

Ascencia Limited

Introductory Report

- Over the last decade, Ascencia consolidated its position as a leader in the retail property space, displaying strong profitability, operational resilience and adaptability.
- The mall developer benefited from a structural shift in the Mauritian retail landscape through the increase in the supply of formal retail spaces and the formation of the Mauritian' "Mall Culture". Ascencia's prime asset, Bagatelle, positioned the mall as a reference for consumers.
- While retail GLA per Sqm in Mauritius remains slightly lower than more mature markets such as Singapore, certain districts such as Plaines-Wilhems suggest that growth may be limited in some regions.
- On the other hand, upcoming infrastructure developments such as new smart cities and new motorways are expected to act as key enablers of GLA supply in certain regions. This is the case in the East, where the group will develop two new malls with a strategic partner, in a region where GLA/capita remains below the national average.
- Share of profit from JV is expected to positively contribute to Ascencia's bottom line as from FY 2027.
- The group is also expected to benefit from lower Key rate and a more stable inflationary environment over the next five years.

Recommendation

- We estimate the fair value of Ascencia at Rs 24.10, using our conservative assumptions described in the valuation section. This would represent an upside potential of 28.88% based on last closing price.
- The stock should appeal to investors, seeking a steady stream of income. Based on our fair value, we see the stock as a Strong Buy.

Financial and valuation metrics

Year	Jun-24	Jun-25	Jun-26 (f)	Jun-27 (f)	Jun-28 (f)
EPS (MUR)	2.44	2.40	2.73	3.22	3.51
P/E(x)	7.11	7.55	6.62	5.62	5.16
P/B(x)	0.80	0.78	0.73	0.68	0.62
Revenue (MUR M)	1,879	2,036	2,179	2,320	2,466
Profit from Operations (MUR m)	1,526	1,784	2,124	2,383	2,384
Adj.Op.Profit Margin (%)	57.68%	55.37%	56.43%	58.02%	59.80%
Profit after tax (MUR M)	1,188	1,169	1,332	1,571	1,709
Profit Margin	63.24%	57.41%	61.16%	67.69%	69.31%
ROE (%)	11.59%	10.70%	11.45%	12.54%	12.60%
ROA (%)	6.70%	6.29%	6.70%	7.26%	7.32%
DPS (MUR)	1.03	1.07	1.13	1.18	1.25
Payout Ratio (%)	42.2%	44.6%	41.4%	36.8%	35.6%
Dividend Yield (%)	5.94%	5.91%	6.25%	6.55%	6.89%

Source: Company data, Swan Securities estimates

06th October 2025

Mauritius

Sponsored Research

Brokerage

Official Market - Mauritius

Recommendation* **Strong Buy**

* For investors with a holding period of 3 to 5 years

Fair Value **Rs 24.10**

Potential Upside **+ 28.88%**

Share Price Rs 18.70

Market Cap Rs 9.5bn

Av. Daily value Rs 0.82m

Traded

Net Foreign Sales (YTD) Rs 2.13m

Foreign Holdings (%) 9%

Year End 30-Jun

NAV (Current) Rs 23.08

Free Float 24%

52W - High 20.95

52W - Low 17.75

Ticker

Security Code ASCE.N0000

ISIN Code MU0259I00005

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Investment Thesis

Ascencia is a leading owner and operator of prime retail assets in Mauritius, delivering consistent value creation through stable rental income, disciplined capital allocation, and efficient mall management. Backed by high occupancy levels, resilient tenant performance, and a strategic development pipeline, Ascencia is well positioned to preserve and grow shareholder value over time. In a maturing local retail landscape, the company stands out for its ability to attract footfall, retain quality tenants, and optimise yields across its portfolio.

Base Case Scenario

- Stable occupancy and rent reversion rate with no deterioration in competitive landscape
- Portfolio GLA to grow by at least 2,500 sqm each year, excluding major extensions of existing malls
- Projects in the East to open in FY 27. Extension of existing mall also expected as from FY 29
- Stable operating margins

Best Case Scenario

- Sustained growth in footfall and stronger than expected tenant sales through improved conversion
- New mall openings outperform expectations.
- Faster lease-up and favourable reversion on renewed contracts.
- Margin expansion supported by easing inflationary pressures.

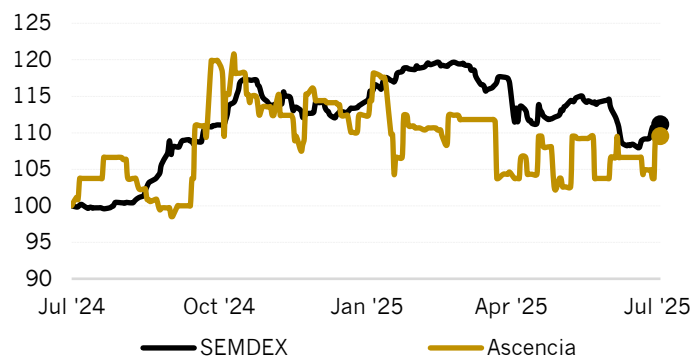
Price target calculation

- Our valuation matrix comprises of a target price using our DDM model. To keep the model grounded in reality we will also use the following price multiples in our matrix: Price/Book along with EV/EBITDA.
- We estimate the fair value of Ascencia at Rs 24.10, using our conservative assumptions described in the valuation section. This would represent an upside potential of 28.88% based on last closing price.

Key Risks to the outlook

- Main risks include: 1) Slowing economic growth and lower consumer sentiment, resulting in lower spending; 2) Increased competition 3) Labour shortages resulting in lower customer satisfaction; 4) Market saturation in certain districts

Share Price Performance (1yr)



Catalyst

- Execution of pipeline projects in the East, which will contribute to the group's bottom line through their share of profit from the JVs.
- Resilient trading density supported by stable consumer spending and continued adoption of mall culture
- Normalisation of interest rates to free up capital for new developments.

Worst Case Scenario

- Consumer spending slowdown weighing on tenant turnover.
- Delays in delivering new GLA or re-letting vacated space.
- New Malls experience difficulties in gaining traction
- No easing of monetary policy stance for prolonged period

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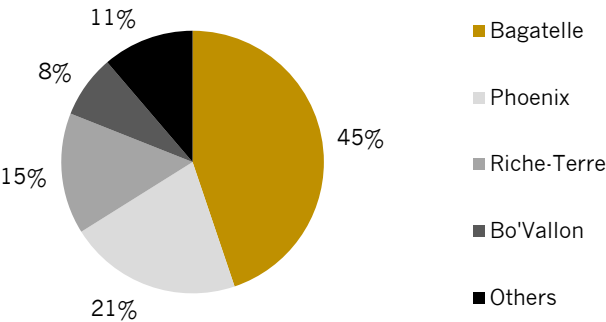
Company Background

Ascencia Limited is a property fund, launched in 2007 following a restructuring of the property pole of the Rogers Group. Ascencia’s portfolio at the time was mainly constituted from acquired properties of “Centre Commercial de Phoenix” and “Centre Commercial de Riche Terre” along with other Jumbo and Spar real estate assets. Other key milestones in the history of the fund involved the acquisition of 50.1% of Bagaprop Ltd (now owned at 100%), holding entity of the Bagatelle Mall, along with the Kendra Mall and Les Allées in 2013. Later on, management team undertook to clean out Ascencia’s portfolio by removing single tenanted properties and other non-core assets in 2015, a decision that would shape out the funds asset base as we know it. In turn, the fund’s visual identity was changed through a rebranding in 2017, which regrouped all of Ascencia’s malls under the same visual identity, recognisable to all shoppers. Though various acquisitions and renovations, Ascencia remodeled and grew its portfolio from Rs 1.3bn in 2008 to 18.4bn as at end of June 2025, representing a CAGR of around 17%. Throughout the years, Ascencia has established itself as the largest owner of shopping malls in Mauritius and an industry reference in terms of retail space. Ascencia’s brand recognition remains particularly strong in urban regions where it owns 3 malls. Today Ascencia is working with more than 500 retailers across its seven malls which are strategically located around the M1/M2, to which it is has been able to offer an average monthly footfall of 2.1m.

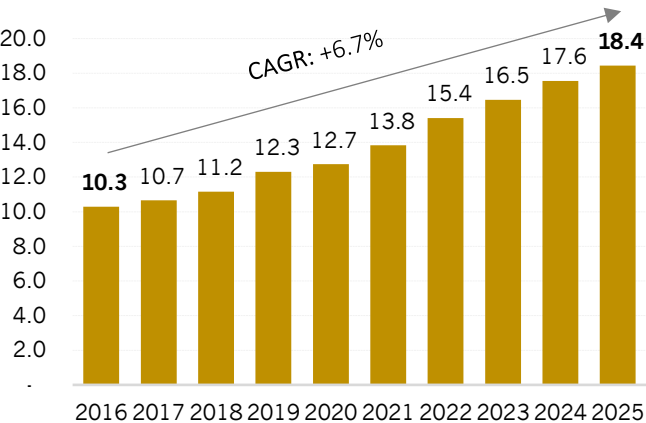
Shareholding Structure

ER Group owns **61%** of Ascencia Ltd. The remaining **39%** is held by other shareholders.

GLA Split



Investment Property Value (Rs Bn)



Source: Company Data

Key Events:

2007	Launch of property fund
2008	Admission on the DEM and acquisition of Centre Commercial de Phoenix and Riche Terre.
2013	Capital raising of Rs 1.5bn and acquisition of Kendra, Les Allées and 50.1% of Bagatelle mall
2014	Capital raising of Rs 450m, Extension of Phoenix Mall and uplifting Riche Terra Mall.
2015	Share Split at ratio of 1 to 150. Capital raising of Rs 1.1bn.
2017	Opening of So'Flo and sale of non-core assets
2020	Opening of Bo'Vallon
2021	Extension of Bagatelle and opening of Decathlon
2022	Listing on the official market of the SEM
2025	Announcement development of two new malls

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Financial Statement Analysis

Footfall

Ascencia's mall portfolio continued to attract visitors at an encouraging pace during the period. Growth in **average monthly footfall** remained stable for the period ended Jun-25, having grown by 4.5%. This follows a period of normalisation in the rate of growth due to the distortion created during the covid period. Despite, rising competition in the region, growth in footfall is now at par with three-year pre-covid average of 5.5%. While this would be hard to quantify, it could be reflecting a relatively higher importance of malls in households' routines with more frequent visits.

Rent to Turnover

Rent to turnover ratio for the group has decreased from 7.40% to 6.90% year to date, its lowest level since 2016. **This could be a sign for management that there may be more room for rent escalation in coming quarters.** The strong growth in tenant's turnover during this period tend to support that argument toning down concerns regarding the bargaining power of the group in negotiations with tenants amid the surge in retail GLA in the region in the past years.

Revenue, Rental Contracts and Recoveries

Ascencia's total revenue grew at an average 8.4% (CAGR) over eight years, mainly from rental income and recoveries, supported by 3.3% annual GLA growth and rental escalations of 5% or CPI. Rental contracts allow rebilling of operating expenses such as utilities, maintenance, and marketing, pro-rated by tenant space. Turnover rent is applied selectively, enabling Ascencia to share in tenants' revenue upside, particularly for high-growth potential tenants unable to meet initial rent levels. This approach fosters early-stage tenant success while boosting income. Exhibitions and advertising contribute a stable Rs 30m annually, representing about 2% of total revenue.

Finance Cost

Ascencia's capital-intensive operations require frequent debt or equity raisings to fund developments, supported by its strong market access. Net debt reached Rs 6.3bn in FY2024, with a gearing ratio of 37.7%, slightly below its 39% historical average. Cost of debt rose to 6.2% from pandemic lows, driving a 22% average increase in finance costs over the past three years. Liquidity remains solid, with an interest coverage ratio of 2.7x. Backed by a CARE MAU AA- rating, Ascencia raises funds at lower costs (about 30 bps below market and 20 bps below property peers on average) enabling both acquisitions and capital structure optimisation.

Average Spending per Visit

Average spending per visit, grew on average by 4.0% (CAGR) in the past 8 years on a nominal basis and by 3.50% on a real basis. This is faster than the growth in average footfall across the portfolio which grew by 3.0% over the same period. This highlights the good conversion at portfolio level in the last 8 years resulting in **tenant's turnover** growing on average by 7.0% over the same period.

Trading Density

Trading density improved in 2025, growing by 10.4%, higher than pre-covid growth of 7.5%. Trading density was supported during the period by the strong demand for rental spaces managed by Ascencia as **EPRA vacancy** reached 1.1% for the year ended Jun-25, one of its lowest to date.

Operating and Administrative Expenses

OPEX grew 8.8% annually between 2016 and 2024, slightly outpacing recoveries, which reduced recovery coverage from 93.2% pre-COVID to 91.7%. This reflects partial cost absorption by Ascencia, protecting tenants from inflation-driven spikes, notably in electricity. Administrative expenses, mainly Enatt management fees and letting commissions, fell as a percentage of revenue from 12.9% to 9.6% pre-pandemic, spiked during COVID, and have since normalised. Over the period, admin costs grew 5.4% annually, below rental income growth of 8.4%, highlighting operating leverage.

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Sustainability

Sustainability is a core pillar of Ascencia’s strategy, guiding both its operational decisions and long-term investments. The company’s strong commitment to responsible growth has earned national recognition, including its inclusion in the **Stock Exchange of Mauritius Sustainability Index (SEMSI)** since 2021 and the PwC Sustainability Award in 2023 under the ‘Construction and Real Estate’ category.

Ascencia’s efforts are focused on three key areas, **energy, water and waste**, with clearly defined targets, regular performance audits, and proactive tenant engagement supporting its sustainability agenda.

Energy Efficiency

Ascencia continues to invest significantly in renewable energy and energy-efficient infrastructure to reduce its environmental footprint. In FY2024, the Group’s photovoltaic farms generated an output equivalent to the annual energy consumption of over 23,000 households. With installations at Bagatelle, Phoenix, Kendra, and Les Allées Malls already operational, solar capacity is set to expand further with upcoming projects at Riche Terre Mall, Bo’Valon Mall, and the Home & Leisure precinct of Bagatelle. The company aims to reach 6.7 million kWh in solar generation this financial year. The goal will be to cover roughly 25% of the portfolio’s total electricity consumption.

Energy efficiency initiatives are also progressing. A new chiller system installed at Bagatelle Mall delivered a 20% reduction in energy use, contributing to Ascencia’s broader objective of aligning its assets with green certification standards. Phoenix Mall is in the final stages of the certification process, while gap analyses are being conducted across other malls to identify and implement additional efficiency improvements.

Water Conservation

Water management is a key part of Ascencia’s sustainability programme, with efforts focused on recycling and responsible consumption. At Bo’Valon Mall, the Group operates a wastewater treatment facility that recycles approximately 22,636 cubic metres of water per month, covering 85% of the mall’s total water usage. This initiative significantly reduces reliance on municipal water sources and sets a benchmark for resource-efficient infrastructure within the portfolio.

Waste Management

Ascencia has made strong progress in its waste management strategy, particularly through the implementation of its “Sorting at Source” programme across all malls. The Group currently maintains a 45% recycling rate portfolio-wide, with some properties such as Bo’Valon Mall already exceeding the 50% target. Waste is separated into key streams (cardboard, plastics, paper, and organics) and channelled through specialised partners to reduce landfill dependency.

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Industry Overview and Market Positioning

The urban and demographic prominence of the Plaines Wilhems district is rooted in historical migration trends dating back to the colonial period. Following early settlement in Vieux Grand Port and Mahebourg, Port Louis rose as the island’s economic centre due to its superior port. However, malaria outbreaks and poor sanitation in the 19th century drove population shifts inland towards the cooler, healthier highlands—primarily Curepipe and its surroundings. The development of road and rail infrastructure catalysed further inland growth, with the Plaines Wilhems district eventually emerging as the island’s most densely populated urban region. Today, this demographic evolution underpins its position as the epicentre of formal retail activity, with the highest GLA per capita and a concentration of middle- to high-income households, directly aligning with Ascencia’s retail footprint

Population Centers

Out of the 1,199,834 inhabitants in Mauritius, 30% are currently living in Plaines Wilhems. Other most populated districts are Pamplemousses (11.7%) and Flacq (11.4%). Although the capital city of Port-Louis does not have the highest number of inhabitants, it remains the most densely populated region, with around 2,856 people per Km2. Port-Louis is followed by Plaines-Wilhems with around 1,841 people per Km2 and Pamplemousses with around 794 people per Km2.

Purchasing Power

Using the national ATM network as a proxy for regional purchasing power, Plaines Wilhems stands out with the highest concentration of ATMs by both land area and population, recording approximately 0.4 ATMs per km² and one ATM for every 4,251 residents. Plaines Wilhems is followed by Rivière du Rempart, which has one ATM for every 4,889 inhabitants, and Moka, with one ATM per 4,916 residents.

Connectivity

The country’s total road network stood at 2,847km as at March 2023, out of which 104 km of motorway. The country currently has 3 main motorways, the M1, M2 and M3. During the last decade, the local road infrastructure saw an increase of 25.1% in the total road network, with an additional 572 km added, mainly to secondary and other smaller roads. During the same period, number of vehicles per Km of road increased by 21.8%.

Infrastructure Development

Using our own estimates of the total urbanised area for each districts, we used the “Urbanised area as a percentage of total district area” metric to measure the level of infrastructure development in each districts. Overall, we found that Plaines-Wilhems, Riviere du Rempart and Pamplemousses were the most developed from an infrastructure standpoint. It’s good to note that some districts are larger in size and comprises of natural reserves and other agricultural lands, explaining the lower urbanisation rate.

Drivers of retail GLA

- Overall, we found that districts with high population density, purchasing power, good road network (connectivity) and infrastructure development tend to have more retail GLA (sqm) per inhabitant. This is the case for Plaines-Wilhems, Riviere du Rempart and Black River.
- This implies that for retail GLA to grow in other districts, it will need the key enablers earmarked above.

Formal Retail Gross Lettable Area (GLA)

Based on our own estimates, the country’s total formal retail stock currently stands at around 540,000 square metres (sqm). The analysis only considers retail spaces of 2,000 sqm and above, including Convenience, Neighbourhood, Regional, and Super-Regional centres

Historically, a majority of the local retail stock has been concentrated around the Plaines Wilhems region, which hosts most of the island’s Regional and Super-Regional centres, accounting for 50.0% of the country’s total retail stock. For consistency, Bagatelle Mall has been attributed to Plaines Wilhems, as its primary catchment area falls within this district.

More recently, other trade centres have emerged in the north and south-west of the Island as population density and purchasing power increased. This increase in demand from a more cosmopolitan population led to a spur investment in infrastructure development in the past decades. Villages such as Grand-Baie and Tamarin are concrete examples of this shift as Rivière du Rempart and Black River holds 12.0% and 10.0% respectively of the island’s total retail stock.

Overall, Plaines-Wilhems, Riviere du Rempart and Black River are the districts with the highest retail GLA per capita, sitting above the national average of 0.44 sqm per capita. All three regions share similar characteristics, in that they are densely populated regions, with relatively high spending power, adequate infrastructure development including good connectivity as malls are usually placed around motorways or main roads.

Other regions, which are predominantly rural are below the national average. Most likely due to the absence of one or more enablers such as population, density, purchasing power or connectivity amongst others, which presently limits the region’s ability to absorb increases in retail spaces. (See table in appendix)

At present levels, GLA per capita in Plaines-Wilhems (0.74 Sqm/ Capita), Riviere du Rempart and Black River (Both at 0.6 sqm/ capita) surpasses similar metrics of more developed retail markets such as Singapore (0.58 sqm/capita) or South Africa (0.43 Sqm/ Capita), indicating potential market saturation in the districts and limited potential for GLA growth.

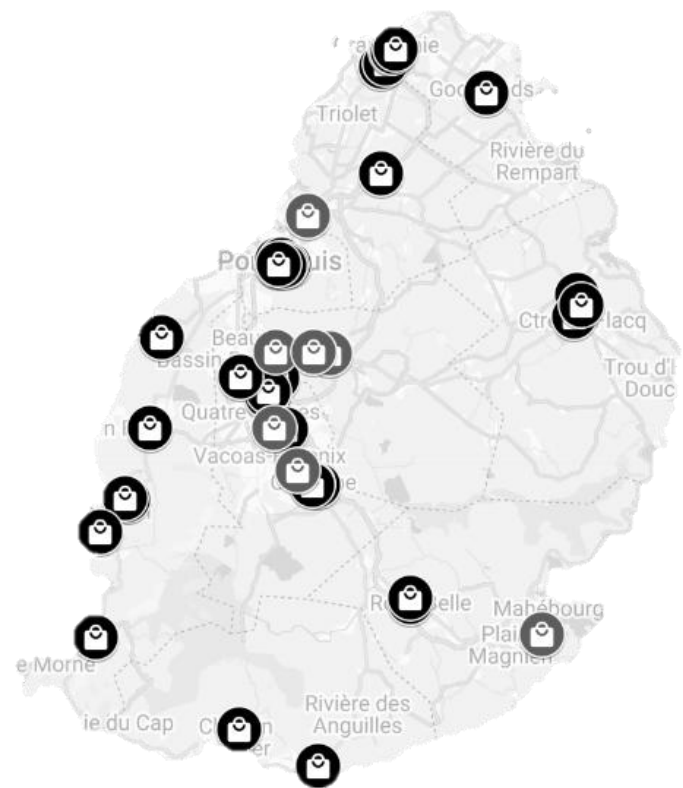
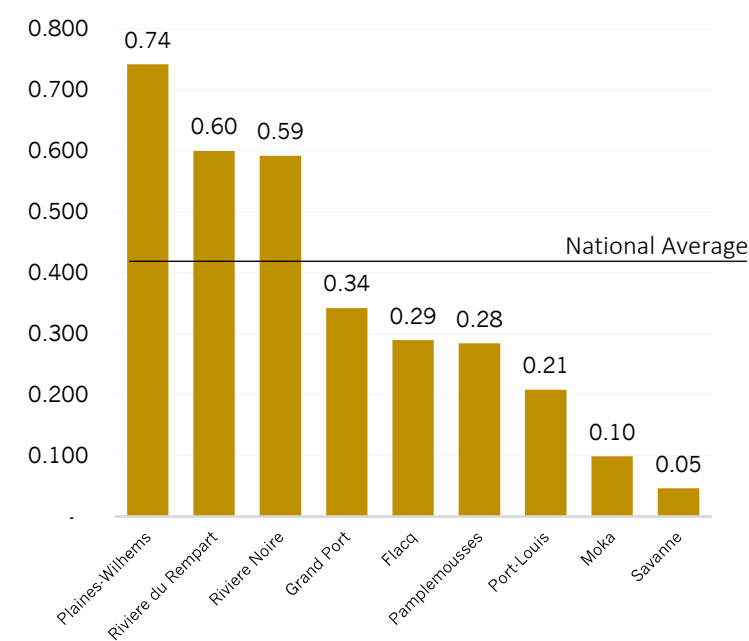


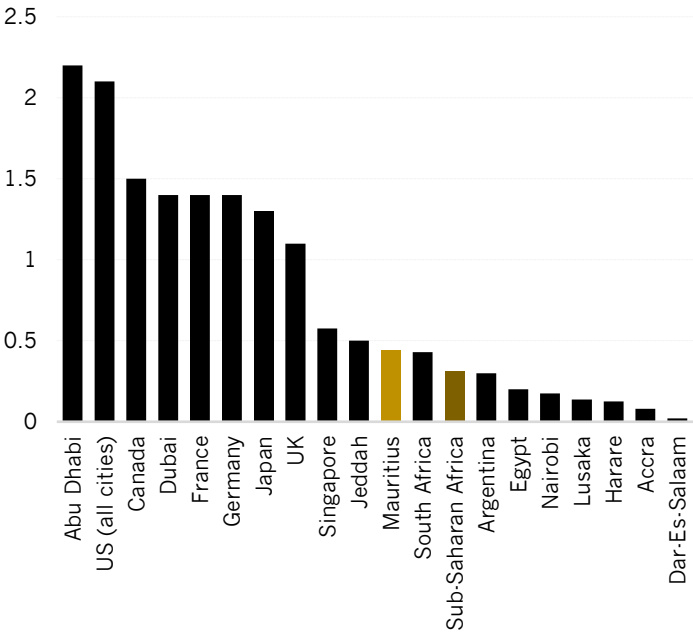
Figure 1: Formal retail penetration – Sqm per capita



Source: Swan Securities estimates

Excluding Plaines-Wilhems, Riviere du Rempart and Black River, the national average Retail GLA per sqm is currently estimated at 0.185 sqm/ capita, aligned with other African regions such as Egypt (0.2 sqm/capita) and Nairobi (0.18 sqm/capita), but still lower than South Africa and Singapore. This highlights the potential for further growth GLA in these regions.

Figure 2: Formal retail penetration – Sqm per capita



Source: Cbreim, Knight Frank, Swan Securities estimates

Note:

Formal Retail:

We define formal retail as retail real estate that is planned, developed, owned, and managed by a single entity, typically featuring a coherent tenant mix and consistent management standards. This includes shopping malls and other structured commercial centres. In contrast, informal retail refers to small-scale street-level setups such as temporary stalls, hawkers, and vendors operating in loosely organised spaces, often lacking a coherent layout or centralised management.

Mall Classification:

We modified the general shopping mall classification guidelines to adapt it to the local context. As such we came up with the below shopping mall classification table:

Classification	GLA Benchmark	Description	Example
Large Regional Mall	> 50,000 m ²	A flagship destination for retail, dining, and entertainment, featuring multiple anchors, an extensive tenant mix, and a wide regional reach.	Bagatelle, Tribeca
Regional Mall	25,000 – 50,000 m ²	Substantial retail mix including fashion, dining, electronics, and essential services, strong footfall from wider suburban area.	Phoenix Mall, La Croisette, Grand Baie Coeur de Ville
Community Centre	10,000 – 25,000 m ²	Likely to feature multiple anchor tenants, with a moderate mix of retail, services, and casual dining. Typically serves several surrounding neighbourhoods.	Riche Terre Mall, Bo’Vallon, La City, Mahogany
Neighbourhood Centre	5,000 – 10,000 m ²	Localised foot traffic, few anchor tenants with a core retail offering.	So’ Flo, Kendra, Mont Choisy mall
Convenience Centre	2,000 – 5,000 m ²	Serves immediate vicinity with a few essential tenants; often walkable or standalone.	Les Allées, Plaza Boulevard, Albion Mall

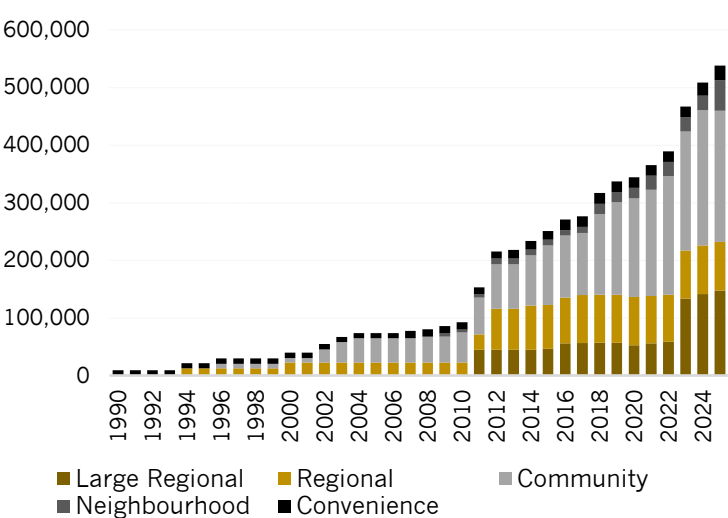
Competitive Environment

Taking a close look at the formal retail GLA stock in the past 30 years, the two largest additions to the GLA stock were the Phoenix mall in 1994, the Trianon Shopping Park (La City) in 2002 and Riche Terre mall in 2003, the island’s first Community centres. During this period, Formal GLA stock grew at a rate of only 4,500 sqm on average per year either through new malls or extension of existing malls. This represents the equivalent of a convenience centre, halfway between Les Allées and Kendra, in terms of size.

At the time, real household consumption relative to formal GLA stock was relatively higher than today, an indication that consumption through informal retail remained relatively high at the time.

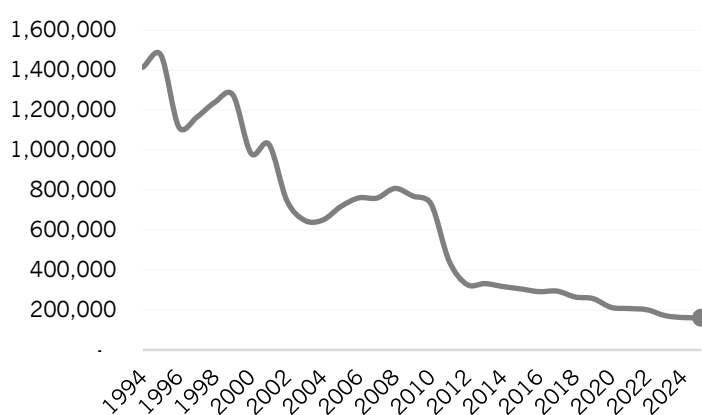
The industry witnessed a structural shift in the 2010s, when Ascencia entered the market. **The arrival of Bagatelle in 2011, the Island’s first Regional Mall changed the retail landscape locally.** Leveraging on the expertise of Atterbury in mall management, Ascencia’s malls offered a one stop facility for consumers in well located properties while working alongside tenants to put their products forward. The arrival of Ascencia, could certainly be linked to the **transition into a “mall culture”** in the last decade. As a result, between 2010 and 2020, real household consumption per sqm fell significantly due to the increase in Formal GLA stock (Figure 4). During this period, consumption geared towards informal retail switched to the formal side, supporting the absorption of additional GLA supply in the formal retail stock.

Figure 3: Formal Retail GLA Stock (in sqm)



Source: Swan Securities estimates

Figure 4: Trade Density (Real Household Consumption/Sqm of formal retail space)



Source: Statistics Mauritius, Swan Securities estimates

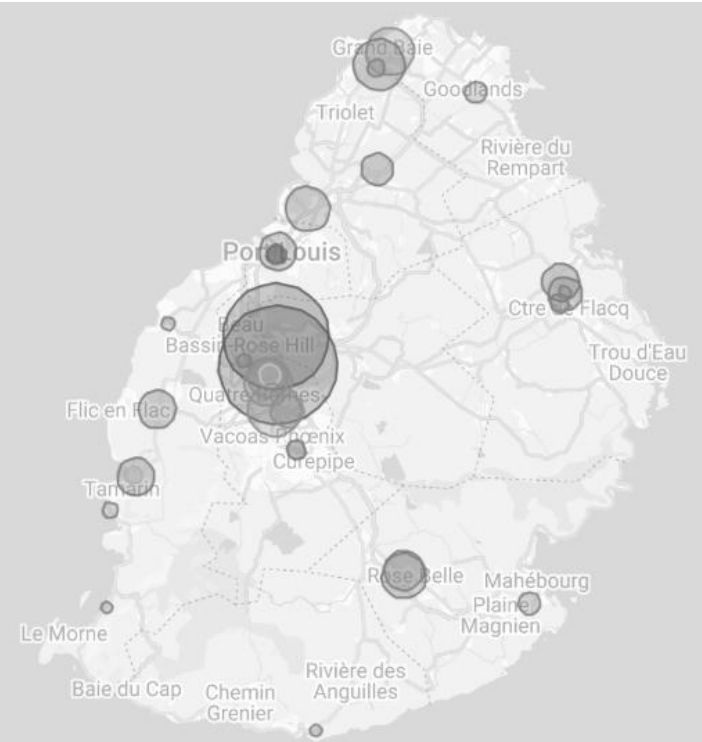
Competitive environment

To have a clearer look at the local competitive landscape, we mapped each malls catchment area, which is represented visually in Figure 6 by a radius around each mall. Regional malls will naturally have larger radius compared to smaller neighbourhood centres. If two or more malls catchment areas overlap, this would mean that these centres are in direct competition with each other (ie: A catchment area overlap of 200% for a mall indicates that the combined influence zones of nearby malls overlap its own radius of influence by twice its area.) The more these catchment areas overlap, the more intense the competitive pressure will be for the malls.

The only exception to the above remarks would be the large regional malls. For example, Tribeca is geographically close to several malls, however, due to the mall's size, its radius of influence can cover a larger area than most other malls in the region, it will be harder for smaller malls to contest its influence. The only main rival in the region remains Bagatelle.

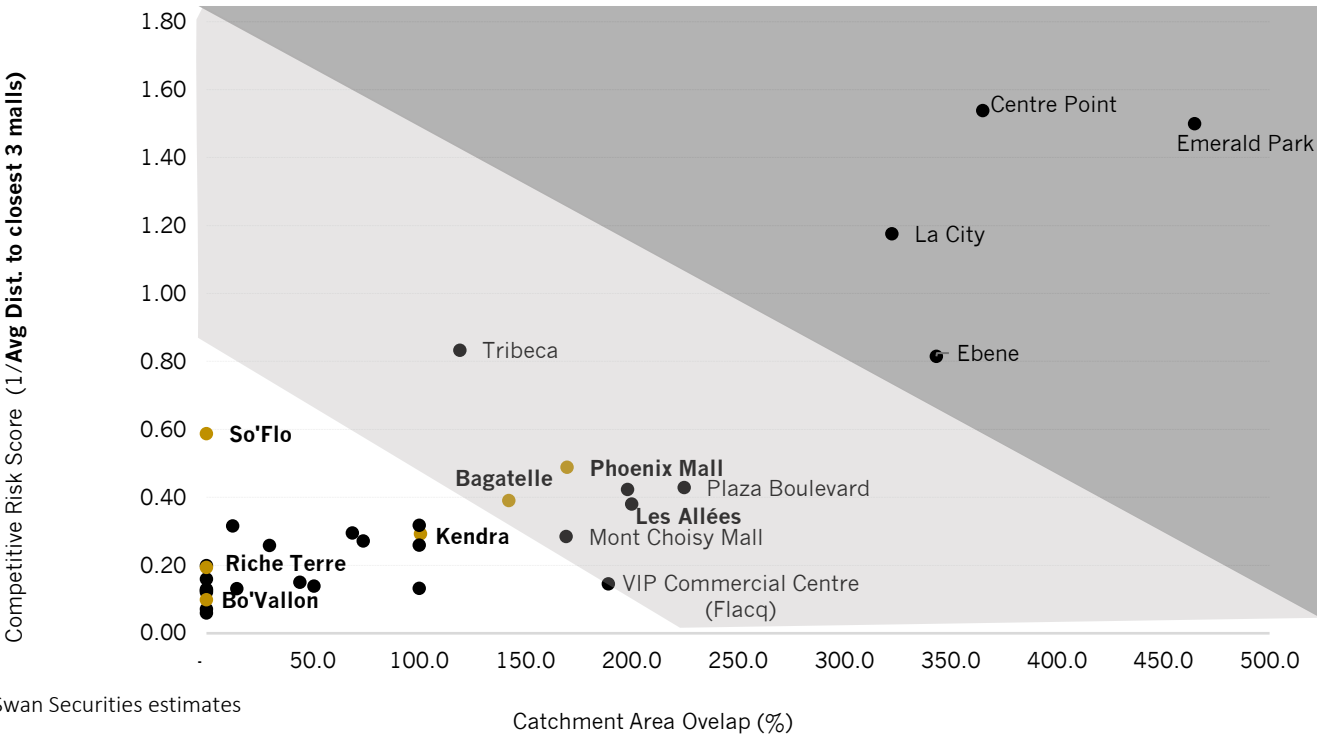
We can clearly see in Figure 7 that competitive pressures are particularly high in the Plaines-Wilhems region. Flacq city centre and Grand-Baie are two other regions where malls tend to be too close to each other, putting them in direct competition. **It is important to note however that these competitive pressures tend to impact lower grade assets first** (Assets in abandonment state with low investments). Ascencia's malls can be included in a top tier category thanks to consistent refurbishments/renovations.

Figure 6: Malls Catchment Area



Source: Swan Securities estimates

Figure 7: Competitive Risk Exposure



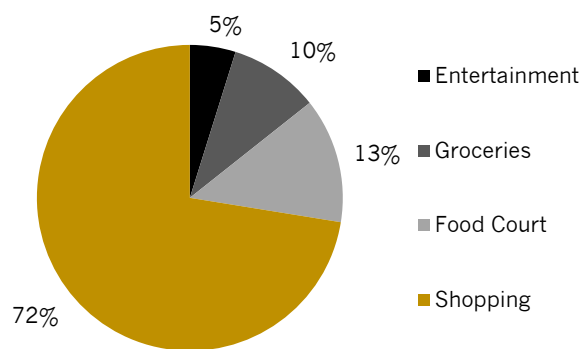
Source: Swan Securities estimates

Bagatelle vs Tribeca

As highlighted in the previous section, larger malls tend to have a larger radius of influence compared to other malls. In the Plaines-Wilhems region, Bagatelle benefited from a decade long first mover advantage, allowing the mall to build considerable brand equity along those years. Ascencia’s flagship asset have faced rising competition in the past three years as its influence is being tested by the arrival of Tribeca mall, located less than 3km away. Since Bagatelle Mall represents 45% of the group’s GLA, it is worth taking the time to assess how the competitive landscape changed in the past three years.

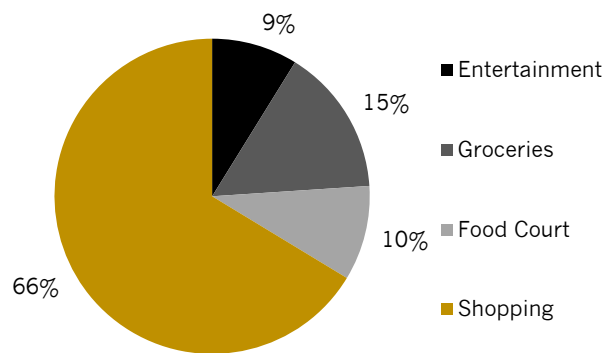
Our initial assumption was that with the arrival of Tribeca, it is likely that Bagatelle’s secondary trade area is more disputed, now that those who previously travelled far (especially using the M3) have other alternatives. However, through thorough analysis, we saw that the answer is more nuanced.

Figure 8: GLA Split - Bagatelle



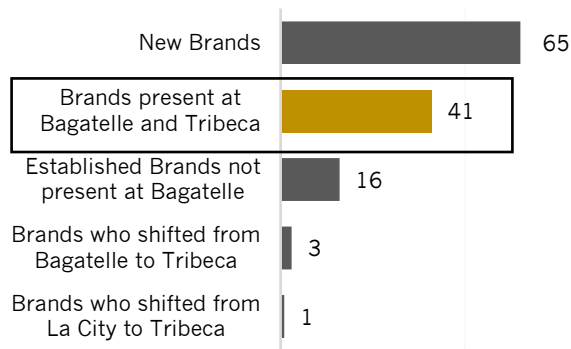
Source: Swan Securities estimates

Figure 9: GLA Split - Tribeca



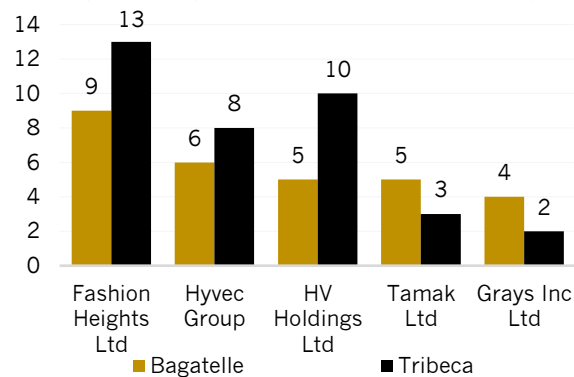
Source: Swan Securities estimates

Figure 10: Tenant Profile - Tribeca



Source: Swan Securities estimates

Figure 11: Companies operating brands in both Bagatelle and Tribeca (Sorted by number of rental contracts)



Although Tribeca’s arrival significantly increased formal GLA in Plaines-Wilhems, tenant shifts from Bagatelle have been minimal. In its three years of operation, only 3 out of 200 tenants moved from Bagatelle to Tribeca, underscoring the strong tenant retention of Ascencia’s flagship asset.

Contrary to expectations of intense competition, many large brands have opted to operate in both malls. Over one-third of Tribeca’s tenants are also present in Bagatelle, suggesting a strategy to capture both malls’ potential captive markets rather than cede ground to competitors.

Currently, both malls appear to co-exist rather than compete aggressively. Their profiles differ: Tribeca offers larger average rental spaces, attracting tenants such as home appliance, furniture, or entertainment retailers. This results in a higher proportion of Anchor GLA and potentially longer WALE than Bagatelle. However, higher WALE often comes with lower rental yields, as Anchor tenants can negotiate favourable terms given their larger space requirements.

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Investment Thesis

Changing Consumer Behaviour

Rising household incomes and expanding formal retail GLA have driven a shift in Mauritian consumer behaviour toward modern, experience-led retail. Google Trends and import data show increased demand for fast food, luxury goods, and entertainment, reflecting evolving preferences. Growing imports of unroasted coffee, premium mineral water, and caviar suggest rising interest in upscale dining and social experiences. Greater mobility, evidenced by more vehicles on the road, has also supported footfall growth at destination malls. These trends underscore how formal retail is capturing a larger share of household consumption and positioning itself as both a shopping and lifestyle destination

Improved Connectivity

Connectivity has been a key driver of retail GLA expansion in Mauritius, with malls strategically located along major motorways. The revival of the M4 motorway project, linking the north to the south via the east, is now a government priority. Phase 1 and 2 will enhance access through Forbach, Pont Blanc, and Bel Air. Ascencia’s upcoming Mall de Flacq, which could be situated along the planned M4 on Alteo land, may benefit significantly. Improved connectivity is also expected to boost footfall at Bel Air Mall and Bo’Vallon Mall, positioning the three assets advantageously to capture footfall.

Infrastructure Development

Infrastructure development, particularly through smart city projects, is expected to drive future GLA growth by encouraging residential relocation from congested urban centres to emerging rural hubs. In the East, rising population density will support Mall de Bel Air’s localised demand. Similarly, developments in Moka Smart City, L’Avenir, Vivea, Courchamps, and Telfair, will boost footfall across Ascencia’s portfolio. To meet this growing demand, Ascencia plans to double the size of its Kendra mall, adding 5,000 sqm of GLA, reinforcing its presence in the expanding Moka region.

Figure 12: Google searches for key terms linked with services spending (12m average)

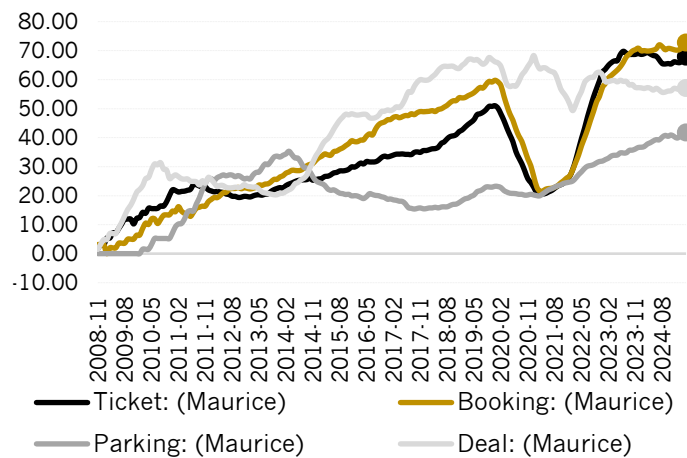


Figure 13: New Motorways to unlock connectivity in the East and South (M4 and M5)

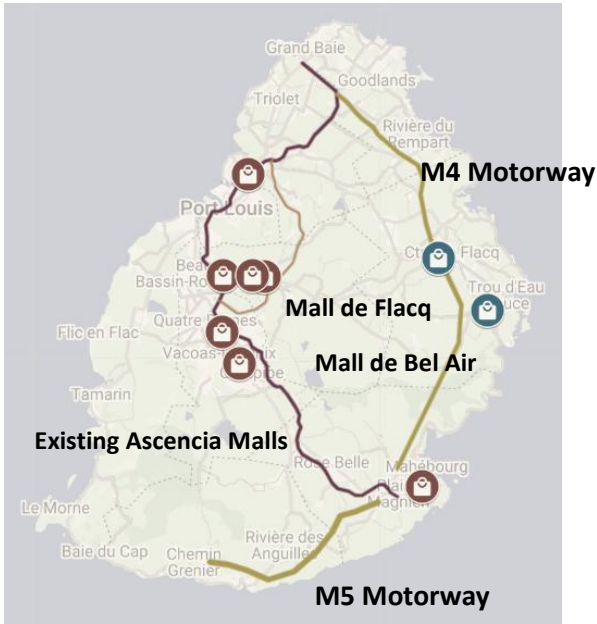


Figure 14: Beau Champ Smart to create captive market for the Bel Air mall



Ascencia Limited

Forecast, Valuation & Risks

Assumptions

As per management guidance, Ascencia's development pipeline includes the following projects in the short term:

- Repurpose GLA of 2,600 Sqm at Phoenix mall
- Repurpose GLA of 2,800 Sqm at Riche Terre mall

Both of the above projects are expected to positively contribute to the group's results as from next financial year.

In the Flacq region, the group announced their participation through a Joint Venture of 2 projects, Mall de Flacq and Mall de Bel Air. These investments are expected to positively contribute to Ascencia's bottom line as from end of FY 27 through their share of results of the JV.

- We estimated the fair value of the Mall de Bel Air at around Rs 800m and the fair value of the Mall de Flacq at around Rs 2.7Bn.
- We assumed stable growth rate in NOI of 5% and discount rates ranging between 12.5% and 13.5%.
- Based on past projects (So'Flo and Bo'Vallon), we expect both JVs to issue share capital representing approx. 35% of construction cost. This will represent around Rs 184m and 780m respectively, to which Ascencia will contribute 50%, for an overall investment in JV of Rs 460.4m.
- Share of the profit from both JVs is expected to add approximately Rs 88.7m to Ascencia's bottom line in their first year of operation.

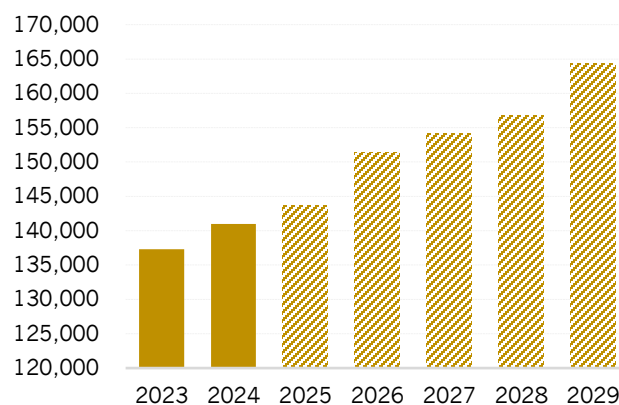
Finally, the group shared their intention to extend the GLA of Kendra by an additional 5,000 sqm in the coming years which we accounted for in FY 29.

From a rental perspective, we assume a conservative rent reversion of 5% in the coming years assuming less volatility in inflation rate.

On the same basis, we expect the group's financials to benefit from these more stable prices through lower volatility in operating and admin expenses.

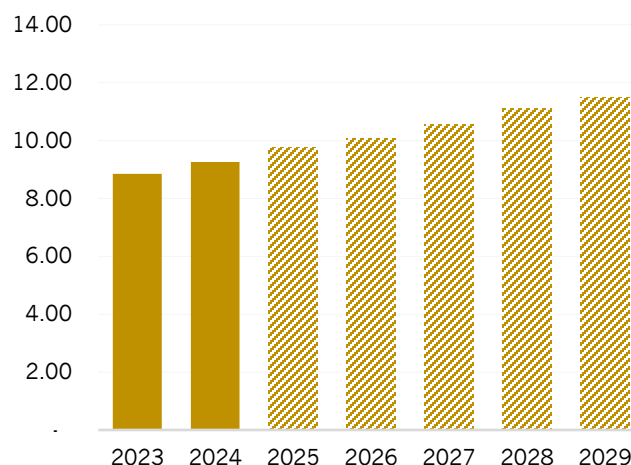
From a financial perspective, the assumption of a more stable inflationary environment could contribute to a lower key rate, which we took into consideration in our forecast. As such overall finance cost is expected to decline by approximately 100bps in the next five years.

Figure 15: GLA Growth



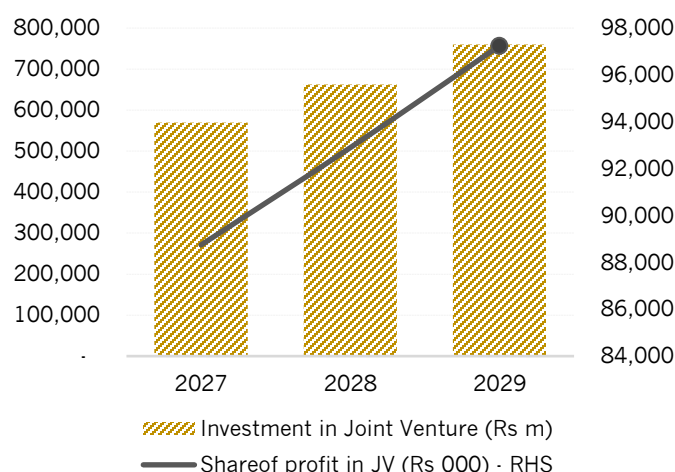
Source: Company data, Swan Securities estimates

Figure 16: Rental Income/Sqm (000')



Source: Company data, Swan Securities estimates

Figure 17: Share of profit from Joint Ventures



Source: Company data, Swan Securities estimates

Valuation

Ascencia's operations closely resemble those of a property REIT. Like many REITs, it distributes a large share of earnings as dividends, creating a greater reliance on external financing to support its core objective of developing and operating real estate assets. These capex cycles, coupled with sizeable dividend payouts, limit the reliability of traditional cash flow-based valuation methods such as DCF.

On the other hand, Ascencia's maturity, stable payout ratio and consistency in dividend payment makes the dividend discount model (DDM) a better option compared to the DCF, hence for relevance purposes our valuation matrix will mainly focus on the DDM. To keep the model grounded in reality we will also use the following price multiples in our matrix: Price/Book along with EV/EBITDA.

Our DDM model assumes a stable payout ratio of 42% over the next 5 years, although payout ratio averaged 43.2% in the last three years. This was done to remain conservative, in a context where several projects will be coming in the next five years. We estimate the stock's cost of equity at around 10.30%, using a CAPM approach.

Our P/B valuation was made using a conservative multiple of 0.90x to reflect prevalent market sentiment, although it is below the stock's 5-year median P/B of 1.13, which is consistent with the stock's ROE being above its cost of equity. We used the 2026 NAV estimate to derive a twelve-month target price.

Our EV/EBITDA valuation was made using a conservative multiple of 14.7x, which also reflects prevalent market sentiment. It is worth noting that the stock's 5-year median multiple stands at around 17.0x. We used our EBITDA estimate for 2026 to derive a twelve-month target price.

Overall, we estimate Ascencia's fair value at around Rs 24.08, which represents an upside potential of around 28.88% based on its last closing price.

Figure 18: Dividend per share and Payout ratio.

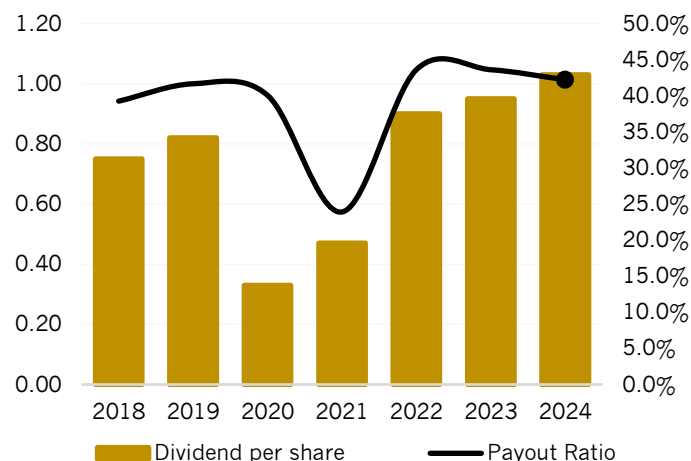


Figure 19: Price to Book (x)

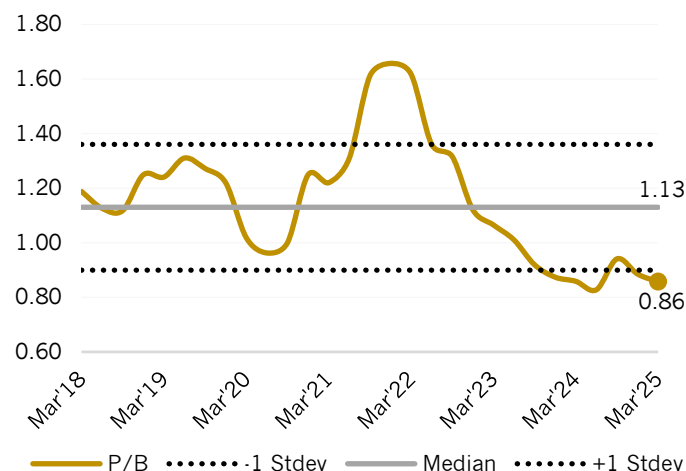
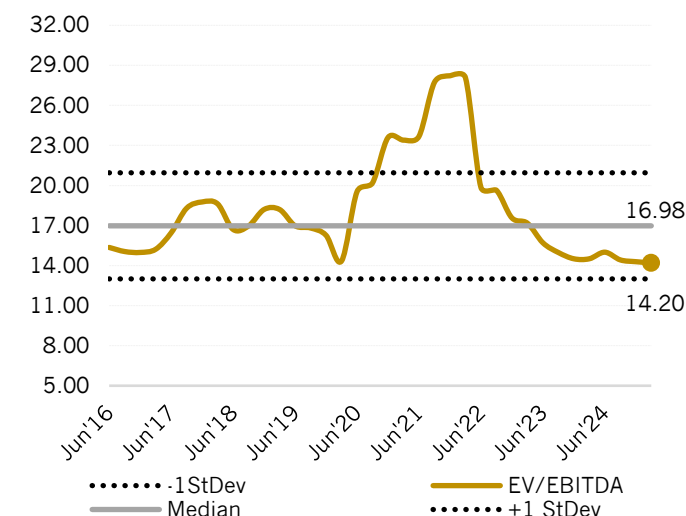


Figure 20: EV/EBITDA (x)



ESTIMATED AVERAGE EQUITY VALUE

	Weight	PPS
DDM	33%	25.17
P/B	33%	22.25
EV/EBITDA	33%	24.82
Estimated Equity Value per Share	MUR	24.08

Source: Swan Securities Estimates

Risks

Our valuation model's output could potentially be reviewed to the downside based on the risk factors described below.

- Slowdown in consumption
 - Gradual phasing out of social allowances and introduction of levies notably on sugar and alcohol could lead to a slowdown in discretionary spending, which would put pressure on tenant's turnover. This could potentially limit Ascencia's ability to increase rentals.
- Competitive environment
 - Increased competition, especially in the Plaines Wilhems region could put pressure on the group's rental escalation and occupancy rates.
- Resurgence of inflation
 - Should inflation rise again and break out of BOM's target range of 2% to 5%, operating and administrative costs could be noticeably higher to what we forecasted. This would result in some down pressure on Ascencia's margins.
 - Resurgence in inflation could also put a brake on potential rate cuts from the BOM. This could lead to higher finance cost than what was forecasted in our model.
- Delays in upcoming projects
 - Delays in upcoming projects, namely Mall de Flacq and Bel Air along with the increase in the size of Kendra would lead to lower profitability and lower dividends per share.
- Credit rating downgrade
 - Potential rating downgrade by Moody's could lead to a higher country risk premium which in turn will lead to a higher cost of equity. This should put downward pressure on our DDM price estimate.

Appendix

Forecast

Income Statement

Year	Jun-24	Jun-25	Jun-26 (f)	Jun-27 (f)	Jun-28 (f)
Rental Income	1,305,987	-	1,525,013	1,624,139	1,726,459
Other Income	573,302	-	653,577	696,059	739,911
Total Income	1,879,289	2,036,065	2,178,590	2,320,198	2,466,370
Operating Expenses	597,095	677,729	725,170	737,182	742,208
Net Property Income	1,282,194	1,358,336	1,453,420	1,583,016	1,724,163
Other Income/(Expenses)	404,123	425,846	491,105	536,500	581,541
Profit from operations	1,686,317	1,784,182	1,944,525	2,119,516	2,305,703
Other items (Inc Sh of profit from JV)	0	0	0	88,745	92,896
Profit before interest and taxation	1,686,317	1,784,182	1,944,525	2,208,261	2,398,599
Net finance cost	-378,169	-372,498	-415,328	-406,998	-435,132
Profit before tax	1,308,148	1,411,684	1,529,197	1,801,262	1,963,467
Tax	119,652	242,790	196,860	230,736	254,111
Profit after tax	1,188,496	1,168,894	1,332,337	1,570,526	1,709,356
EPS	2.44	2.40	2.73	3.22	3.51

Source: Company data; Swan Securities estimates

Balance Sheet

Year	Jun-24	Jun-25	Jun-26 (f)	Jun-27 (f)	Jun-28 (f)
<i>Current Assets</i>					
Cash and Cash Equivalent	125,295	167,673	639,534	252,714	546,344
Trade receivables	35,077	0	24,088	19,259	15,380
Financial Assets at amortized cost	246,391	67,731	149,891	199,891	242,891
Other assets	185,127	217,442	289,372	273,083	259,162
Total Current Assets	591,890	452,846	1,102,885	744,947	1,063,778
<i>Non-Current Assets</i>					
Investment Property	17,553,381.0	18,443,942.0	19,639,018.5	20,962,449.1	22,343,343.5
Investment in Joint Venture	-	-	-	701,519.3	794,415.4
Other assets	51,881.0	61,973.0	60,000.0	60,000.0	60,000.0
Total Non-Current Assets	17,605,262	18,505,915	19,699,018	21,723,968	23,197,759
Total Assets	18,197,152	18,958,761	20,801,903	22,468,915	24,261,537
<i>Equity</i>					
Stated Capital	4,460,068	4,460,068	4,460,068	4,460,068	4,460,068
Retained Earnings	6,138,680	6,786,147	7,567,420	8,560,626	9,662,181
Total Equity	10,598,748	11,246,215	12,027,488	13,020,694	14,122,249
<i>Current Liabilities</i>					
Borrowings	71,070	8,565	92,138	102,672	113,206
Trade and other payables	459,842	446,162	553,808	604,358	661,684
Other liabilities	795	0	800	800	800
Total Current Liabilities	531,707	454,727	646,746	707,830	775,690
<i>Non-Current Liabilities</i>					
Borrowings	6,350,427	6,346,501	7,200,427	7,700,427	8,200,427
Deferred tax liabilities	716,270	911,318	927,242	1,039,963	1,163,170
Total Non-Current Liabilities	7,066,697	7,257,819	8,127,669	8,740,390	9,363,597
Total Liabilities	7,598,404	7,712,546	8,774,416	9,448,221	10,139,287
Total Liabilities and Equity	18,197,152	18,958,761	20,801,903	22,468,915	24,261,537

Source: Company data, Swan Securities estimates

Investment Thesis

Changing consumer behaviour

The rise in household disposable income, combined with the expansion of formal retail gross leasable area (GLA), has contributed to a noticeable shift in consumer behaviour in Mauritius. As consumers moved away from informal retail outlets towards modern shopping centres, urban lifestyles became increasingly prevalent. This socioeconomic transformation is characteristic of countries transitioning between income status, where higher living standards and better organised retail offering often lead to evolving consumption patterns and preferences. We tried to capture this change using various tools such as google trends and volume of imports on certain products.

Using data captured from Google trends, we can see a steady increase in consumer interest in fast food chains over the same period. This upward trend suggests a growing intent to engage with these brands, potentially resulting in actual purchases. The data reflects relative search interest over time, meaning that brands like KFC are now generating significantly more attention compared to ten years ago, based on their own historical search patterns. This highlights the **growing demand from households for takeout food** in a search for convenience during the past two decades.

Rising interest for luxury brands further supports the change in consumption patterns through **increased spending on consumer discretionary goods**. Brands included in the charts are most of time found in malls, which further highlights the growing influence of formal retail in the industry.

Demand for services also increased in the past decades, as highlighted by the rising interest in key terms linked to events that would require tickets at entrance such as concerts (or cinema) or services that would require bookings such as hotels for example. This could potentially suggest that households' **demand for entertainment is on the rise**.

The rise in number of new vehicles on the roads and the resulting demand for parking spots also suggest that **consumers are more mobile**, which makes them more likely to spend in venues that are more remote as compared to where they live. This could be another key factor explaining the consistent increase in footfall witnessed by Ascencia's portfolio.

Figure 1: Google searches for fast food chains (Mauritius)

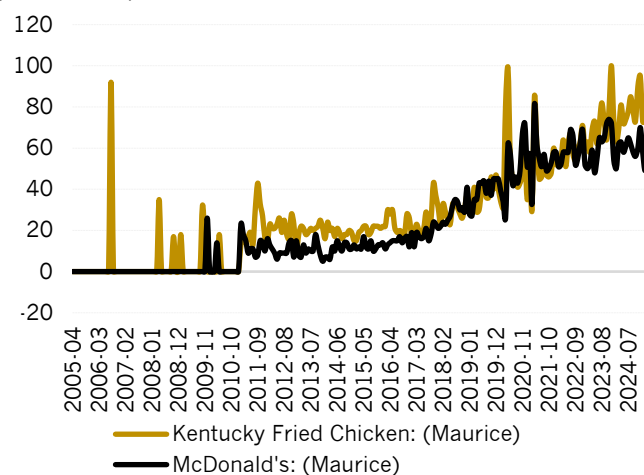


Figure 2: Google searches for luxury brands (12m average)

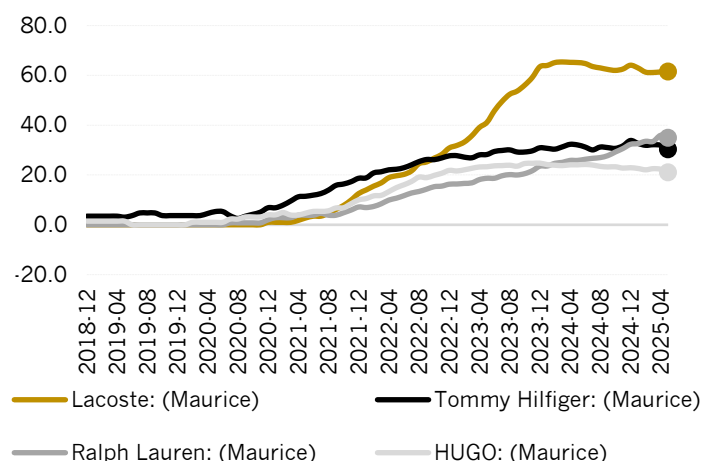
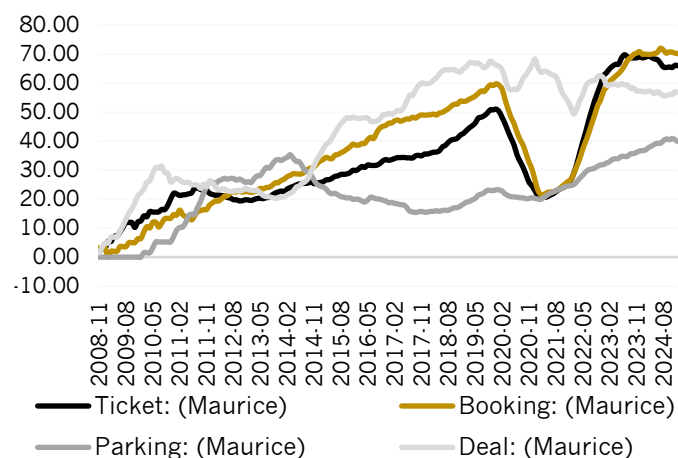


Figure 3: Google searches for key terms linked with services spending (12m average)



This change in behaviour is further illustrated by the sustained increase in import volumes of unroasted coffee beans, which are typically used for commercial purposes. This trend supports the view that coffee consumption is on the rise. Since coffee consumption in dedicated coffee shops is associated with social gatherings/business meetings, demand for coffee could reflect growing consumer demand for experiences, **as malls increasingly serve not just as shopping destination but also as social and recreational spaces.**

Beyond the simple demand for services and takeouts, data on hand seems to be pointing towards **increasing demand for high end dining experiences** as suggested by the rise in imports (in Lt) of Mineral water (not in plastic bottles) which are often available in restaurants or other similar type of venues which are designed to offer a specific customer experience. Other data available points out to the same direction, with the rise in high end products such as caviar, which has now averaged 3.8tons over the last three years, up from an average of 2.8tons in 2017.

Figure 4: Unroasted Coffee beans (Kg) imported – 3yr average

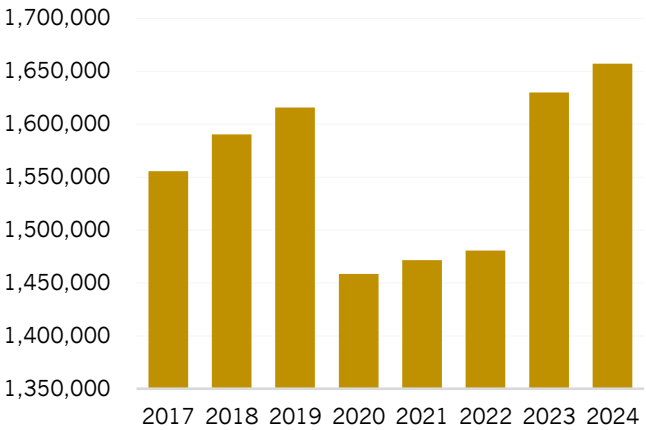


Figure 5: Premium sparkling water (in Lt) imported – 3yr average

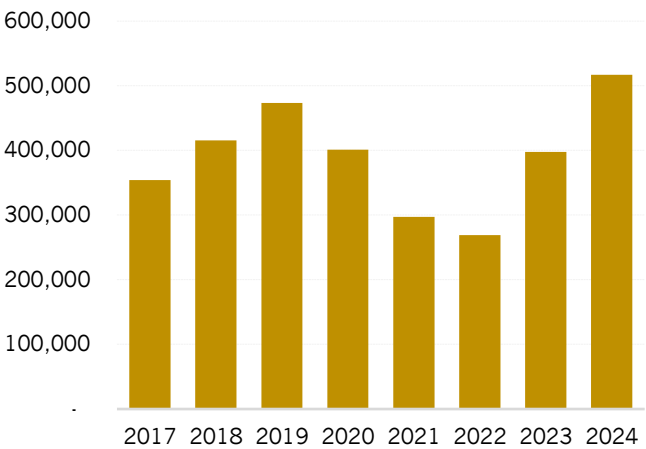
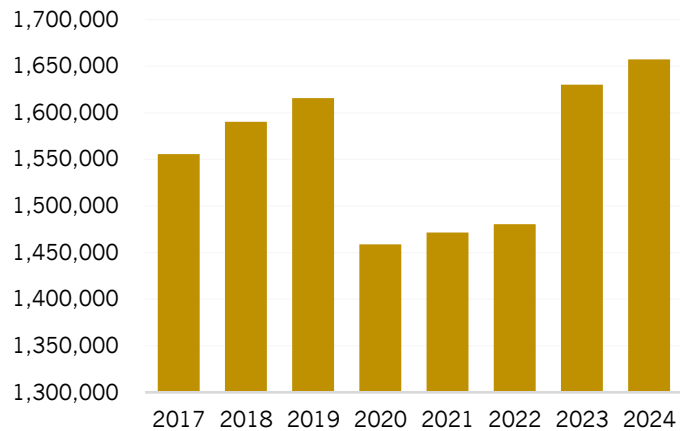


Figure 6: Cosmetics (in Kg) imported – 3yr average



Improved Connectivity

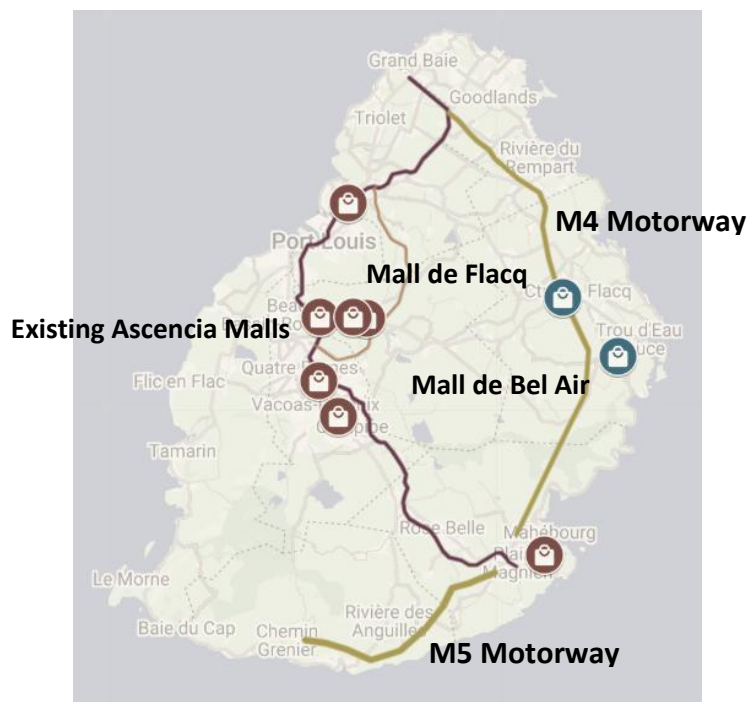
As highlighted in previous sections, connectivity has been a key enabler of GLA supply in the past decades, throughout several districts. This is why positioning alongside motorways has remained a location of choice for malls. During the last decade, authorities have contemplated the idea of connecting the north to the south through the eastern region. While adjacent lands were already bought from Alteo in the region, the project, which was supposed to start in May 2021, did not come through up to now. The newly elected government has expressed its intention to move forward with the project, which will be realised in three phases, with phase 1 (Forbach to Pont Blanc) and phase 2 (Pont Blanc to Bel Air) being the priority. As such, following the confirmation of the “revival” of the project, Minister Gunness also pointed out that the project will be a priority in the next budget. The 50km motorway is expected to improve connectivity in the eastern region. The newest additions to Ascencia’s portfolio, the Mall de Flacq is expected to benefit from this improved connectivity. This represents a distinctive opportunity for malls in the region as they will capture footfall from both the A7 and the M4. Arrival of the M4 along with the hypothetical M5 motorway, which was also in discussion, should also contribute to improved footfall in the Bo’Vallon mall, on the back of improved connectivity with the East and the South.

Infrastructure development

Another key enabler of GLA supply is the infrastructure development. In this case, the new smart city projects are expected to create additional supply of residential properties that could possibly attract people from urban areas to relocate to rural areas. Over time this would contribute in **increasing the population density in the East**, another enabler of GLA supply. In the case of the Mall de Bel Air, its relatively small size, indicates that it intends to capture demand mainly from the Bel Air village and the Alteo smart city which will constitute its **captive market**.

Existing Ascencia malls are expected to benefit from the continued development of the Moka Smart City. As such the developments around L’Avenir, Vivea Business Park, Courchamps and Telfair are expected to increase population density in the Moka region, which **will support footfall in Ascencia’s malls**. To cater for this rising demand, management has recently announced the extension of the Kendra mall by increasing its GLA by 5,000 sqm, which will double the size of the mall.

Figure 7: New Motorways to unlock connectivity in the East and South (M4 and M5)



Source: Company data, Government data, Swan Securities estimates

Figure 8: Beau Champ Smart to create captive market for the Bel Air mall

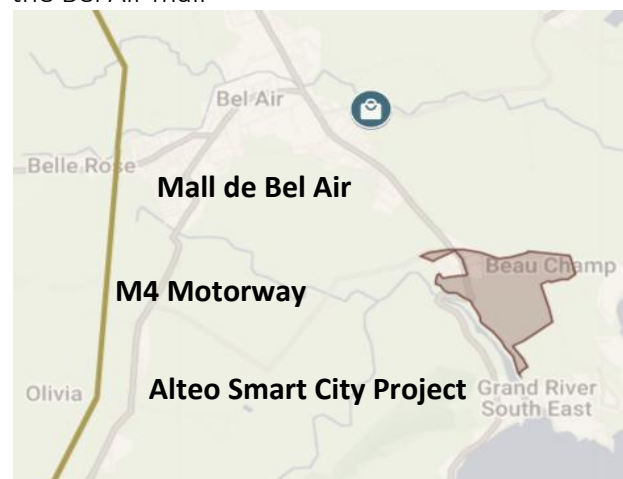
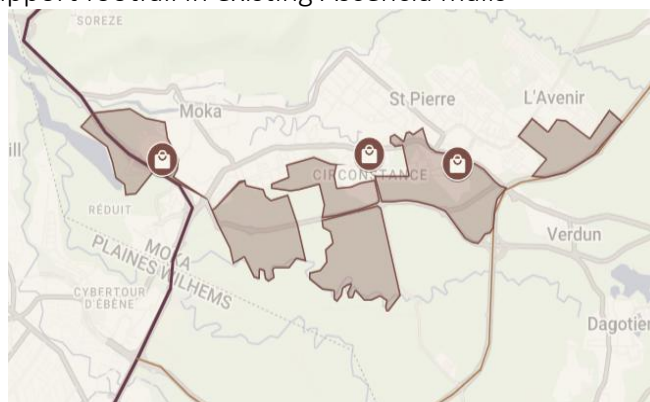


Figure 9: Moka Smart City development to further support footfall in existing Ascencia malls



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