

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

REUNION

Africa East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Saint-Denis (chief town)	Administrative and financial-services hub	Public administration, financial and insurance services, professional services
Le Port / Grand Port Maritime de La Réunion	Primary maritime and logistics gateway	Port operations, freight and logistics, agro-food import-export
CIREST / eastern Réunion (expanded ZFANG zone)	Tax-advantaged industrial and agricultural zone	Agro-industry, light manufacturing, regional export platforms
Pierrefonds Business Park (Saint-Pierre, south)	New business and logistics park, delivery Q3 2027	SME production, processing, light logistics, services
Sainte-Suzanne / Bois-Rouge-Gol sites	Renewable energy and biomass generation	Biomass power, wind, solar, energy-storage projects
Saint-Pierre and the south coast	Tourism and hospitality development	Hotel and accommodation upgrades, ecotourism, nautical/cruise tourism
Indian Ocean regional corridor (via Réunion as EU outpost)	EU outermost-region gateway to Africa and the Indian Ocean	Re-export platform, Interreg-funded regional cooperation, agri-food and services exports to Indian Ocean Commission states

INVESTOR ENTRY ROUTES

- **EU/FRENCH COMPANY INCORPORATION:** Standard SAS/SARL incorporation under French commercial law grants automatic EU single-market access
- **ZONES FRANCHES D'ACTIVITÉ NOUVELLE GÉNÉRATION (ZFANG):** Qualifying businesses in eligible zones, now extended across all of CIREST in eastern Réunion, receive corporate/income-tax profit deductions of up to 80%
- **GIRARDIN INDUSTRIEL TAX-INCENTIVE FINANCING:** Metropolitan French investors co-finance productive overseas investment in exchange for income-tax reduction, a channel already used for projects such as the Pierrefonds park
- **EU STRUCTURAL-FUNDS CO-FINANCING (FEDER-FSE+, FEADER, FEAMPA, INTERREG V INDIAN OCEAN):** Over EUR 2 billion in 2021-2027 EU programming available to co-finance qualifying private and public investment
- **POSEI AGRICULTURAL SUPPORT SCHEME:** EU program underpinning Réunion's agricultural sector, relevant to agribusiness investors
- **DIRECT JOINT VENTURE WITH REGIONAL DEVELOPMENT BODIES:** Partnerships with Région Réunion, SPL Grand Sud and local chambers of commerce for site selection and incentive structuring

MARKET-ENTRY OBSERVATION

Réunion's economic activity held up relatively better than mainland France in the second quarter of 2026 - hours worked rose 0.4% year on year against a 0.7% decline nationally - but the labour market is the central contradiction investors must reconcile. The ILO unemployment rate climbed to 19% of the active population in Q2 2026, up three points year on year and more than double the 8.3% national rate, even as private-sector employment edged up 0.7% over the year.

Business failures rose 18% year on year to 1,240 over the twelve months to June 2026 - against a 5% national increase - while new business creation slowed 5% quarter on quarter. This is a genuinely two-speed economy: structural incentives such as the CIREST

ZFANG expansion, new industrial parks and EU co-financing are being deployed specifically to offset that underlying softness, and investors should read the incentive push as a direct policy response to it rather than a sign of broad-based momentum.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Persistently high unemployment (19% ILO rate, Q2 2026)	Weak domestic consumer demand and tight local hiring conditions despite incentive zones	Target export-oriented or EU-funded projects less dependent on local consumption; use incentive-zone wage support
Elevated business-failure rate (+18% year on year)	Signals credit and margin stress among local SMEs, raising counterparty risk for partnerships	Conduct enhanced due diligence on local partners; favour EU-fund-backed or ZFANG-qualified structures
High cost of insularity and energy-import dependence (energy autonomy fell to 26.6% even as the renewable share of electricity hit 96.6%)	Input costs and supply-chain exposure remain elevated for energy-intensive activity	Factor logistics and energy costs into feasibility; monitor revisions to the regional energy-programming plan (PPE)
Cyclone exposure (Cyclone Garance damaged grid and hydro infrastructure in February 2026)	Periodic infrastructure disruption and reconstruction costs	Build redundancy into supply chains; insure against cyclone-related business interruption
Limited commercial and industrial property availability (over 230,000 sqm of unmet demand in 2024, requests up 52% in H1 2025)	Site-selection delays for new entrants	Engage early with SPL Grand Sud and CIREST on upcoming park deliveries such as Pierrefonds (Q3 2027)
Labour costs higher than Indian Ocean neighbours (French minimum wage and social charges apply)	Réunion is not a low-cost manufacturing base relative to Madagascar or Mauritius	Position for higher-value, EU-compliant or French-market-facing activity rather than cost-driven production
Regulatory complexity of dual EU/French-overseas status	Navigating combined EU state-aid rules, French tax code and overseas-specific schemes (ZFANG, Girardin) requires specialised advisory	Engage local chambers of commerce and specialised overseas-investment advisors early

INVESTOR RISK NOTE

The central risk to weigh is labour-market softness. Rising unemployment and a sharply higher business-failure rate are leading indicators investors should price into any local-partner or consumer-facing project. The government's response - the CIREST ZFANG expansion, new parks such as Pierrefonds, and the EU's 2021-2027 funding envelope - is designed precisely to counteract that softness; the open question for investors is whether incentive-driven activity can outpace the underlying trend rather than simply offset it.

A second, more technical risk concerns energy. Renewable electricity reached a record 96.6% share of production in 2025, but overall energy autonomy actually fell, to 26.6%, because the biomass fuels behind that renewable share are mostly imported. Investors in energy-intensive sectors should treat the headline renewable figure and genuine energy independence as two distinct measures, not one.

MARKET ACCESS

As a French overseas department and EU outermost region, Réunion grants automatic access to the full EU single market and regulatory framework - a structural advantage no other Indian Ocean jurisdiction offers - paired with EU state-aid and compliance obligations that do not apply in neighbouring states.

The combination of the expanded ZFANG zone across CIREST and more than EUR 2 billion in 2021-2027 EU funding creates a genuinely incentive-rich entry window, but qualification for either depends on technical eligibility criteria - zone, sector, enterprise size - that should be confirmed on a project-by-project basis before capital is committed.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Région Réunion	Regional government; manages FEDER-FSE+ funds and strategic economic planning	Primary channel for structuring EU co-financing
Département de La Réunion	Manages the FEADER agricultural fund and social programmes	Route for agribusiness and rural-investment support

Actor	Why It Matters	Waverley Engagement Angle
CIREST (Communauté Intercommunale Réunion Est)	Local body administering the expanded ZFANG zone	Confirm zone eligibility and local priorities for eastern Réunion projects
SPL Grand Sud / Inovista	Public-private developer of new business parks such as PAE Pierrefonds	Secure site allocation in upcoming industrial and commercial parks
IEDOM (Institut d'émission des départements d'outre-mer)	Overseas monetary institute; publishes economic and financial data	Source authoritative economic indicators for due diligence
CCI Réunion and business federations (Medef, ADIR, CGSS, Club Export)	Private-sector advocacy and support bodies	Use for local market intelligence and partner introductions
Préfecture de La Réunion (French State representation)	Implements state-level measures, including ZFANG decisions announced by the President	Track state-level policy decisions affecting overseas incentive structures

CURRENT INTERNATIONAL BUSINESS CHANNELS

Réunion's trade and investment relationships run primarily through metropolitan France and the broader EU, which remain its principal market and funding source. A deliberate secondary push - backed by Interreg V Indian Ocean cooperation funding and encouraged directly by President Macron during his April 2025 visit - is directing local companies toward regional expansion into neighbouring Indian Ocean Commission states, including Madagascar, Mauritius, Seychelles and Comoros.

This dual orientation gives Réunion-based investors a distinctive position: full EU market access combined with proximity-based regional reach into continental and island Africa.

INVESTOR PROFILE BEST SUITED

Réunion suits EU-market-facing investors seeking a compliant, incentive-supported foothold with full single-market access rather than a low-cost production base. It is particularly well suited to agribusiness and agro-processing investors leveraging POSEI and FEADER support, renewable-energy and biomass project developers, logistics and light-industrial users of new parks such as Pierrefonds, and tourism and hospitality investors.

It is a weaker fit for cost-driven manufacturing or labour-intensive ventures, given French minimum-wage and social-charge levels relative to neighbouring Indian Ocean economies.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm Zone and Incentive Eligibility

Determine whether the project site qualifies for ZFANG tax treatment, Girardin financing, or EU fund co-financing.

STEP 2: Engage Région Réunion and Local Development Bodies

Open parallel conversations on strategic fit and available co-financing with the Région, Département and CIREST as relevant.

STEP 3: Complete French/EU Regulatory and Company-Formation Steps

Incorporate under French commercial law and confirm sector-specific EU compliance requirements.

STEP 4: Secure Site or Park Allocation

Engage SPL Grand Sud, CIREST or private landowners for premises, allowing for current property-availability constraints.

STEP 5: Finalise Financing and Launch

Close Girardin or EU co-financing arrangements and begin operations, building in cyclone and energy-supply contingencies.

WAVERLEY'S ROLE

- Independent due-diligence and structuring advisory across ZFANG, Girardin and EU co-financing routes
- Introductions to Région Réunion, CIREST, SPL Grand Sud and chamber-of-commerce counterparts
- Ongoing monitoring of EU 2021-2027 fund disbursement and ZFANG zone rule changes
- Coordination with local legal, tax and overseas-investment advisory specialists

INVESTOR CALL TO ACTION

Investors seeking a compliant, incentive-supported EU foothold in the Indian Ocean, or a regional platform for expansion toward Madagascar, Mauritius and the wider Indian Ocean Commission area, are invited to engage Waverley for a confidential structuring consultation.

INTELLIGENCE → STRUCTURING → INCENTIVE QUALIFICATION → MARKET ENTRY

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Current pipeline items Waverley is tracking include the Pierrefonds business park in Saint-Pierre (10,000 sqm across 30 lots, HQE-certified, delivery targeted for Q3 2027, roughly 250 direct jobs expected); the CIREST ZFANG expansion across eastern Réunion following the April 2025 presidential announcement; continued renewable-energy and biomass capacity additions at the Bois-Rouge and Gol sites; and the ongoing disbursement pipeline of the EUR 2 billion-plus 2021-2027 EU programming envelope (FEDER-FSE+, FEADER, FEAMPA, Interreg V Indian Ocean).

POSITIONING

Waverley approaches Réunion as a distinctive hybrid: a fully EU-integrated jurisdiction offering single-market access, layered onto an Indian Ocean geography positioning it as a regional platform toward Madagascar, Mauritius and continental Africa.

Our role is to help investors separate the island's genuine structural incentives - ZFANG, Girardin, EU co-financing - from its current labour-market softness, so that market entry is built on the right read of both.

SELECTED SOURCES

- INSEE / Outremers360, "La Réunion : le taux de chômage augmente et atteint 19% de la population active au deuxième trimestre 2026"
- Outremers360, "La Réunion : Emmanuel Macron annonce une zone franche élargie dans l'Est de La Réunion"
- Outremers360, "La Réunion : lancement du plus grand parc d'activités économiques du territoire à Pierrefonds"
- LeaderReunion, "La production d'électricité est restée stable en 2025"
- LeaderReunion, "Programmes européens 2021-2027 : plus de deux milliards d'euros pour La Réunion"