby. Concurrently, MBBRH proposes the development of a state-of-the-art mixed-use commercial facility ('Rose Hill Mall') on its present municipal market site. The objective of this development would be to create a new and modern Municipal Market in replacement of the current outdated structure while also enabling the development of a 'Rose Hill Market Square' would include the Municipal and Arab Markets, the Rose Hill Mall as well as the other commercial facilities in and around Rose Hill. The Rose Hill Mall will be positioned to become a popular shopping cum recreational destination for the residents and the floating population of Rose Hill and the surrounding residential townships as well as the tourist population of Mauritius. The cost of the development is estimated at around MUR 322 Million.

Beau-Bassin/Rose-Hill, the third largest town in Mauritius, and capital of the District of Lower Plains Wilhems, is a busy township and major commercial centre covering an area of about 20.2 Km² for a population of over 100,000. The largest residential town in Mauritius, it is renowned for its mix of a very lively residential township along with a concentrated commercial and industrial zone. The proposed project site is centrally located in Rose Hill, forming the entry point to the town, on a strategic triangular intersection with three major roads enabling direct access to the site from the surrounding towns.

MBBRH intends to call for competitive bids for the proposed project from competent developers having the financial, marketing and management skills to strategically develop and position the project. The selected developer would be required to build the re-located Rose Hill Municipal in the designated location and hand over the same to MBBRH. In return, he would be given the right to 'develop, finance, build, market, maintain and operate' the project facility (Rose Hill Mall and the relocated Arab Market) for a specified number of years under a 'lease' arrangement wherein the land would be provided under a long term lease for a specified number of years at the end of which, subject to the renewal of terms, the land with all immovable assets thereon would revert to MBBRH.

The terms and conditions would be elaborated and set forth in the 'Request for Proposal' (RFP) document that would be issued shortly after receipt of the 'Expressions of Interest'. The RFP document would contain the eligibility criteria for participation, the evaluation and selection process and would aim to objectively and transparently select a developer for the project. The selection process would enable Bidders to participate either singly or in consortium to demonstrate the requisite qualification.

This "Project Brief" provides preliminary information on the proposed project to prospective developers so as to give clarity and enable them to seek for further information.

3 BACKGROUND

Beau Bassin-Rose Hill is a township covering an area of about 20.2 Km² for a population of over 100,000. The township is renowned for its mix of a very lively residential township along with a concentrated commercial and industrial zone. The Municipal Council of Beau Bassin-Rose Hill (MBBRH) is the local authority responsible for the township, established under the Local Government Act. Established in 1951 as a Town Council with 12 elected members, it was on 12th March 1968, made into a Municipal Council with 24 members. Beau Bassin-Rose Hill was, therefore, upgraded to the status of a Municipality with a Mayor at the head of its affairs. MBBRH is statutorily responsible for the proper administration of the Beau Bassin-Rose Hill Municipality with threefold duties covering legislative, control and services function.

3.1 PROPOSED PROJECT AT ROSEHILL MARKET

The proposed project at Rose Hill Market falls within the 'services' ambit of MBBRH and consequently constitutes an important functional dimension where effective quality and delivery would form a critical objective. Section 51 (1) (d) of the Local Government Act specifies the 'provision and regulation of public markets, fairs and places of public auction' as one of the duties of the municipal and district councils. Thus, MBBRH is mandated, as part of its services requirement, to provide to its residents 'market services' which include the sale of fresh vegetable and fruits, frozen meat, fish, poultry, and other commodities.

The 'Municipal Market' of Rose Hill was founded in 1930's and partly reconstructed in 1954. Today it is the largest market in the country after the historical Central Market of Port Louis. Such food items as vegetable, meat, fish, chicken, pork, spices, and herbal medicines, are sold at separate stalls provided within the market premises by the Municipal Council. The market is extremely popular with the residential population with people from both Rose Hill and Beau Bassin coming here to make their weekly purchases.

Spanning around 2667 sq meters in area and bound by busy roads and traffic on all its side, the existing Rose Hill Market building is constrained in terms of space and lacks modern infrastructure. MBBRH wishes to modernize the Municipal Market at Rose Hill, while also developing other compatible components – like a commercial block, parking, entertainment and leisure facilities.

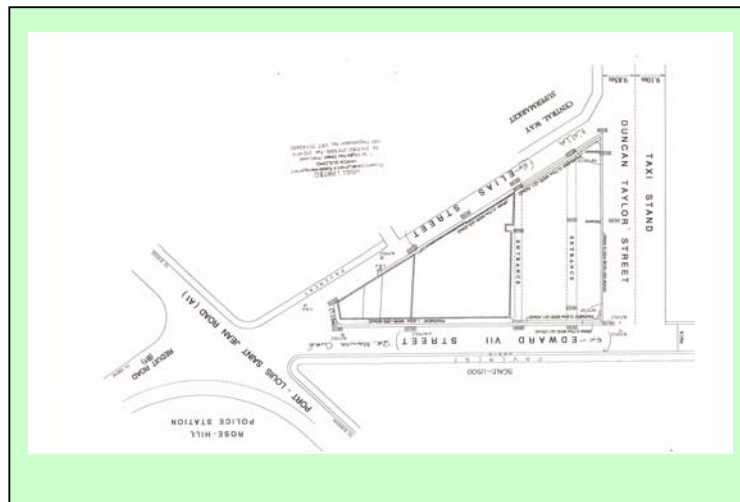
The present municipal market suffers from several drawbacks which arise out of the infrastructural as well as space constraints. As part of its preliminary needs analysis, the Council had noted that '...the services offered by the existing market at Rose Hill cannot meet the growing needs & requirements of the customers, including residents & non residents of the township of Beau Bassin/Rose Hill. Such inadequacies are the direct consequences of existing physical infrastructures, namely the building accommodating the market, that have become obsolete, due to an increase in our population...'. The Council had, consequently, expressed the need "...to replace the existing building by a modern one" so as to "render the market more attractive and more capable of responding to modern needs".

The development of the project can potentially impact positively on the municipal area: the development will directly benefit the existing stall occupants (> 300) by providing them state of art facilities. An updated market facility will attract a greater number of visitors including tourists. Innovative conceptualisation of the development plan will also provide additional space that can be utilised for other compatible uses; this will provide attractive and centrally located accommodation to users and will also mean to substantial revenue upside for MBBRH.

The development of the project through Public-Private-Partnership (PPP) would be the first Municipal Sector project to be taken through PPP in the country and is therefore a model pilot project, to be successfully replicated across the municipalities of Mauritius, if successful.

3.2 IDENTIFIED PROJECT SITE

The present Municipal Market site at Rose Hill is an almost triangular site covering an extent of 59 Perches translating into 2490 square meters. The site is bound by roads on all of its three sides – the Duncan Taylor Street on one side, the Nalla Street (ex-Elias Street) on the second and the Dr.Maurice Cure' Street (ex-Edward VII Street) on the third side. Today busy traffic encircles the site – entering from the Port-Louis Saint Jean Road (A1) into Elias Street (which is one way) turning right into Duncan Street (which is also one way at that point) and thereafter flowing into the Dr.Maurice Cure' (ex-Edwards VII) street, which is an arterial two way road.



MBBRH wishes to transform this into a modern market with upgraded infrastructure and service facilities. Together with the up-gradation of the market, it is also proposed to develop this into an integrated commercial and mixed-use facility. The objective is to:

- Provide state of the art physical infrastructure facilities to the existing tenants of the Rose Hill Market as well as the tenants of the Arab market
- Offer superior marketing experience to the residents of Rose Hill as well as the tourists who come to Rose Hill
- Make the Rose Hill market into a heritage and traditional market place which creating a vibrant commercial centre
- Explore options of using other sites to enhance facilities like parking, pedestrian walking places, etc.

4 CONCEPT OF 'ROSE HILL MARKET SQUARE'

The 'Rose Hill Market Square', is proposed to be developed an integrated business centre, tourist plaza and market centre that would fulfil the latent demand of the people of Beau Bassin-Rose Hill and surrounding towns. The development which would be positioned as a 'Market Square' would include the Municipal and Arab Markets, the Rose Hill Mall (proposed to be developed on the current Municipal Market site), as well as the other commercial facilities in and around Rose Hill.

4.1 CONCEPT AND POSITIONING OPTIONS EVALUATED

It is proposed by MBBRH to develop the new market as an integrated mix-use commercial facility that can also accommodate the present Municipal and Arab market. Taking the 'commercial' end use into consideration, several alternate concepts and positioning options were evaluated, including the following:

- (i) Development as a purely shopping/commercial facility, wherein we would have only commercial outlets and shopping arcades with some limited food outlets;
- (ii) Development as a shopping cum recreational centre, which will provide, in addition to commercial shops, entertainment facilities for children and adults, fast food and fine dining restaurants, play areas etc;
- (iii) Development as a 'tourist land mark', which will include, in addition to the shopping and recreational elements, aspects which will appeal to the tourists, such as heritage and history, handicrafts, art, local cuisines, dance and music and purely relaxation elements like a plaza.

Taking into account the site features, the target segments and the need to make the development competitive, it was decided to adopt option (iii) as it would enable the Project to be positioned differently in a multi-faceted manner, targeted not only at the residential population but also the large numbers of visiting, tourist population and, in course of time, find a significant place on the 'tourist map' of Mauritius. It could integrate the heritage theme into the design, taking off on Mauritius' unique historical mix so that it may be positioned as a project that offers 'shopping with a local/historical flavour'.

4.2 CREATING A 'ROSE HILL MARKET SQUARE'

Taking into consideration the interest of all stakeholders and after careful assessment of the alternate sites available with MBBRH, it was proposed to shift the Municipal and Arab Markets to the stadium and bus-station land, lying close to the current market site. Thus, the proposed Project would encompass the following:

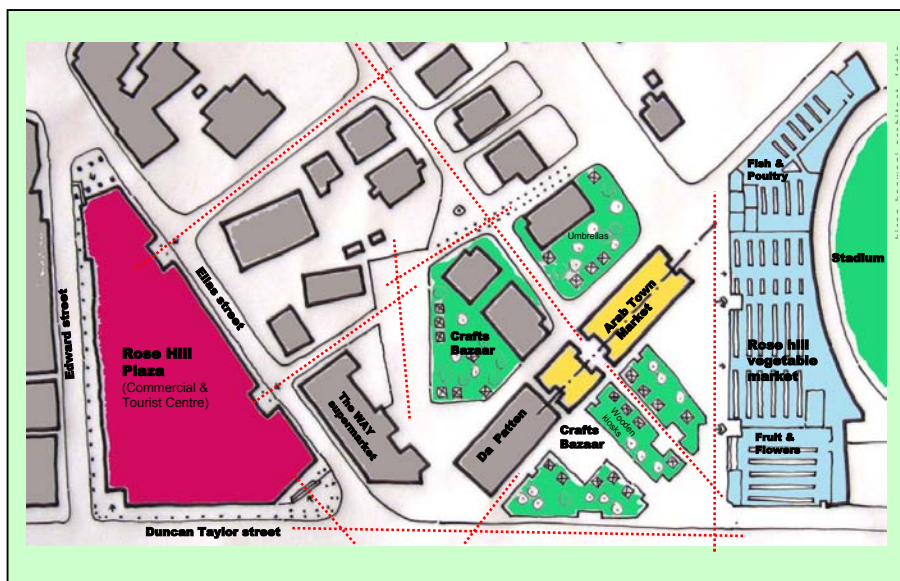
- A commercial centre and tourist plaza ('Rose Hill Mall'), which would be developed at the current market site;
- The 'New Municipal Market', which would be shifted to the current vacant site at the Duval Stadium into a permanent and well-designed structure;
- The 'Arab Market', which would be shifted to the current Bus Station location, with a structure similar to the one currently in place.

Together, the entire location would be developed and positioned as the 'Rose Hill Market Square' which would also include the other shops and commercial establishments in the area. The concept would have several advantages:

- The option would adequately address the need for 'ground level' occupancy for both the markets. As the area is more spacious, it would enable a sound design for both the markets wherein every vendor of both markets will have an advantageous ground level positioning.
- The area, with both the markets facing each other across the square, would ideally offer an opportunity to develop a 'market square', completely pedestrian, that may be positioned for tourists.
- Since the entire area has many small markets, it may be planned to create a 'heritage market walk' in the area – this will draw more tourists and create a business opportunity for all vendors.
- The 'market square' will over time become a vibrant tourist market in addition to attracting resident crowds.
- One significant benefit of this will be that the current market location may be developed as a completely commercial centre exploiting the locational advantages to the optimum.

It is proposed to develop the 'Rose Hill Market Square' as an integrated concept so as to position and market it as a heritage shopping destination over a period of time.

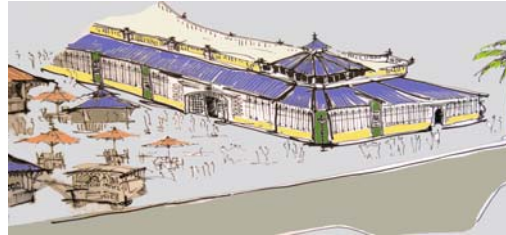
The following figure shows the conceptual drawing of the proposed Rose Hill Market Square



4.3 THE NEW MUNICIPAL MARKET AND ARAB MARKET

The proposed site for Relocation of the Fruit & Vegetable market was initially identified by the MBBRH as a temporary location until such time that the new modern construction at the triangular site enclosed by Elias St., Duncan Taylor St. and Edward VII St. is completed. However, it is now recommended that this site within the stadium premises be the permanent location for the Fruit & Vegetable market becoming an important part of the proposed "Rose hill Market Square" that is now being created along with Da Patten and the Crafts Bazaar.

The Rose Hill Market is proposed to be a single storied building, designed as a steel structure similar to the traditional steel construction of the Beau Bassin market while retaining the old-world charm of the Bazar Rosehill. The following figures show the preliminary design drawing for the new Municipal Market at Rose Hill.



4.4 THE 'ROSE HILL MALL'

The 'Rose Hill Mall', developed in the current market site, would be a Commercial and Tourist Centre created and positioned to attract the residential visitors as well as the tourists coming to Mauritius. It will have elements that appeal to both. The objective will be that, in course of time, the Plaza will become a heritage tourist attraction, a key part of the 'Rose Hill Market Square', and will provide synergistic benefit to the Municipal and Arab Markets which will be part of the whole development and positioning.



The 'Rose Hill Mall' will have a heritage look and feel and its architectural design will be such as to incorporate the history and tradition of Mauritius. However, the components proposed as part of the Plaza will have commercial, recreational and leisure elements so as to appeal to a broad cross section of tourists, shoppers and residential visitors.

While keeping in mind the unique heritage and traditional elements proposed, it is also appropriate that we need approach the 'Rose Hill Mall' underlining the critical need to ensure financial viability and sustainability. Accordingly, the elements to be included in the Rose Hill Mall have been derived on the basis of an appreciation of the retail and developmental trends in Mauritius as well as of trends happening internationally. Major cities globally have demonstrated strong trends towards setting up huge integrated complexes that would draw visitors through multi-attractions. Trends have also revealed that certain key issues and aspects would need to be adequately recognized and addressed to ensure the success of such establishments.

In line with the above, the following are the key components proposed in the Rose Hill Mall:

4.4.1 Shopping, Commercial, Business Area

Shopping would be a key attraction of the Rose Hill Mall with the shopping activity catering to a wide range of clientele ranging from large shopping outlets to small informal shops/kiosks. It is proposed to have shopping arcades, catering to a cross section of customers, including those catering to children. These shops will sell clothes, consumer goods such as electronics, toys, books, confectionery that will invoke a wide level of interest.

The commercial activity would, in addition to shopping outlets, also relate to other commercial/business activity such as offices, banks, ATM's, travel agents etc. It is proposed that the design of these commercial spaces will be kept 'open' and will be available on lease, with basic facilities. Depending on the exigencies and the requirements, offices/shops/businesses can opt to add to the interiors, without disturbing the overall structure of the complex. These will be at the cost of these establishments.

The option of design and leasing these spaces to commercial/business establishments would essentially be left to the developer who would choose his options based on his business strength and strategy.

4.4.2 Crafts Bazaar

A crafts market, with the traditional handicrafts of Mauritius, especially ship models and other wooden artefacts, would assume an important place in the Rose Hill Mall. This would be a critical aspect of positioning the Plaza as a heritage tourist complex and would, over a period of time, help to make the Rose Hill Mall into a tourist destination.

4.4.3 Multiplex Complex

Today, the most frequent definition of Entertainment is "an evening of shopping, dining out and a movie thrown in". Today, Mauritius does not have many theatres and definitely not a multi-plex having multi screens. Accordingly, the Multiplex would 'anchor' the Rose Hill Mall providing a key attraction that would help to draw the people with the movies playing the role of a pull creator attracting other revenue generators. It will help to make the place dynamic and vibrant, drawing people and tourists across Mauritius.

While the feasibility assessment has assumed a 'twin screen' multiplex, the choice of the number of screens and the seating number should be ideally left to the developer. The business model developed, according to the business focus of the main developer, would essentially dictate these details.

4.4.4 Leisure & Entertainment

In addition to the Multiplex, which would be the major entertainment hub, other entertainment 'spokes' would be created through the following facilities/value added services:

- **Food and Beverage outlets** : Food and Beverage outlets are common to all types of facilities including the traditional movie theatres. However, at the Rose Hill Mall, the effort would be present this concept in an innovative manner having quality food outlets, elite/themed restaurants, innovative eating lounge on the lines of "self service" outlets etc.
- **Outlets for sale of Audio/Video products** : The Audio/Video shops are envisaged to be integrated music centres with full-fledged facilities for a wide spectrum of musical options, in addition to selling audio/video cassette, compact discs and other small electronic equipment.
- **Cyber Cafés** : Cyber Cafés will address the demand for communication and the increasing public dependence on access to the Internet and the World Wide Web. Individuals may opt to spend time in such cafés either while waiting the movie shows to start after purchasing the tickets, or while their relatives and friends are watching movies, they may opt to sit in the cyber café. Also, when some members of the family are

shopping or otherwise occupied in the commercial area, individuals can make use of this facility. This is a major crowd puller and will help in augmenting the visitations.

- **Indoor games** : Entertainment outlets like bowling alleys, video games etc. are increasingly recognized as a major attractions being a source of interest across all age groups and genders. The uniqueness of these games is that it provides fun not only to the actual players but also to the on-lookers. Among indoor games, snooker and billiards are well known sports and recent times have witnessed individual clubs being formed for members to indulge in this activity for leisure and entertainment. It is proposed that, in order to attract visitors, pool parlours may be included in the Rose Hill Mall as one of the leisure activities.

4.4.5 Conference hall

Rose Hill is a busy business centre and will benefit hugely by having a 'business centre' in the form of a flexible conference hall with all business related facilities, including a Board Room. This multi-purpose conference and utility hall could be used for various business purposes such as seminars, small work shops, board meetings, mini-trade exhibitions, fashion shows, discount sales, sales & brand promotion events, product launches and other events. It could also be used for social purposes such as a wedding reception and dinner.

4.4.6 Medical & Health related facilities

In modern times, health has become a major aspect of interest to the common public. This equally relates to preventive health related facilities such as gyms & health centres, nature cure centres, therapy centres etc and also the curative facilities such as diagnostic centres, medical polyclinics, therapeutic clinics etc. It is envisaged that the Rose Hill Mall will offer health related facilities of both varieties.

4.5 AREA ALLOCATION

As per the preliminary design plan developed, the following table presents the proposed area allocation for the Rose Hill Mall:

	Area (Sq. M.)
Ground floor	1558
First floor	2437
Second floor	2437
Third floor	2437
Fourth floor	2437
Basement	2464
Total	13770

The area for the relocated Municipal Market and Arab Market is as follows:

	Area (Sq. M.)
Proposed municipal vegetable market	3,275

New Arab town market	1,275
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4.6 FINANCIAL ASSESSMENT

MBBRH appointed an independent transaction advisor to undertake the feasibility assessment of the project, which included legal, technical and financial due-diligence. The key aspects of the financial assessment are presented below.

4.6.1 Project Scope

The project scope would include the following:

- Demolition of existing municipal vegetable and fish market and construction of a commercial centre cum tourist plaza (“Rose Hill Mall”) at the location of the given site;
- Leasing, operation and maintenance of business centre;
- Construction of new municipal vegetable and fish market (“New Rose Hill Municipal Market”) within the precinct of the stadium, next to the football ground, to be handed over to MBBRH on completion for operation and maintenance;
- Operation and maintenance of parking space (about 80 car parks) near the municipal vegetable market at a space designated for this purpose by the Municipal Council;
- Demolition of the present Arab Town market and construction of “new Arab town market” adjacent to the proposed crafts bazaar and the new municipal market.
- Leasing, operation and maintenance of new Arab town market.

4.6.2 Investment Estimates

The estimated project development cost, based on preliminary drawings, are as follows:

	Cost estimate (MUR Million)
Rose Hill Mall	247.86
Development of vegetable market	45.00
Relocation of Arab Market	14.27
Contingencies @5%	15.40
Total capital costs	322.49

4.6.3 Revenue Estimates

The revenue estimates, as per the financial analysis undertaken for a period of twenty years, are as follows:

	2011-12	2012-13	2013-14	2014-15	2015-16	2020-21	2025-26	2030-31
	1	2	3	4	5	10	15	20
Operating Revenues								
Lease rentals	77.05	93.82	103.86	103.96	100.39	136.85	159.59	165.14
Maintenance charges	12.47	14.29	15.36	15.77	15.87	20.92	25.57	29.95
Interest on security deposit	8.89	8.98	9.93	9.93	9.71	13.15	15.23	15.40
Parking charges	4.26	4.52	4.75	4.98	5.23	6.65	8.49	10.88
Total Operating Revenue	93.78	112.63	123.96	124.72	121.49	164.43	193.65	205.97
Operating Expenses								
Maintenance expenses	46.95	48.36	49.86	51.34	52.87	61.35	71.21	82.62
General and admin expenses	0.37	0.45	0.50	0.50	0.48	0.66	0.76	1.78
Insurance expenses	0.99	1.24	1.24	1.24	1.24	1.24	1.24	1.24
Other expenses	1.98	2.48	2.48	2.48	2.48	2.48	2.48	2.48
Total Operating Expenses	50.30	52.52	54.07	55.56	57.07	65.73	75.68	88.11
Gross operating profits	43.48	60.10	69.89	69.16	64.42	98.70	117.97	117.85
Gross profit margins	46%	53%	56%	55%	53%	60%	61%	57%
EBITDA	43.48	60.10	69.89	69.16	64.42	98.70	117.97	117.85
Depreciation	9.57	9.28	9.00	8.73	8.47	7.28	6.25	5.37
Interest repayment	26.76	26.17	23.68	21.19	18.69	6.23	0.00	0.00
EBT	7.15	24.65	37.20	39.24	37.26	85.19	111.72	112.49
Tax	1.07	3.70	5.58	5.89	5.59	12.78	16.76	16.87
PAT	6.08	20.95	31.62	33.35	31.67	72.41	94.96	95.61
Cash Profit	15.65	30.23	40.63	42.09	40.14	79.69	101.21	100.98

4.6.4 Key Financial Parameters

Assuming the capital cost of 322.45 Million MUR incurred in Year 1 and 2 of construction, the project is expected to yield the following returns:

Project level IRR (Internal Rate of Return)	18.16%
Net Present Value	84.29 Million MUR (discounted @14%)
Equity IRR	31.24%
Payback Period	9 years

5 MARKET APPRECIATION

The rationale for the proposed development of a commercial mixed-use facility at Rose Hill arises from the market potential and latent demand for such a facility at a macro and micro level. Some demand drivers would be powerful at the level of the Mauritian economy itself while others would operate at the local level. The overview of the Mauritian economy and business environment, combined with the stimulation from the two key business sectors, retail and tourism, would influence the demand for real estate in the country, and, thereby, significantly impact demand for the project.

5.1 OVERVIEW OF MAURITIUS' ECONOMY AND BUSINESS ENVIRONMENT

5.1.1 A Burgeoning Economy

Mauritius, combining cultural legacies from Europe, Africa, India and China has evolved into a unique island-nation. It has progressed from a low-income agriculture-based economy to a vibrant middle-income diversified economy with growing industrial, financial, and tourism sectors. Its political heritage and close ties with the European Union and its member states, particularly the United Kingdom and France, have provided the platform that has enabled the country to grow into one of the most competitive and successful economies in Africa with a GDP of USD 8.8 Billion in market prices, as per 2007 estimates, translating into a high per capita GDP of USD 7,014¹. Mauritius is today, one of the most competitive, healthy and successful economies in the African continent. The Island has demonstrated rapid economic growth over the past two decades, averaging at 5 percent, its transformation supported by vital pillars of its economy comprising the manufacturing & sugar industries and tourism & financial services.

Over the past four years, the Mauritian economy has ensured robust growth, by increasing the services sector, trade, catalysing new growth engines and a positive capital formation cycle. The dominance of the service sector is reflected at over 64 percent of the GDP, followed by Industry and manufacturing at around 30 percent and a smaller contribution by agriculture at about 6 percent.

Thus, the Mauritian economy has witnessed remarkable transformations in a short span of about four decades, since its independence from the British rule on the back of sound macroeconomic and structural policies. The most powerful feature of the Mauritian economy at present is its potential to demonstrate growth on several platforms going forward, be it through the sunrise industries of Information Technology and Financial Services or through traditional industries such as textiles, seafood and tourism. This multi-dimensional growth path has triggered development in several other areas such as real estate development.

In parallel to economic growth, social development has also taken strides in the country. The quality of life in Mauritius is characterised by a high per capita income touching USD 7,014 in 2007 and literacy rate at 85 percent of the population of 1.25 million. Further, 84 percent of the island's households have access to piped water and 99 percent have electricity. Life expectancy at birth has increased from 63 years in 1972 to an impressive 72 in the year 2000 and infant mortality has dropped from 58 per 1000 live births in 1970 to a low of 16 in 2000. Contrary to many African countries, Mauritius does not face an AIDS crisis and the infection rate was estimated at a meagre 0.1

¹ The GDP in PPP terms was USD 14.9 Billion translating into a per capita GDP in PPP terms of USD 11,900

percent in 2001. The country's human development indicators have demonstrated healthy growth following steady investments in social infrastructure, thereby strengthening the growth path of the economy.

Despite the recent worldwide economic downturn, the Economic Intelligence Unit (EIU) forecasts real GDP growth of 6 percent in 2009, driven by the recovery of textile manufacturing and growth in the services and seafood sectors. Inflationary trends are also likely to soften to 5.9 percent by 2009 (from a high of nearly 9 percent in 2008) due to expected decline in world energy and food prices. Besides, political, economic and fiscal stability coupled with a liberal economic strategy, are some of the foundations for continued strength of the economy and for one of the highest standards of living in Africa. The downturn notwithstanding, sustainable growth of the country hinges on enhanced service delivery and achieving higher standards of infrastructure development. Well on its way to witness transformation as a Newly Industrialized Country (NIC), therefore, targeted land resource management will be a key ingredient to develop the 'new Mauritius'.

Today the country seeks a strong global position, by leveraging its traditional ties with Europe and Asia to aggressively capture its geographical advantage vis-à-vis Africa. Its geographic location in the Indian Ocean between Africa, Asia, and Australia provides an enormous advantage in terms of offering a successful business base to Africa in particular, and to regional and international business, in wider terms.

5.1.2 An Encouraging Business Environment

Government of Mauritius has, progressively introduced a liberal investment policy for both local and foreign investors, so as to facilitate and attract investments. These measures include the promulgation of the Business Facilitation Act of 2006. Mauritius also has undertaken radical economic reforms aimed at making the country an attractive investment destination with the result that the country today ranks 27th in the world and 2nd in Africa, as per the World Bank's Doing Business 2008 survey. The objective of the Government is for Mauritius to rank among the top ten most business-friendly locations in the world.

The bold economic reform programme, embarked by the Government of Mauritius in recent years, has enabled Mauritius to progress from trade based on regional quotas to global competitiveness. The reform strategy has been designed not only to remedy fiscal weaknesses but also to open up the economy, facilitate business, improve the investment climate, mobilize foreign direct investment and introduce structural reforms to support sustainable growth. The impact of the reform initiatives is reflected in the steady growth in the economy (6% per annum over the last few years in real terms) and foreign direct investments of USD eight million² over a period of three years, equivalent to the previous 20 years of foreign direct investment that Mauritius has received.

The Government of Mauritius has supported its economic reforms with a progressive liberalization of its tax system, combining a gradually lowering of personal and corporate tax rates with a simple, transparent and 'easy to comply' system. In parallel, the country is currently reforming procedures linked to commercial disputes, property registration, access to credit and import/export permits.

Most of these reforms have helped reduce and streamline administrative measures to enable businesses to be set up without any hassles and for existing business to function smoothly. The reform initiatives and other measures to augment the business environment are elaborated below.

² Twenty billion Mauritian rupees

1. **The Business Facilitation (Miscellaneous Provisions) Act of 2006** – Since its promulgation in 2006, the Business Facilitation Act has had tremendous impact on new businesses. Starting a business in Mauritius now takes a mere three days vis-à-vis 46 days taken prior to its enactment. Between 01 October 2006 and March 2008, 82,874 businesses have been registered, clearly demonstrating investor confidence and deepening of entrepreneurial culture in Mauritius.
2. **Revamp of the Development Permit** – The revamping of the Development Permit involves merging of the Building Permit and Development Permit into a single Building and Land Use Permit (BLP). This change has reduced the time frame for issue of BLPs from 84 days to 14 days for regulated activities and three working days for Small and Medium Enterprises (SMEs).
3. **Opening up of the economy** - Measures have been undertaken to attract foreign nationals into the country. Work and Residence permits have been combined into an 'Occupation Permit' which is delivered within a time frame of three working days by the Passport and Immigration Office.
4. **Favourable Fiscal policies** – GoM has supported its economic reforms with a progressive liberalization of the tax system, combining a gradual lowering of personal and corporate tax rates (the taxation rate has been aligned to single flat rate of 15 percent) with a simple, transparent and 'easy to comply' system. (A summary of fiscal and other incentives provided by the GoM is given in the Annexures).
5. **Introduction of Incentive schemes** - The plethora of incentive schemes has been rationalised and at present there is no requirement to submit project briefs and feasibility studies before setting up a business except for the Freeport sector and the Real Estate Development Scheme.
6. **Strategic economic alliances** – Mauritius has several strategic economic alliances with its neighbouring countries which offer preferential access to consumers or provide full or partial tax sparing clauses. This benefits and strengthens trade and economic ties between Mauritius and many countries. (A summary of Mauritius' strategic alliances is provided in the Annexures).
7. **Availability of world-class infrastructure** – Good infrastructure availability in any country has usually attracted foreign investors as it facilitates the conduct of business. Mauritius is also poised to rake in similar benefits due to its infrastructure offerings. The island is well-connected to most countries through sea (Port Louis) and air routes for both passenger and cargo traffic. The Mauritius Freeport and the customs duty-free zones at the port and airport, aims at transforming Mauritius into a major regional distribution, transshipment, and marketing centre. They provide facilities for warehousing, transshipment operations and minor processing, simple assembly, and repackaging. State-of-the-art telecommunication infrastructure with availability of ISDN, IPVPN and IPLC connections and leased lines is another plus. Moreover, Mauritius is connected to the SAFE-SAT-3 fibre optic cable enabling high bandwidth connectivity with Europe, South-East Asia and Africa.
8. **New growth pillars of the economy** – Financial Services and Information Technology (IT) are the fourth and fifth pillars of the economy respectively after Sugar, Textiles and Tourism

industries. The new pillars show Compound Annual Growth Rate (CAGR) of 15 percent, contribute over 20 percent to the GDP and employ over six percent of Mauritius' population and expatriates. At a projected CAGR of 19 percent by 2020 Mauritius has set a lucrative platform for entry of global giants and is already host to a few such as Accenture, Microsoft and Infosys.

9. **Special emphasis on the real estate sector** – It is well-recognised that the country's economic buoyancy is reflected in its real estate buoyancy and in the rising cost of land rates. Therefore GoM has simplified the property acquisition process by which non-citizens are able to acquire property for businesses purposes in as less as five days from the previous requirement of 90 days to do so. Two lucrative schemes, namely the IRS, Integrated Resort Scheme³ (2002) and Real Estate Scheme (RES)⁴ are driven towards facilitation and realization of foreign investment in the real estate sector.

As seen above, pro-active policies towards developing a conducive business environment are espoused by the country's distinction as one of the most politically stable countries in the African region. Also, regular free elections, a positive human rights record, a strong and active judiciary and liberal, stable and progressive governance and a conducive regulatory environment are drawing many an investor in to the country and improving their access to the Mauritian market.

The above initiatives to develop the business environment in the country are reflected through its rankings in World Bank's Doing Business 2008 survey. The survey brings out Mauritius' status as an attractive investment destination with the 27th rank amongst 178 economies and the first in Africa. Also, Mauritius was among the top five countries that were honoured by the International Finance Corporation (IFC) and World Bank with the 'Doing Business Reformers Club' honours for making it easier for entrepreneurs and businesses to operate and contribute to economic development. Besides, Mauritius has been recognized for advocating policy changes by World Association of Investment Promotion Agencies (WAIPA) and the United Nations Conference on Trade and Development (UNCTAD).

The impact of reforms initiatives is reflected in steady growth of the economy and attracting FDI of USD 851 million in merely three years; an amount equivalent to the previous 20 years of FDI that the country had received.

The Mauritius 2008-09 Budget removes the last of the handicaps. Based on the theme of building an "Attractive, Modern, Inclusive, Green and Open economy", it has proposed another basket of initiatives, aimed at propelling Mauritius to achieve continued growth, global competitiveness and modernization; making it a world-class city to live and work in. The relevant key initiatives include:

- Creation of the Real Estate Investment Trust (REIT), a salient measure to enable the financial sector to add value to the expanding real estate and property development sector.

³ Integrated Resort Scheme (IRS) - IRS, introduced in 2002, provides for development of luxury residential units of international standing on freehold land of more than 10 hectares to be sold at a price exceeding USD 500,000. A citizen or a non citizen, a company registered as a foreign company, a local company, a society or a trust can invest under the IRS. An acquirer of property under IRS is automatically provided a residence permit for Mauritius.

⁴ Real Estate Scheme (RES) – Following the success of the IRS, to tap the potential of foreign investment in the real estate sector, Mauritius launched the RES in November 2007 to attract investment for smaller land blocks in the range of 0.42 hectares to 10 hectares. Unlike the IRS where there is a minimum investment requirement in the acquisition of a property, under RES there is no such minimum investment requirement. Any individual is entitled to acquire a property from the RES development provided he is a citizen of Mauritius, a non citizen, a local or foreign company, a society or a trust. The launch of this scheme provides an impetus for expatriates to invest in residential properties in Mauritius.

- Legislative amendments to reduce the time taken to register a property from 210 days to 15 days.
- Amendment of Section 8 of the Morcellement Act 1990 to allow all developers to take reservations and deposits equivalent to the cost of infrastructural works, by providing a bank guarantee equivalent to the amount of such works, including offsite works.
- Encouragement of property leasing with appropriate amendment to the Registration Duty Act and the Land (Duties and Taxes) Act to avoid double payment of registration dues.
- New Construction Industry Development Board Bill to provide for accountability of contractors to clients and to ensure compliance with established standards and guidelines.
- Setting up of a Commercial Division within the Supreme Court to reduce settlement of commercial disputes from two years to seven months.
- Streamlining and simplification of the system of business licensing to make compliance easier, less time-consuming and less costly.
- Enabling investors with businesses in Mauritius, with an annual turnover exceeding Rs 15 million for three consecutive years, to apply for Permanent Residence. Budget 2008-09 extended this facility to investors present in Mauritius even before October 2006
- Simplification of processes for exports and imports and reduction in the number of permits relating to imports and exports to the essential minimum, by 1st July 2009.
- Commencement of the 'branding' of Mauritius to develop a strong, unique and favourably perceived brand, and market Mauritius to visitors, overseas buyers and investors as an attractive destination.

5.2 DRIVERS THAT SUPPORT PROPOSED DEVELOPMENT

Its burgeoning economic growth and pro-active measures to ensure a conducive business environment have lent Mauritius its global competitiveness and visibility to foreign investors. The services sector has contributed greatly to this growth and is particularly characterised by the development of two key industries of the economy, i.e., Retail and Tourism which impact real estate development. This section presents the growth drivers in these sectors and the related impact of such growth on the overall demand for the proposed project at Rose Hill.

5.2.1 Retail industry

The demand for retail business is driven by a complex set of factors which are largely economic and social in nature. Demographic factors such as population growth trends, population age mix, social and cultural habits, disposable incomes etc. intermingle with economic factors such as GDP and GDP growth, per capita income, business trends and the level of floating population to create the right environment for take off of the retail business.

In Mauritius, economic growth is hinging on the growth of services sector of which the Retail industry forms a vital part. However, while even today retail, in the form of shopping, is prevalent and important in the country, given its tourism image and popularity; organized retail in a manner that it is emerging in the rest of the world is yet to take off in the country.

In this context, we briefly assess the factors that drive demand for Retail businesses in Mauritius as below:

1. Favourable demographics

- The active age group of 15-64 years forms nearly 70 percent of the total population in Mauritius. This is the income earning age group, commanding the consumer spending patterns in the country, therefore is a critical driver of retail sector growth.
 - The sex ratio in the country is skewed towards the female gender, with females outnumbering males by 15,000 in 2007. Women also retain their significance to the growth of the retail sector due to their high participation in the work force (34 percent) and thereby available spending power on lifestyle products.
2. **Decreasing domestic savings** - Between 1995 and 2004, gross domestic savings as a percentage of GDP was in a steady range of 23-25 percent. This has sharply declined to about 19 percent in 2005, representing an increase in consumer spending.
 3. **High household disposable incomes** – The percentage of population from the top-end category - earning Rs 40,000 and more on a monthly basis- has risen sharply between 1997 and 2007. About 7.7 percent of the population in this category had 25.5 percent of disposable income in 2007, signifying a large population pool with huge purchasing power.
 4. **Pattern of spending skewed towards Retail** – Further to point above, higher disposable incomes have generated certain consumption patterns amongst Mauritians which is indicative of expenditures that are directly related to the retail sector. This expenditure constituted nearly 68 percent of the average household expenses in 2006-07.
 5. **Growth in floating population** - A good shopping experience as such constitutes an important aspect of tourism in most countries and particularly for the island of Mauritius; the floating population is a potential market for the Retail sector. This is evident from the tourist inflow into the country which has grown at a remarkable rate of 15 percent, well above the world average with the number of tourist arrivals touching 906,971 in 2007.

The growth of the Retail sector in Mauritius is depicted by two key indicators comprising:

1. Number of licenses issued for the sector and
2. Total number of permits issued and total floor area for construction permitted.

At end 2007, the issued licenses that were directly related to goods in the organized retail sector accounted for 72 percent of the total number of licenses issued in connection with the Retail trade. Also, between 2002 and 2006, permits have been issued for a cumulative construction of more than 494,898 square meters of construction in the wholesale and retail trade sector with a sharp increase in issue of permits between 2005 and 2006 - from 220 to 355.

Thus, the importance of retail sector in Mauritius cannot be overstated. Also, its significance is evident as the floating tourist population has played an important role in stimulating development of retail outlets *because the floating population of Mauritius is almost equal to the resident population*. Hence with increasing household disposable income, younger population and growth in tourism trends, the

potential for retail industry growth and the consequent demand for real estate in Mauritius are both noteworthy.

The proposed Rose Hill Market Square will be a unique response to the growing potential for this sector in Mauritius. With its shopping plazas, crafts bazaar, theatres, office spaces, kiosks and amenities along with the vegetable market, Arab market, and designated parking spaces, it will serve to create an attractive 'retail niche' that can cater to the residential and floating population of Rose Hill, the neighbouring towns and Mauritius at large.

5.2.2 Tourism industry

Tourism is one of the mainstay industries of Mauritius and has become an important pillar in the country's economy. The sector comprises hotels, other accommodation, sightseeing, transportation, restaurants, entertainment etc. It contributes 13.9 percent to the GDP of Mauritius and is among the largest foreign exchange earners for the economy. The success of the Tourism sector in the country has come about largely due to its successful positioning among the choicest international beach destinations. The other demand drivers for the industry are the country's attractive climate and numerous beaches that have been among the features attracting record numbers of tourists each year. Over a period of time, the sector has had a multiplier effect on employment generation, rising disposable incomes and growing foreign exchange reserves.

The significance of this sector can be seen by the following facts:

1. Tourist arrivals have increased at a CAGR of 8 percent in the past five years, well above the world average.
2. At nine percent of aggregate employment, the industry is one of the highest employment generators with 26,322 direct employments in hotels, restaurants and travel and tourism-related activities, second only to manufacturing.
3. The Hotels sector, for which the demand is derived from the tourism industry (which guides leisure travel) and industry (which guides business travel), on the island is robust with 9.2 million tourist nights recorded in 2007 showing a growth of 18 percent over 2006 and an average length of stay of 10.10 days in 2007 - a marginal increase of 2.6 percent over 2006.

Going forward, at the average growth of 8 percent, tourist inflows are expected to reach 2.48 million by 2020. Tourism GDP is expected to grow from USD 1.5 billion in 2007 to USD 4.2 billion in real terms by 2018. Complementing this growth, demand for hotel accommodation, which today (as of 2008) stands at 12,844 rooms, is expected to rise to 32,329 by 2020 covering both leisure and business tourist segments.

Going forward, robust projections for the tourism sector indicate that the country will need to be appropriately geared to cater to the rising demand for tourism services from the growing services sector, i.e., business tourists descending at the island to hold conventions and conferences, medical tourists who may arrive for treatments or procedures as out-patients and a continued inflow of leisure travellers who have thus far been the stronghold of tourism activity in the country.

The fact that the floating population of Mauritius is almost equal to its resident population underlies the importance of taking this segment into serious consideration in any proposed development. The tourism components in the proposed Rose Hill Market Square, including the cultural, artistic and entertainment elements, will provide an opportunity for tourists to experience Mauritius – in terms of

local crafts, local food, local textiles and also the regular business proceedings of daily markets – at close quarters.

5.2.3 Commercial Space

With the Mauritian economy transforming itself into a largely service based economy, its future growth is also likely to be linked to the growth of this sector. The sector growth will cascade into derived demand for real estate, renting and business activities. Statistics reveal a steady growth in the share of the real estate, renting and business activity sector in the GDP at a CAGR of 16.5 percent between 2004 and 2007 with the total employment of this sector correspondingly recording a CAGR of 11.5 percent in the same period. Further, CRISIL analysis, based on the sector's past share of 12.4 percent of GDP, shows that the sector will grow at the expected 5.2 percent till 2015 and, thereafter, at a stable growth rate in line with aggregate GDP growth.

Land sale rates for commercial space at Rose Hill are at par with those prevailing at the capital city of Port Louis. Thus, by virtue of higher value of commercial space as compared to its neighbouring cities - Quatre Bornes, Phoenix and Curepipe - Rose Hill has greater potential to attract the business community away from Port Louis or in addition to that existing in Port Louis. Also, Rose Hill is closer in proximity to Port Louis and well connected by a network of roads, making it more amenable for attracting the business traveller from the capital. Also the market feedback obtained shows that Port Louis is turning expensive and congested, hence office spaces within Rose Hill may be in high demand going forward. Given the residential nature of the Rose Hill area, smaller businesses are more likely to be set-up at site, such as that of professional practitioners including doctors, lawyers, etc. This will reduce the travel time for such professionals from the service sector and also make services available to the residents of Rose Hill. Also, in the long run, affordability of commercial space to such professionals is likely to remain due to the existence of the vegetable market which would ensure that the price of commercial space does not compete at high rates in comparison to those at Port Louis.

These trends point to the need of increasing provision of commercial spaces, not just in the capital city but also in other major towns such as Beau Bassin/Rose Hill to be able to accommodate a rise in business activities in the non-manufacturing sectors of the economy.

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5.2.4 Implications for the proposed project

The growth trends in the retail and tourism industry and the positive outlook for uptake of commercial space at Rose Hill support the fact that the mixed use facility shall positively impact the resident and tourist population in several ways and also the overall development of the Rose Hill area.

1. At present, the services of the Beau Bassin/Rose Hill market, spanning an area of 2667 square metres, range from sales of fresh vegetables and fruits, fish, poultry, frozen meat, medicinal plants, fresh flowers and bread. Thus, the services at present are limited to the sale of perishable commodities at separate stalls (a total of 302⁵ stalls occupy the market) within the market premises provided by the Municipal Council. It is understood that the services

⁵ Source of information: MBBRH

offered by the existing market at Rose Hill are not sufficient to meet the growing needs and requirements of its customers, including residents & non residents of the township of Beau Bassin/Rose Hill. The non-residents include the tourist population which regularly visits the area but at present the market does not provide the 'look and feel' and services of a typical tourist area. Rose Hill has a latent potential demand because of its good connectivity and a key historical reason for the augmentation of the site is that it is by far the largest market in the country after the historical Central Market of Port Louis, the capital city of Mauritius. Thus the proposed facility will not provide an **additional tourist spot for the floating population but also increase local access to perishable as well non-perishable goods and services for local residents.**

2. On a macro level, it is observed that Mauritius is witnessing an **improved penetration of housing loans** with around 25 percent of households in the country opting for a housing loan in 2006-07 as against 20.5 percent in 2001-02. This is supported by increased Gross Capital Formation (GCF) for construction of residential property, thus implying that the residential nature of major towns in Mauritius is deepening (following increase in purchasing power) and that consequently the demand for good quality and holistic services in the neighbourhood, such as the proposed project is likely to rise going forward.
3. The capital of the Plaines Wilhems district, the Rose Hill town is an established base of the civic administration. The administration is initiating a community project based on the Public-Private Partnership (PPP) concept for the very first time. Hence the development of the proposed mixed use facility initiated by the Municipal Council of Beau Bassin is likely to **encourage more such participative PPP projects in the area** and introduce more efficient and better quality infrastructure that may benefit the residents of Rose Hill, going forward.
4. Plaines Wilhems, the **district** which hosts the towns of Beau Basin-Rose Hill, Quatre Bornes, Vacaos-Pheonix and Curepipe is **landlocked**. This implies that Mauritian beaches are at some distance away from most of these towns, as compared to those located directly at the coast. Thus, the proposed facility is an added attraction for uptake of entertainment, shopping and cuisine-based jaunts for families and tourists who may choose to experience a non-coastal outing, yet enjoy a 'day spend' through a facility in the vicinity comprising good quality infrastructure and aesthetics.
5. The market is extremely popular even today : the project will be a further impetus to a **greater number of family outings, especially on weekends**. The factors impacting families' choices of more outdoors activities will be influenced by the availability of the proposed multiplex, food courts and fine-dining restaurants and novelty in the concept of a one-stop shop for all such activities.
6. The market feedback report shows that most of the developers and contractors find the given site and location extremely attractive for developing a prominent retail destination. The development will be such that it would allow mingling of the local population with the average professional practising out of a commercial space in the proposed mixed use development and cater to the budget or medium-rich traveller looking for local wares and festivities in the setting of a typical Mauritian town. Therefore high end retail outlets will not find place in the mixed use facility. The affordability of products and services envisaged in the facility, coupled with the area's prominence, history and excellent connectivity will be the mainstay for attracting local and floating population to this complex. Also, **the trend of developments in**

the recent past point towards decentralization and decongestion. The IRS, Ebene city and Highlands are clear examples of this. The *proposed development on similar lines* is expected to establish a good demand base from the neighbourhood and surrounding council areas.

7. It is observed that despite the market area being surrounded by busy roads and traffic on all sides, the existing Rose Hill Market building is as such ***constrained in terms of space and lacks modern infrastructure. Therefore, the proposed facility is expected to overcome the lacuna that the area currently has.*** One of the most powerful factors supporting the development of the Rose Hill mixed use facility is its prime location in the centre of the township and good visibility due to the existence of a police station, post office, bus stand and a stadium in the vicinity. Good logistical connectivity with the existing road network also signifies its potential to be visited by Mauritians and tourists alike. In particular, the location is likely to be frequented by business travellers, hence the development currently being experienced at Port Louis is expected to be well distributed to other cities of importance, starting with Rose Hill.

8. PROPOSED DEVELOPMENT THROUGH PPP

The Municipal Council of Beau Bassin-Rose Hill proposes to develop the Rose Hill Market Project through Public-Private-Partnership. This will be the first PPP project in the Municipal Sector to be taken through the PPP route in Mauritius. It will therefore form a 'model' project to be replicated across other municipalities. In this section we present the various strategies for bringing in private participation, the relevance in the context of the proposed project and the recommendations on the preferred PPP option for the Rose Hill Market Square.

5.3 STRUCTURE FOR PPP

It is proposed by MBBRH to implement the Project through PPP wherein a private sector developer would be selected to develop the project. It is proposed by MBBRH to give the project land (valued today at around MUR Rs 40 Millions) on lease to the Private Developer. The selected developer would develop the project, provide the facilities for the present Municipal and Arab Market at the location identified and in the manner as will be specified in the Bid Documents. In return he would be given the commercial right to build and market the Rose Hill Mall at the current market site in accordance with the proposed positioning and development options.

In trying to develop the proposed project in partnership with the private sector, the most important element would be the broad objectives of MBBRH in developing the project. Once these objectives are identified, then the preferred options can be evaluated against the objectives to arrive at the final preference.

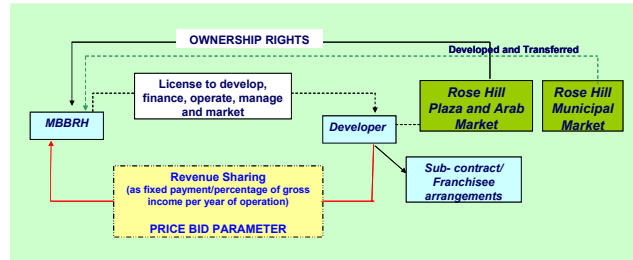
5.3.1 Key objectives for PPP

The following may be identified as the major objectives of MBBRH in seeking private participation for the Rose Hill Market development initiatives:

- The financial and operational strength of the private developer and concurrently MBBRH's interest not to invest its own funds in an area that is not MBBRH's main business focus.
- The expertise and experience of the private sector in the conceptualization, management & marketing of such projects as also in its operation and maintenance.
- The need to ensure that the ownership of the land remains with MBBRH through the development and operations period.
- The need to ensure that the development of the Municipal and Arab Markets is undertaken by the developer as part of the whole project development and that the investment thereon is borne by the private developer.

5.3.2 'Build-Operate-Transfer'

The 'Build-Operate-Transfer' model has been diagrammatically represented in the figure below:



5.3.3 Highlights of the Structure

- The Bid (Request for Proposal) would call upon interested bidders to build the re-located Rose Hill Municipal in the designated location and hand over the same to MBBRH.
- MBBRH would complete ownership and operational rights over the new Municipal Market including the continued right to revenue collection. However they would pay a reasonable maintenance cost to the Developer for maintaining the facility during the Concession period.
- In return for this, the selected Developer would be given the right to develop and commercially utilize the Rose Hill Mall at the current triangular market site and the relocated Arab Market at the designated site.
- The selected developer would be given the right to 'develop, finance, build, market, maintain and operate' the project facility (Rose Hill Mall and the relocated Arab Market) for a specified number of years under a 'lease' arrangement wherein the land would be provided to the developer under a long term lease for a specified number of years (preferably 40 to 60 years). At the end of the lease period, subject to the renewal of terms, the land with all immovable assets thereon would revert to MBBRH.
- During the period of operations, MBBRH would retain its authority to supervision and also the right to takeover in case of default situations. However, subject to the conditions of the concession, full commercial autonomy would be given to the developer to exploit the potential offered by the site.
- While the developer would be free to price the commercial rental rates at the Rose Hill Mall as over his business/marketing strategy, the pricing at the Arab Market would be specified by MBBRH while keeping the interest of the project in mind.
- MBBRH would retain full control over the relocated Municipal Market and would continue to enjoy the revenue accruing from the municipal market.
- While project specific infrastructure development would be undertaken by the Developer as part of the project cost, the common infrastructure development would be the responsibility of MBBRH. If MBBRH wishes to develop this within the ambit of the current PPP, the bid may specify that this work would be undertaken by the Developer; however, the cost for the same would be re-funded/reimbursed by MBBRH.
- MBBRH would also provide suitable land for parking facilities near the relocated Municipal Market where the parking collection rights would be given to the Developer. Here, people

coming to the vegetable market would be given free parking for up-to one hour's time, beyond which the parking would be paid for.

5.3.4 Expectations from the developer

The following would be some of the key expectations from the proposed developer

- **Track record of similar developments**

The Developer would be responsible for the comprehensive development of the Rose Hill Mall, the Arab and Municipal market, including development of project related infrastructure. Accordingly, the selected developer should have a sound track-record of implementing similar commercial and real estate projects. This experience would ensure that the developer has the required technical capabilities and appreciation for the development of the project.

- **Financial Strength**

The project structure envisages an up-front investment in the project from the developer. Thus, the developer would need to have the required financial strength to mobilise the investments necessary for the proposed development. This financial strength would be evaluated through the developer's net-worth, the annual turnover and the demonstrated ability to mobilise funds.

- **Marketing Abilities**

To achieve the viability that has been projected for the project, the proposed Rose Hill Mall would need to be strongly positioned and marketed, to ensure the right tenants and occupants. Thus developer would need to have the capability to build a strong brand for the project and position it for the residents as well as the business and floating population. The developer would need strong marketing skills and ability to bring in quality tenants who will develop the various commercial components to high quality and service standards. This marketing strength will be evaluated based on track record of having undertaken similar large property developmental activity or experience in any one of the commercial, tourism, hospitality, or retail sector.

5.3.5 Freedom to Bidders

The bid and selection process will allow the bidders the flexibility to propose their own concept, site utilization and design plans, subject to certain minimum specifications the will be expected as part of the Bid process.

5.3.6 Objectives of Evaluation

The evaluation framework and process developed would have the following multi-pronged objectives.

- To delineate a fair, transparent and objective bid and evaluation process that would demonstrate MBBRH's intention to ensure fair-play and soundness in the selection of bidders.
- To ensure speed in the finalization of bids, without compromising on the quality of bids and their evaluation.

- To progressively shortlist bidders having the necessary qualification to implement the project successfully, sustain operations efficiently and meet all commitments to MBBRH through the concession period.

5.3.7 Evaluation Procedure

In order to achieve the above objectives, it is proposed to have a **single-stage three-cover** evaluation procedure covering the following stages.

- Cover 1: Evaluation of Bidders Compliance with Minimum Eligibility Criteria
- Cover 2: Evaluation of the Bidders' Business Proposals
- Cover 3: Evaluation of the Bidders' Financial Bid/Offer

5.3.8 Tentative Schedule

Milestone	Dates
Issue of Request for Proposal to Bidders	April 1 st to April 15 th 2009
Last Date for Receiving Queries	31 st April 2009
Meeting for providing clarifications on the RFP	May 10 th 2009 at 13:00 hrs (Mauritian Time)
Last Date for Receipt of RFPs	June 10 th 2009 at 16:30 hrs (Mauritian Time)
Evaluation and short-listing of Qualified Bidders	June 11 th to July 15 th 2009
Negotiations and signature of contract	July 15 th to July 31 st 2009

The above dates are indicative for the information Bidders only and will be formally issued with the RFP document.