ATTITUDE PROPERTY LTD
Annual Report 2019

ANNUAL REPORT 2019

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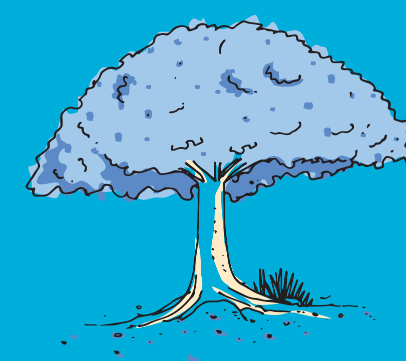


APL
so zistwar

ABOUT
The Company

Attitude Property Ltd (APL) was originally incorporated as a private company in Mauritius according to the Companies Act 2001, under the name of Neymar Ltd on July 4th 2013. APL was converted into a public company limited by shares on May 5th 2014. Though APL was incorporated on July 4th 2013, it remained dormant until the acquisition of The Ravenala Attitude (ex-La Plantation).

APL is a wholly-owned subsidiary of Attitude Hospitality Ltd (AHL).

AHL's Board opted in favour of a new business model whereby the property ownership of its hotels would be segregated from its hotel business. APL was therefore established to hold the properties of AHL and to rent these out with the objective of maximising shareholder return from its property portfolio.

APL's only source of revenue is the rental income the issuer receives from its three hotel properties (The Ravenala Attitude, Tropical Attitude and Récif Attitude), which are managed by AHL.

Attitude Hospitality Ltd carries on with its fast-expanding strategy based on its approach to an industry where the guests, their comfort and their pleasure are of utmost importance.

Attitude Hospitality Ltd believes in genuineness, which, together with enthusiasm and commitment constitute the core values, keys to the Group's success.

Michel Guy Rivalland
Chairman & Non-executive Director

Marie Joseph Bernard Piat Dalais
Independent Non-executive Director

Jean François Desvaux de Marigny
Independent Non-executive Director

Jean Michel Pitot
Executive Director

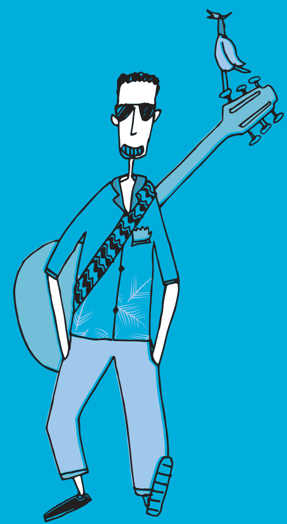
Deenesh Seedoyal
Executive Director

ATTITUDE

is built upon 3 major pillars

ITS COUNTRY

Mauritius is not only known for its blue sky, turquoise lagoon, green sugarcane fields and mountains but also for its warm welcome, a tradition on the island.



ITS FAMILY MEMBERS

Smiling and caring Family Members are totally dedicated to the guest's well-being.

ITS GUESTS

Attitude invites its guests to discover Mauritius and its numerous facets, to experience genuineness in one of its hotels with contemporary Mauritian charm.

bann lotel*

The Company owns the property for three hotels managed by AHL namely The Ravenala Attitude, Récif Attitude and Tropical Attitude. The concept behind each hotel is straightforward: give the guests the opportunity to live like locals during their stay on the island, a genuine experience made possible by the Family Members – Attitude's Mauritian team, whose friendly welcome and know-how is totally dedicated to the well-being of the guests.

*the hotels

THE RAVENALA *attitude*

All Suite Hotel Mauritius

The Ravenala Attitude is a leisure hotel offering numerous activities and a Dine Around experience to families and friends, couples and newly-weds. The Ravenala Attitude is the first 4* all suite hotel in Mauritius. Its architecture, décor and lifestyle are a mix of colonial heritage, contemporary design with tropical accents and genuine Mauritian art de vivre. Here, no boundaries between inside and outside, cosy spaces flow into each other harmoniously. The Ravenala Attitude includes an adult-only wing.

TROPICAL *attitude*

MAURITIUS

Tropical Attitude is an adult-only 3-star sup boutique-hotel with 58 seafront rooms and 11 new villas set in a coconut grove along Trou d'Eau Douce lagoon. Stepping in, the open spaces and bar-lounge area, as well as the Creole architecture, immediately convey the atmosphere of a relaxed and peaceful holiday home by the beach.

NEW VILLAS

Tropical Attitude boasts now 11, 60 m^2, garden view ground floor villas, each with their inviting hammock under a shady gazebo and private swimming pool. In harmony with the rest of the hotel, the look is trendy: white, mineral, natural colours and shades of dawn, all reminders of these beautiful sunrises of the east coast. Wrought iron, wood and rattan enhance the already very friendly atmosphere of these cosy nests.

Récif Attitude is an adult-only 3-star sup boutique-hotel. Ideal for those wanting some zen moments to recharge their batteries and spend time together as a couple or among friends. New shades in the common areas, rattan, wood, black and white in the 70 rooms.

bann signatir*

*signature restaurants

OTENTIK attitude — 100% MAURITIAN EXPERIENCES

a real encounter with mauritius...

True to its promise, Attitude embarks all its guests, through Otentik Attitude experiences, on a discovery of the authentic Mauritius and its multiple facets. Otentik Attitude experiences are designed to invite guests to a genuine encounter with the Mauritian people and share typical, friendly and memorable moments.

KOT NOU

Kot Nou, "just like home", is the Attitude Hotel's Mauritian signature restaurant. It is a true reflection of the island's culinary traditions. The Chef, always around, proposes blends of spicy and exquisite tastes, subtle new flavours and fresh local produce: octopus carpaccio, wild pig and jackfruit curry and cassava samosas for dessert. The atmosphere is friendly and cool, no fuss, all smiles.

Also venue to the much-awaited Otentik Cuisine course with the recipe to take home!

new Kot Nou of The Ravenala Attitude

Attitude has imagined Taba-J, a Mauritian street food concept now in all Attitude Hotels. Typical by-the-beach carts or "roulottes", colourful and fun, under their red, yellow or green tin roofs, they host a delicious Mauritian street food selection. A friendly atmosphere, an open-air café style furniture and a vast choice of local specialities: dim sums, chilli bites, rotis and dholl puri. They are reminders of those around the corner small local "boutiks" of bygone days when people had no cars and there were no supermarkets.

bann langazman*

*our commitment

green attitude FOUNDATION

Attitude positions itself as a key local contributor to sustainable, ecological, cultural, economic and social development. Through its Green Attitude Foundation (GAF), the Group shows its will to be a responsible partner in Mauritius' sustainable development while offering a genuine island holiday experience to all its guests. The program is being successfully implemented thanks to the precious contribution of Attitude's Family Members.

Attitude launched its Marine Discovery Centre in 2010, an educational and interactive centre whose purpose is to show and protect the treasures of the island's lagoons as well as support the Anse La Raie lagoon restoration project.

Since December 2017, all Attitude Hotels have received the Travelife Gold Award, a program honouring their ongoing efforts in environmental and social responsibility as well as Green Attitude Foundation's initiatives: water conservation, the Group's commitment to local communities and the Otentik Attitude experiences that value local traditions and craftsmanship.

3 langazman green

COASTAL ENVIRONMENT

Marine life awareness • Educational programs with René Heuzey • Marine Discovery Centre

SOCIAL ENTREPRENEURSHIP & CRAFTSMANSHIP

Otentik Bazar - helping local craftsmen

ART & CULTURE

Otentik Music - promoting local artists and music in Attitude Hotels

Konpoz to lamizik

mélanie peres ft paf'me great winner of 2019

Konpoz to Lamizik is a competition organised by Attitude to support local musical creations according to the Otentik Music's program. This competition held under the responsibility of a panel of judges presided by Eric Triton, well-known local artist, offers to all participants the possibility of performing regularly in Attitude's hotels. Held for the first time in 2018, it was immediately a popular artistic success. Ten finalists and a great winner:
23-years-old Emlyn who was able to produce her 1st clip and record an album. The same success and popularity for the 2nd edition with Mélanie Peres ft Paf'me as the great winner in 2019.

MADE IN MORIS LABEL GRANTED TO ATTITUDE

In September 2019, Attitude group achieved a major milestone by obtaining the "Made in Moris" label, being the first company in the Hotel Service industry to be certified. In 2013, the Association of Mauritian Manufacturers created the "Made in Moris" label to promote the local manufacturing sector and consolidate the Mauritian entrepreneurial ecosystem. 250 brands across different industries are concerned.
The Made in Moris team, supported by SGS Maurice, evaluated the Customer Experience at Attitude and its local footprint. Made in Moris emphasizes that authenticity and Mauritian identity also called "Mauricianisme" are inherent to Attitude's DNA, inscribed in its values and its modus operandi. The group promotes inclusive economic activity.
According to Made in Moris, Attitude is an innovative brand. It has broken the codes of the traditional hotel industry by offering to its guests various historical, cultural, culinary or linguistic "Otentik Attitude Experiences". Attitude's brand is without any doubt contributing to the island's authenticity.
In this context and following the grant of the "Made in Moris" label, Attitude has created a fund to support local entrepreneurs. Their economic activities must not only be eco-responsible but carried out in accordance with Attitude's values and contributing to the creation of jobs.

Chairman's report

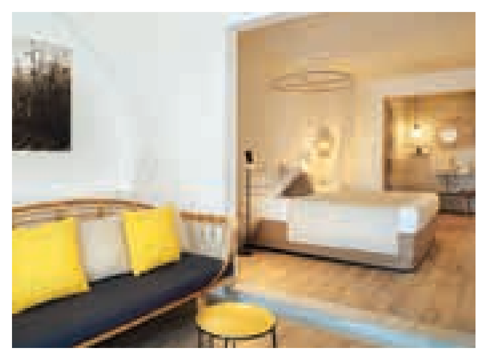
APL at a glance

3	400+	2.7 bn	16 yrs
HOTELS	ROOMS	PORTFOLIO VALUE	WALE

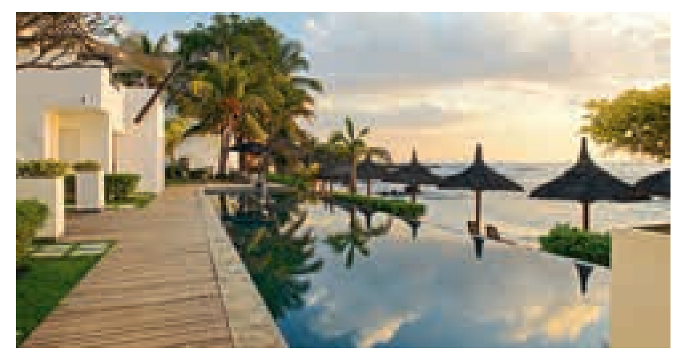
Our Portfolio

Attitude Property Ltd (APL) owns three beachfront hotels on the north-west and east coast of Mauritius. The properties totalling over 400 rooms represent ~3% of the Mauritian hotel room park and have been fair valued at Rs 2.7bn following recent upgrades and refurbishments. All three hotels have currently been leased to Attitude Hospitality Ltd (AHL) under a twenty (20) years contract expiring in 2035 with an option for AHL to extend its lease for another twenty (20) years thereafter.

The Ravenala Attitude - 1,975 M



Tropical Attitude - 300 M



Recif Attitude - 380 M

Financial Performance

Income

Rental income generated by our portfolio increased to Rs 202 M (+6.1%) as part of the inflation-linked triennial rent escalation. The monthly base rental amount has been raised by 7.68% which is the cumulative product of headline inflation at the end of June 2016, 2017 and 2018 which amounted to 0.86%, 2.37% and 4.29%, respectively. The additional rental increments stemming from the refurbishments carried out spanning the course of three years have also been raised by cumulative inflation, but by an amount corresponding to the period of the increment up to until end June 2019. The timeline below illustrates the evolution of our hotel portfolio in terms of enhancements that have been made to ensure that our tenant has an adequate product offering at all times which in turn secures stable and predictable income for our company.

Acquisition of La Plantation (In Receivership)

FY 15

Works and enhancements made at Tropical Attitude with 11 new villas poised to bring added value

FY 17

Works and FY-19 enhancements made at Récif Attitude

FY 19

FY 16

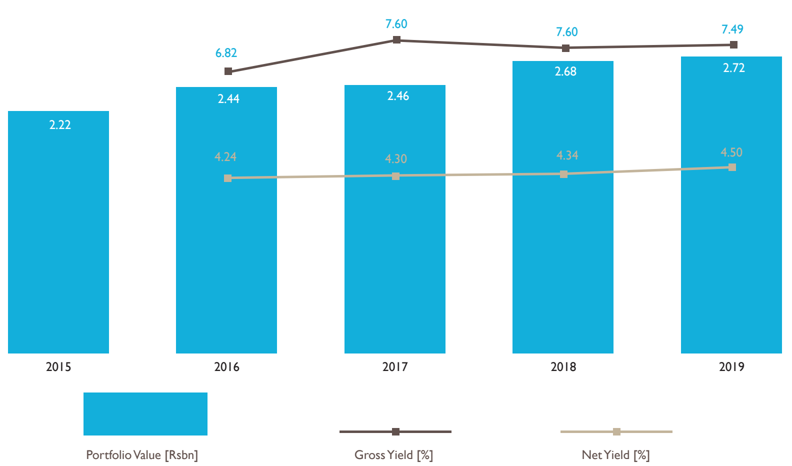
Successful listing and capital raising to the tune of Rs 820 M

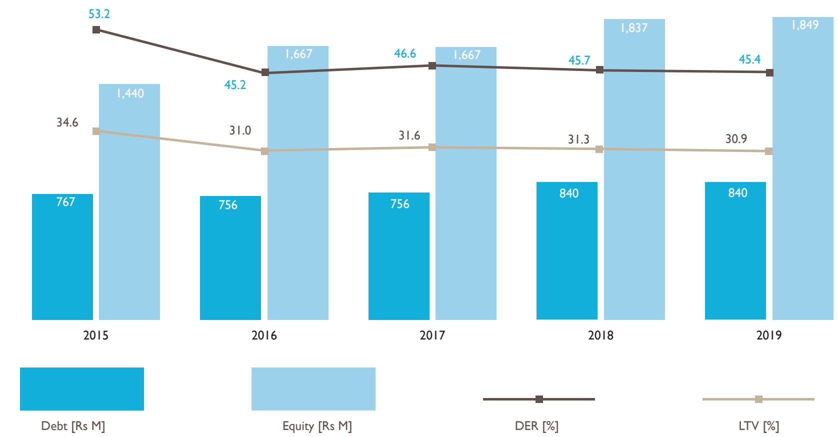
FY 18

A fully refurbished The Ravenala Attitude

Margins

Our Board of Directors has strived to trim non-rechargeable administrative expenses which have been brought down by a further 17% to under Rs 2.3 M having stood at Rs 3.0 M in our first year of operations under the current structure. This latter figure had of course been inflated by additional costs relating to our IPO and subsequent listing in Sep-2015. We have thus been able to steadily improve operating margins – excluding rechargeable income and expenses – from 98% to just short of 99% in FY-19.





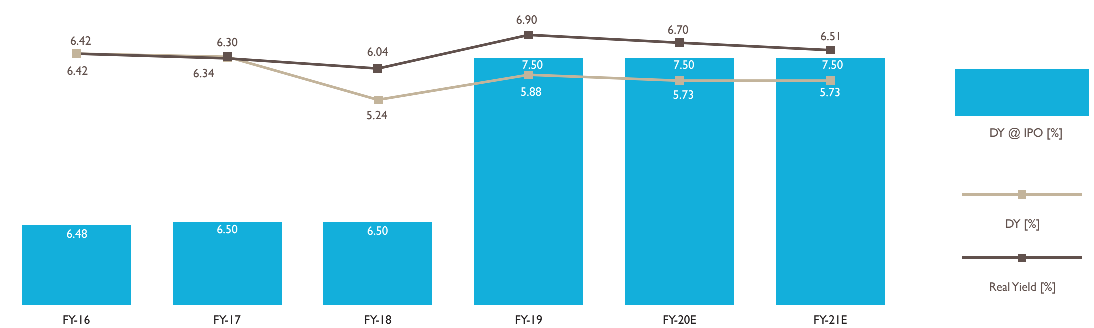
The end result of our efforts has been the preservation of Gross Rental Yield at 7.5% as well as an improved Net Rental Yield of 4.5% up by ~20 bps since FY-17 which was also aided by a decreasing trend in interest rates. This has been achieved despite your portfolio growing at an annualised rate of 6% to Rs 2.7 bn following a triennial property revaluation exercise conducted last year. Following this, there are no gains on revaluation of Investment Properties this year.

Indebtedness

APL's NAV growth is limited as earnings are fully paid out in the form of dividends such that any NAV gains would stem from revaluation gains or result from asset enhancement and/or refurbishments (this is why NAV mimic gains). Higher borrowings were incurred to refurbish The Ravenala Attitude, Recif Attitude and Tropical Attitude as detailed above however our Loan-to-Value has been preserved at a healthy ~31% and a comfortable Debt-Equity Ratio of ~ 45% has been maintained since FY-16. The higher indebtedness level prior to 2016 reflect the initial position of the company prior to IPO and is therefore not comparable.

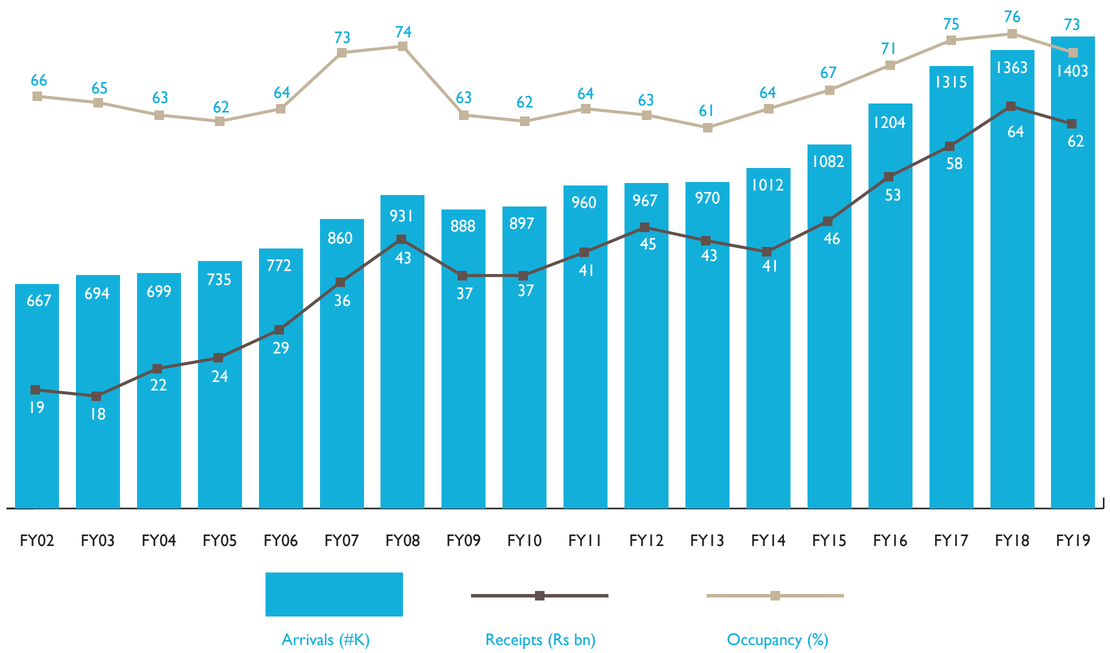
Returns

FY-19 distributable PAT amounted Rs 121 M, up 8.7% year-on-year, reflecting gains made from the rent escalation which kicked-in during this financial year. This translates into an Earnings Per Share of 76 cts and a Dividend Per Share of 75 cts was declared for the year ended Jun-2019. This constitutes a 15% increase in dividends paid out to shareholders, which translates into a dividend yield of 7.5% for shareholders that subscribed to APL's IPO in August 2015. Among our core commitments to shareholders was to deliver a yield of 6.5% in real terms. APL remains on track to fulfil this commitment, as illustrated in our estimates below. Assuming a conservative rate of inflation of 3% over the next two years (FY-20 & FY-21) and a steady dividend pay-out of 75 cts, we project that the yield in real terms for original IPO subscribers will stand above 6.5% at end FY-21. If you have subscribed to APL's IPO, we are pleased to inform you that your current yield in real terms stands at 6.9%.

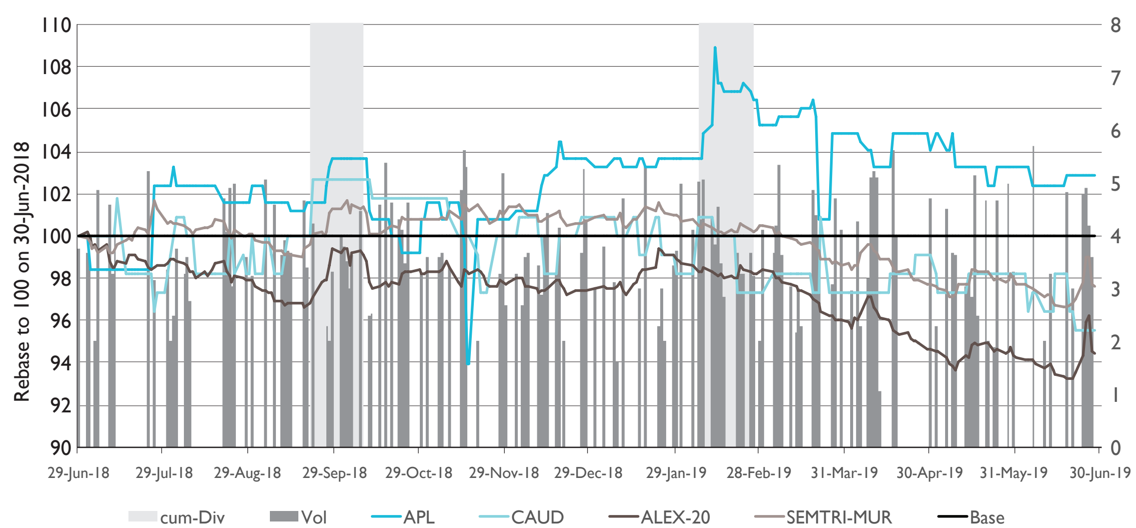


Outlook

Although Mauritian tourist arrivals for 2019 exceeded the mark of 1.4 M tourists for the first time, occupancy rates fell by 3%-pts to 73% reflecting the impact of a steep drop in arrivals from key Asian markets, namely China and India. Subsequently, tourism receipts fell by 4% for the first time in five years to Rs 61.6 bn, although the revenue per head of Rs 44Kk stands above its long-term average. Therefore, while the industry appears to be experiencing a cyclical slowdown after having recorded five consecutive years of strong growth, the board has taken cognisance of the situation, but remains serene with regards to the ability of our tenant to meet its rent obligations. Our tenant has positioned our hotels in the 3-star and 4-star segment which are typically more resilient, and we have consequently seen minimal impact on both occupancies and rates practised.



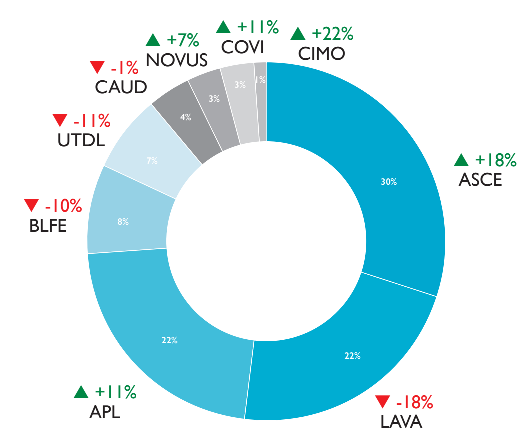
Market Performance



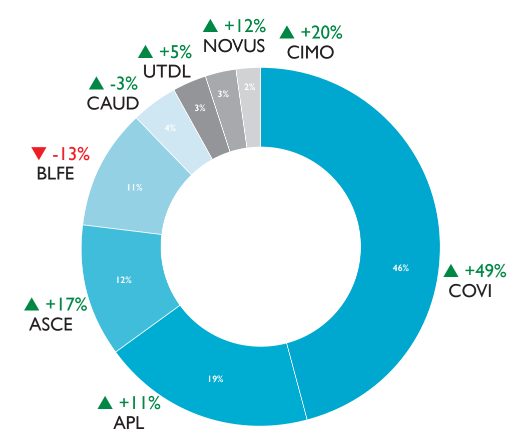
Given that FY-19 marked the first triennial rent escalation and with almost four years of track record as a listed entity, the above two performance charts illustrate APL's share price performance both since listing and during the course of FY-19. APL's stock price reached a record high Rs 13.50 on Feb 2nd 2019 reflecting positive market investor reaction to our better performance and the resulting 12% spike in interim dividend declared. As from April 2019, APL is included in the ALEX 20 which is a benchmark index that regroups the twenty (20) most liquid stocks listed on the Stock Exchange of Mauritius as computed and disseminated by AXYS Stockbroking Ltd. This is a considerable achievement in such a short-listed life and demonstrates that investor interest and confidence in APL has grown, thus increasing trading volumes.

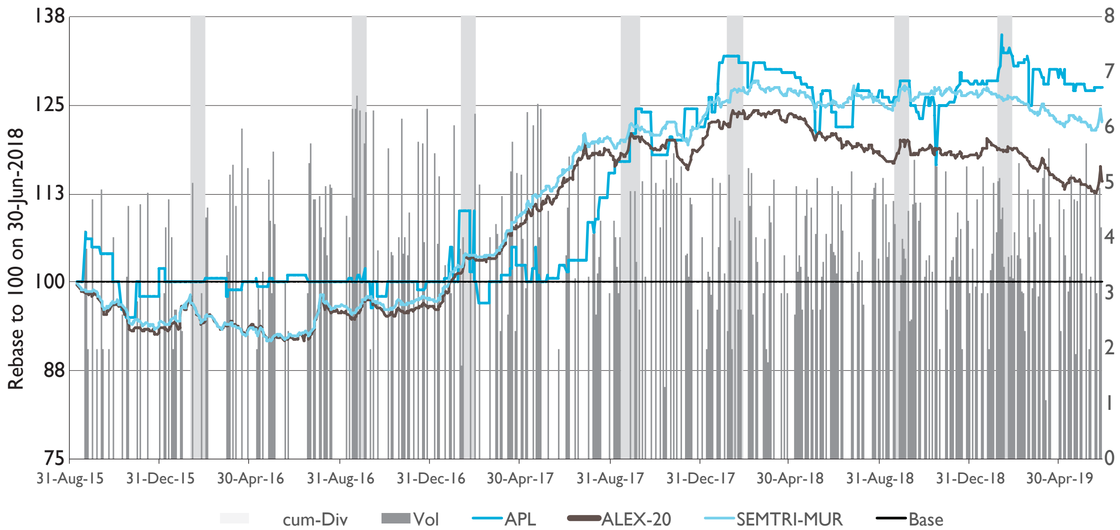
Since listing APL has been among the top traded stocks making up 19% of trades among Mauritian property stocks and gaining 11% on an annualised basis since Sep-2015. During FY-19 APL gained 3% on a price basis which compares favourably to the market's overall negative movement and generating 8% for shareholders (on a Total Return basis). Volume on APL made up more than a fifth of trades within the sector. We have also seen foreign investor interest on APL with 13% of all transactions by foreigners for a net investment of Rs 45 M since listing. Moreover, during FY-19, the figure crept up to 25% with net sales to the tune of Rs 13 M.

Year-onYear Performance to FY-19 End



4Yr Performance since Listing until end Aug-19





Dividend Calendar

Interim dividends are declared in mid-February and paid at the end of March, and Final dividends declared at the end of September and paid in October. Notwithstanding a change in tax policy or major hike in interest rates, APL should be in a position to declare an interim dividend of 37cts and a final dividend of 38cts over the next two financials years.

Concluding Remarks

I would like to thank the members of the board of directors for their contribution, the employees of the Attitude Group for their hard work and dedication; and, last but not least our shareholders for their continuing trust and support.

Directors report

The Directors have the pleasure to submit their report together with the audited financial statements of Attitude Property Ltd, respectively for the year ended June 30, 2019.

Principal activity

The principal activity of the Company is the leasing of investment property to its tenants.

Results for the year

The results for the year ended June 30, 2019 is shown on page 54.

Dividends

An interim dividend of Rs 0.37 per share was declared and paid during the year (2018: Rs 0.33).

Board of directors

Mr Michel Guy Rivalland
- Chairman
- Non-executive Director
- Appointed on April 3, 2014

Mr Maxime Jean François Desvaux De Marigny
- Independent Non-executive Director
- Appointed on September 18, 2015

Mr Marie Joseph Bernard Piat Dalais
- Independent Non-executive Director
- Appointed on December 3, 2015

Mr Jean Michel Pitot
- Executive Director
- Appointed on April 3, 2014

Mr Deenesh Seedoyal
- Executive Director
- Appointed on April 3, 2014

Directors service contracts

There are no service contracts between the Company and the Directors.

Entries in interests register

No entries have been made in the interests register during the financial year (2018: Nil).

Directors remuneration & benefits

The Independent Non-executive Directors were entitled to fees of Rs 50K each (2018: Rs 50k each).

Donations

No donations were made during the year (2018: Nil).

Corporate governance report

The Board of Attitude Property Ltd (the 'Company' / 'APL') is committed to achieving high standards of corporate governance and recognises the importance of good governance to ensure continued growth and the creation of sustainable value for all its stakeholders. As a public interest entity, the Board of Directors has made concerted effort to apply the principles as set out in the National Code of Corporate Governance for Mauritius (2016) (the 'Code').

PRINCIPLE 1: Governance Structure

Conduct of Affairs

The Board is collectively responsible for the Company's leadership, strategy, values, standards, control, management and the long-term success of the Company. It is also responsible for providing strong leadership and independent judgement for complying with all legal and regulatory requirements.

Board Charter

The Board has adopted a Charter which sets out the objectives, roles and responsibilities and composition of the Board. The Board has the responsibility to review and reassess the adequacy of its Charter every five years or as and when required. The Board's Charter is available for consultation on the Company's website.

Code of Ethics

The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. APL has adopted a Code of Ethics and this is available for consultation on its website.

Key Governance Positions

Chairman of the Board

The key responsibilities of the Chairman of the Board are as follows:

- to provide leadership to the Board in order to ensure it functions effectively;
- To plan the Board's annual schedule of meetings and agendas, in consultation with the Company Secretary and other Directors as appropriate;
- to maintain sound relations with the Company's shareholders and ensure that the principles of effective communication and pertinent disclosure are followed;
- to ensure that all Directors play a full and constructive role in the functioning and decision-making process of the Board;
- to ensure that all relevant information and facts are communicated to the Board in order to enable the Directors to make informed decisions;
- to ensure all Directors exercise their skills, knowledge and expertise on key Board matters and assist the Board in achieving a consensus;
- to develop teamwork and a cohesive Board culture and facilitate formal and informal communication with and among Directors;
- to help ensure that action items established by the Board are tracked with the assistance of the Company Secretary and appropriate follow-up action is taken as necessary;
- to work with Committees' chairs to ensure that each Committee functions effectively and keeps the Board apprised of actions
- to chair annual and special meetings of shareholders; and
- to maintain a close working relationship with the Group Chief Executive.

Mr Michel Guy Rivalland is Chairman of the Board and a brief profile is found on page 32.

PRINCIPLE 1: Governance Structure (continued)

Chairman of the Audit and Risk Committee

The Chairman of the Audit and Risk Committee ('ARC') works in close collaboration with the Chairman of the Board. He has the following responsibilities:

- to provide audit and risk expertise to the ARC;
- to ensure compliance with legal and regulatory requirements;
- to guide and advise the Board in the approval of an appropriate risk framework; and
- to ensure that an update report of each ARC meeting is presented to the Board.

The Chairman of the ARC is Mr Maxime Jean François Desvaux De Marigny and a brief profile is found on page 32.

APL does not have any employees at senior governance position since it has a management contract with Attitude Hospitality Ltd ('AHL') on a no fee basis. Messrs Jean Michel Pitot and Deenesh Seedoyal who are employed by AHL as Group Chief Executive Officer and Group Chief Financial Officer respectively sit on the Board of APL as Executive Directors.

PRINCIPLE 2: The Structure of the Board and its Committees

Board

The Board of APL has aimed to create the right balance and composition in such a way as to best serve the Company. Given the size and the sector of activities of the Company, the Directors consider that the current Board structure is of reasonable size and possesses the appropriate mix of competencies, experience, skill and independence to efficiently manage the affairs of the Company. However, the Board took cognisance of the requirement of the Code with regards to gender balance and is actively looking for a suitable candidate with required knowledge, skills and experience to add value to the Board.

The Company is currently managed by a unitary Board of five members, residents of Mauritius, out of whom two (2) are Executive Directors, one (1) is Non-executive and two (2) are Independent Non-executive Directors.

Members of the Board at June 30, 2019 are as follows:

Michel Guy Rivalland (Chairman & Non-executive Director)

Michel Guy Rivalland is a graduate in Economics, Bsc (Hons), from UK. He joined AXYS Group in 1999 and became a shareholder and Director in 2002. Since 1st July 2010, he stepped into the role of CEO of United Investments Ltd, a listed investment company on the Stock Exchange of Mauritius.

Maxime Jean François Desvaux De Marigny (Independent Non-executive Director)

Maxime Jean François Desvaux De Marigny is a Fellow of the Institute of Chartered Accountants in England and Wales, he joined MCB in 1986 after several years of experience as an auditor in Europe. He was involved in the launching of the Stock Exchange of Mauritius in 1989. He has participated in the development of MCB's regional network and is currently the Chairman of the Mauritius Commercial Bank Ltd and a Director of a number of the MCB Group's subsidiaries and associates.

Marie Joseph Bernard Piat Dalais (Independent Non-executive Director)

Bernard Dalais was a Director of Deep River Investment Ltd and Deep River Beau Champ Ltd for several years until 2011. He retired as Managing Director of Seeff Properties Ltd in Mauritius on December 31, 2010.

Jean Michel Pitot (Executive Director)

Jean Michel Pitot graduated from the Louisiana State University, Baton Rouge, in the United States of America and holds a degree in Marketing. He is the co-founder of Attitude Hospitality Ltd, created in July 2008. He was appointed as Group Chief Executive Officer in 2010. He was leading successfully various key projects for the development of the group over the last decade with the aim of managing more than 1000 rooms in Mauritius. Prior to joining Attitude, he was the Managing Director of Veranda Resorts, now renamed VLH Ltd, for the period 1990 to 2008.

Jean Michel Pitot is currently the President of Association des Hôteliers et Restaurateurs de l'île Maurice [AHRIM]. He was nominated for a period of two years with effect from June 2018.

Deenesh Seedoyal (Executive Director)

Deenesh Seedoyal is the Chief Financial Officer of the Attitude Group. He joined Attitude in July 2008 and was appointed Executive Director in 2010. He has more than 15 years of broad-ranging experience at senior management level. He also sits on several boards of the Group's subsidiaries including Attitude Property Ltd, a listed company on the Stock Exchange of Mauritius since 2015. He was involved in various key projects leading to the expansion of the Group for the last decade. He is also Vice Chairman of the Attitude Pension Fund. He is a Fellow member of the Association of Chartered Certified Accountants and holds a membership of The Institute of Hospitality UK. He is also a registered member of the Mauritius Institute of Professional Accountants.

List of Directors' Direct and Indirect Interest in APL as at June 30, 2019

Directors	Direct Shareholding		Indirect Shareholding
	Number of shares	Percentage (%)	Percentage (%)
Michel Guy Rivalland	-	-	1.68
Maxime Jean François Desvaux De Marigny	-	-	-
Marie Joseph Bernard Piat Dalais	-	-	-
Jean Michel Pitot	-	-	9.30
Deenesh Seedoyal	20,000	0.012	0.14

Directors' and officers' interests in APL shares

The Directors follow the principles of the model code on securities transactions as detailed in the Mauritius Stock Exchange listing rules and in accordance with the Companies Act 2001, written records of the interests of the Directors and their closely related parties in APL's shares are kept in a Register of Directors' Interests by the Company Secretary. The register is available to shareholders upon request to the Company Secretary.

As soon as a Director becomes aware that he is interested in a transaction or that his holdings or his associates' holdings have changed, the interest should be reported to the Company in writing. The Register of Interests is updated with every transaction entered into by the Directors and persons closely associated with them. When it appears to be a conflict of interest, any Director who could have such a conflict of interest will abstain from discussions at Board or Committee meetings when the relevant matter is tabled.

Moreover, pursuant to the Securities Act 2005, APL registered itself as a reporting issuer with the Financial Services Commission ("FSC") and makes every effort to follow the relevant disclosure requirements. The Company keeps a Register of its Insiders and the said register is updated with the notification of interest in securities submitted by the Directors, the officers and the other insiders of APL.

PRINCIPLE 2: The Structure of the Board and its Committees (continued)

Board Committees

In line with the Code, the Board has delegated specific duties and responsibilities to the Board Committee namely the ARC which is authorised to obtain, at the Company's expense, professional advice both within and outside the Company in order to perform its duties.

The ARC assists the Board, among other things, in overseeing:

- the quality and integrity of financial statements;
- ensuring that International Financial Reporting Standards are consistently being applied.
- the Company's compliance with legal and regulatory requirements;
- the scope and effectiveness of the external audit function as well as the qualifications, experience and independence of the external auditors;
- the effectiveness of the Company's systems of internal control and practices.

The ARC comprises of three Directors as follows:

Members	Category
Maxime Jean François Desvaux De Marigny (Chairman)	Independent
Marie Joseph Bernard Piat Dalais	Independent
Deenesh Seedoyal	Executive

The Committee shall review, if necessary, and reassess the adequacy of its Terms of Reference every five (5) years and discuss any required changes with the Board.

The minutes of the proceedings of the Audit and Risk Committee meetings are recorded by the Company Secretary and are entered in the Minutes Book.

Board and Committee Meetings Attendance

Members	Board meetings	ARC meetings
No. of meetings held	4	4
Michel Guy Rivalland (Chairman)	4	-
Jean Michel Pitot	4	-
Maxime Jean François Desvaux De Marigny	3	3
William Guy Cyril Thomas (alternate to Maxime Jean François Desvaux De Marigny)	1	1
Marie Joseph Bernard Piat Dalais	4	4
Deenesh Seedoyal	4	4

Company Secretary

All Directors have access to the advice and services of the Company Secretary, NWT Secretarial Service Ltd, through its representative V. Oomadevi Chetty, who is responsible for providing guidance to the Board as to their duties, responsibilities and powers. The Company Secretary is appointed by the Board in accordance with the Constitution.

The Company Secretary ensures that the Board procedures are followed and that applicable rules and regulations as well as principles of good governance are adhered to.

PRINCIPLE 3: Director's Appointment Procedures

In the absence of a Nomination and Remuneration Committee, the Board is responsible for the appointment of Directors. Major factors that are considered in the appointment procedures are:

- skills, knowledge and expertise required on the Board;
- skills, knowledge and expertise of the proposed Director;
- balance on the Board such as gender and age;
- fees requested by prospective Director; and
- potential conflict of interest.

The appointment of new Directors is subject to confirmation by shareholders at the next Annual Meeting of Shareholders following their appointment.

The Board is aware that the retirement of Directors by rotation as provided in the Company's Constitution is a departure from the Code, which provides that each Director should be elected or re-elected as the case may be, every year at the Annual Meeting of Shareholders. While remaining committed to sustaining the highest standards of corporate governance, the Board is of opinion that the standard provision of the Code is inappropriate for the Company.

The Board is also responsible for the succession planning and induction of new Directors. Newly appointed Directors receive a complete induction pack which includes his or her duties and responsibilities under the respective legislations.

Though the Board does not organize or enroll its members on specific training session, it encourages all its Directors to keep on enhancing their knowledge and competencies through development programmes offered by various institutions in Mauritius.

During the year under review, the Board appraisal was carried out, by means of a questionnaire sent to all the Directors and the aim was to focus on specific areas of improvement.

PRINCIPLE 4: Director's Duties, Remuneration and Performance

All the Directors on the Board are fully apprised of their fiduciary duties as laid out in the Companies Act 2001.

Related party transactions are disclosed on page 85 to the Financial Statements. During the year under review, there were no material transactions between APL or any of its fellow subsidiaries and a Director, Chief Executive, controlling shareholder or companies owned or controlled by a Director, Chief Executive or controlling shareholder.

No fees were paid to the Executive Directors during the financial year. The Independent Non-Executive Directors were remunerated a gross total fixed fee of Rs 100,000 during the financial year as shown in the below table:

Members	Total fees per Director (Rs)
Maxime Jean François Desvaux De Marigny	50,000
Marie Joseph Bernard Piat Dalais	50,000

Board information is sent to the Directors at least one week before each Board meeting. Information is sent by Management who remains at the disposal of the Board members should they wish to obtain further clarification. The Company Secretary acts as a liaison between the Management and the Board.

PRINCIPLE 4: Director's Duties, Remuneration and Performance (Continued)

Information Technology and IT security

Information management is an essential part of good IT governance, which in turn is a cornerstone in corporate governance. An integral part of the IT governance is information security, in particular pertaining to personal information.

An Information Technology (IT) Security Policy identifies the rules and procedures for all individuals accessing and using an organisation's IT assets and resources. Effective IT Security Policy is a model of the organisation's culture, in which rules and procedures are driven from its approach to information and work. Thus, an effective IT security policy is a unique document for each company, cultivated from its perspectives on risk tolerance, how the company sees and values their information, and the resulting availability that it maintains of that information.

The security policy document combines legal requirements and current best practice for an information security management policy for the Company. It provides a policy with information security objectives, strategy and defines roles and responsibilities.

Core principles for information security management, as defined in ISO/IEC 27002, have been adapted for the needs of the Company on the following areas:

- risk assessment;
- organising information security;
- asset management;
- human resources security;
- physical security;
- communications and operations management;
- access control;
- system development and maintenance;
- information security incident management;
- business continuity management;
- compliance.

PRINCIPLE 5: Risk Governance and Internal Control

The Directors are responsible for maintaining an effective system of risk management and internal control. The governance of risk, the nature and risk appetite of the Company remain the ultimate responsibility of the Board which is assisted by management to monitor, implement and enforce internal controls to minimise risk as well as achieve strategic objectives.

While it is not possible to identify or anticipate every risk due to the changing business environment, the Company has an established risk management process to manage and mitigate those key risks which could impact on its activities. The process for identifying and managing risks are set by the Board and delegated to the ARC.

The following key risks have been identified.

Financial risks

In a property rental business, the first, foremost and greatest financial risk is linked to the tenant's inability to pay its rent. Although the Company has signed a long-term rental agreement with its tenants, there is no guarantee that the tenants will always settle its rental dues in a timely manner. However, Attitude Hospitality Ltd (AHL) acts as a guarantor and in the event that AHL defaults on its rent, this will give rise to a material breach of contract as stipulated under Section 19 of the rental agreement resulting in remedial as well as legal action being taken.

Please refer to note 15 of the financial statements for details of the financial risks of APL and how these are mitigated.

Operational risks

Operational risks are risks of loss and/or opportunity gain foregone resulting from inadequate or failed internal processes, people, systems or external events. These losses may be caused by one or more of the following:

a) Risk from fluctuations in tourist arrivals

As the owner of beach-front real-estate premises suitable for use as short-term rentals aimed at holiday makers – both local and foreign – APL's risk of non-rental payment is linked to the tenant's financial health which is directly linked to its business model as well as the state and wealth of holiday makers. APL's steady income flow from rental fees is thus directly linked to the soundness of its tenant's hotel operations and more generally, the health of the tourism industry.

b) Economic risk and concentration risk

In terms of risk mitigation measures with respect to the tourism sector, APL is not in a position to influence country-level nor worldwide macro-economics. As such, APL is subject to risks linked to economic, social, environmental, and political factors in both Mauritius and in countries from where its tenant derives its business revenue. APL's tenant's business risk is not only linked to the multitude of above-mentioned factors but also to reputational, foreign exchange fluctuations, and interest rate volatility risks. The ultimate risk for APL is thus related to the general soundness of the tourism industry in Mauritius which is, in turn, linked to the health of AHL's business which ultimately is dependent on the rental income perceived by APL.

c) Natural disaster and damage risk

Another risk factor lies with the risk of structural damage or other types of damage on APL' s properties as a result of fire, theft, intentional infliction of damage or other acts of God. As a preventive measure, APL has subscribed to insurance against damage of property. The risk shifts to the possibility of the insurer refusing or being unable to settle the amount required to make good of damages to APL's property or properties.

PRINCIPLE 6: Reporting with Integrity

The Board is responsible for the preparation of the financial statements in accordance to the International Financial Reporting Standards which fairly present the state of affairs of the Company. The financial and operational performance of the Company is detailed in the Annual Report.

Corporate social and environmental responsibility

Protection of environment is one of the core values of the Attitude Group's developing strategy which has committed itself to support the sustainable, ecological, economic and social development of Mauritius, mainly in the North and East of the island, where the group's hotels are situated. The Attitude Group, as a member of AHRIM, aims at positioning Mauritius on the sustainable tourism's map. The aim of all projects undertaken is to protect our beautiful island and to share it with our guests.

Green Attitude Foundation (GAF) was officially launched on the 27th March 2014 to consolidate the Green Attitude program introduced in 2010 at Coin de Mire Attitude and Blumarine Attitude now Sensimar Lagoon Mauritius, the two hotels of the Group, before being extended to the other seven hotels belonging to the Group.

Each Attitude hotel relies on a committee of Green Ambassadors, responsible for carrying out our commitment and obtaining results. Thanks to this committee, all responsible partners, shareholders, local communities, NGOs as well as Attitude's Family Members and guests are now conscious of good environmental practices: preserving natural resources, evaluating and controlling water and energy consumption, consistently reducing and recycling as much waste and scrap as possible.

Today, the creation of Green Attitude Foundation, an initiative of Attitude, is a commitment to the protection of the environment. With the green experience and expertise of its Family Members, Attitude wishes to even further commit itself to the sustainable development of its country.

PRINCIPLE 6: Reporting with Integrity (Continued)

Mission

Humility and Respect are intrinsic values of the Attitude group strongly attached to family and team spirit, genuineness and responsibility. Attitude is committed to its country and to its guests. Green Attitude Foundation is one of the means chosen to complete this task successfully and its mission is to:

- join forces and take the necessary actions towards positive sustainability;
- to make all parties aware of their responsibilities towards sustainability;
- inform all partners and brief them on the importance of successful sustainability;
- train all Family Members and local communities. Teach them responsible actions and moves in everyday life;
- promote sustainable tourism with the right activities, products and offers.

Green Attitude Foundation's 3 main lines

Green Attitude Foundation's vocation has three main lines or concerns: the preservation of the natural resources and biodiversity; the coastal environment; the cultural heritage and the promotion of local talents and their know-how.

1. Coastal environment

The lagoon is undoubtedly one of the island's most precious and genuine asset. This is the reason why Attitude, true to its engagement, has chosen to contribute actively to the protection of the marine environment. Conscious of the important role of the coastal ecosystems on everyday life, the Group commits itself on different issues concerning marine biodiversity and experiences in the field of hospitality thus offering activities and experiences to guests, enabling awareness. Encouraging each and every one to contribute to the preservation of the ecosystem along the coast, to go green and to be responsible for the future of the planet earth is the ultimate aim of Green Attitude Foundation.

Green Attitude Foundation's Ambassador

René Heuzey, well-known filmographer of marine life is our actual Green Attitude Foundation Ambassador. He is one of the directors of photography of Jacques Perrin's and Jacques Cluzaud's amazing film *Océans* as well as of Yann Arthus-Bertrand's *Planète Océan*. In Mauritius, René Heuzey not only creates awareness and initiatives but is involved in several projects concerning the protection of the environment and particularly of the marine ecosystem.

The Marine Discovery Centre

In November 2010, Attitude inaugurated its Marine Discovery Centre, an educational and its interactive center totally dedicated to the richness of the local marine flora and fauna. Located at Lagoon Attitude (ex TUI Sensimar Lagoon Mauritius), overlooking Anse la Raie lagoon, the Marine Discovery Centre has welcomed more than 17,000 visitors, mainly school children, teachers and members of social associations. The Marine Discovery Centre is equipped with an aquarium, a laboratory and a puppet theater staging the sea as main theme. On the program: introduction to marine biodiversity, educational films, glass bottom boat trips, discovery of the coral reef as well as of the mangroves and swamps together with their importance in our eco-system.

Since June 2014, with the financial help of Attitude and according to the "Marine Conservation Voluntary Zone", an underwater snorkel trail has been created in the Anse la Raie lagoon, in front of Lagoon Attitude hotel. This marine zone has not only the deliberate support of coastal communities but also that of fishermen and tourist operators who also depend on the sea and its assets to earn their living. Mooring buoys have been installed in order to stop boats anchoring in this zone of the lagoon which is subject to safety norms.

This underwater snorkel trail has both a recreational and an educational vocation, it not only protects the seabed but generates awareness about the fragility and importance of the marine ecosystems. An official convention now regulates access to this protected zone as well as to the underwater snorkel trail.

Mangrove planting

In December 2015, Attitude was the hotel partner of "Climate Change Adaptation Program in the Coastal Zone of Mauritius" under the aegis of the Ministry of Environment, of Sustainable Development, Natural Disaster Management and Beach Authority financed by the Adaptation Fun Board. Attitude has been an active partner in 4 fields of this program, namely, the campaign on climatic changes, the promotion of substantial alternative subsistence along the coastal zone, the production of environmental films with René Heuzey, Attitude's Green Foundation Ambassador and the equally important restauration of the mangrove by replanting.

2. Social entrepreneurship

The Attitude Group has committed itself to protect the environment and is therefore happy to be able to sponsor, encourage and help the local craftsmen to be both green and creative, using recycled material among others. Otentik Bazar is an authentic Attitude's experience; this weekly Made in Mauritius market encourages and helps the local craftsmen enhancing their work. All the sold items are non-profit sales for the hotel and the benefits go to the craftsmen only.

3. Art & culture

Attitude is proud to promote and encourage the talents of the Mauritians. Architects, artists, craftsmen or entrepreneurs are all invited and welcomed to work for Attitude Group.

Otentik Music

Otentik Music is first and foremost the will to support and promote local culture and Mauritian artists. Priority is given to those performing regularly in the Attitude hotels (Lionel Permal, Patyatann, Atelier Moz'ar, Carpe Diem, Eric Triton, Lespri Ravann, Yvette Dantier, Linzy Bacbotte, among others). Otentik Music is also: the shooting of 'La métisse', Zulu's and Mario Ramsamy's video clip at Zilwa Attitude. To further its involvement in the cultural world, Attitude has collaborated with Damien Elisa, Lionel Permal and Evolozik, all talented local musicians to create musical proposals for their promotional purposes.

The Otentik Music experience stretches further. As local cultural life is blossoming, Attitude is also proud to take part in the search for the new Mauritian talents and contribute to bring them to light and make themselves known. Among several others, "Apéros Dreamers", born in 2016, a joint event between La Isla Social Club and Attitude Hotels whose mission is to bring together fans, curious outsiders, the public in general and even tourists around live artists from the new artistic wave: musicians, young or Mauritian seggae group.

Sponsorship of music & art festival

Attitude supports local artists and initiatives encouraging the protection or development of Mauritian heritage: Kaz'Out in 2015, the PORLWI festival held for three consecutive years between 2015 and 2017 or even a daring La Isla 2068 launched in 2018 and organized by La Isla Social Club.

Konpoz to Lamizik competition

Konpoz to Lamizik is a competition organized by Attitude Hotels to support local musical creation according to the Otentik Music's program. This competition held under the responsibility of a panel of judges presided by Eric Triton, well-known local artist offers to all participants the possibility of performing regularly in Attitude's hotels. Held for the 1st time in 2018, it was immediately a popular artistic success. 10 finalists and a great winner: 23 years-old Emlyn who was able to realize her 1st clip and record an album. The same success and popularity happened for the 2nd edition with Mélanie Peres ft. Paf'me as a great winner in 2019.

PRINCIPLE 6: Reporting with Integrity (Continued)

Community

Family Members (FMs) are Attitude's greatest assets. As Attitude is strongly committed to the social development and welfare of its Family Members, the sense of belonging creates strong bonds between individuals. To better the working conditions, a number of activities and policies have been set up: commitment against violence, harassment, discrimination, gender equality or access for disabled amongst others. The development of the FMs is a main concern, and therefore programs have been created to improve skills and set up career development plans. The wellness of the FMs and their next-of-kin are taken care through pension and medical schemes ensuring security for their future. Attitude's management always concerned by a fair economic dynamic and the welfare of its Family Members who are all Mauritians, has introduced a key decisive factor, a profit-sharing scheme for all.

Attitude does care for each local community from which 99% of the Family Members are hired, working with local suppliers whenever feasible to support the local economy. Attitude Group encourages the local craftsmen by providing them with various facilities within the hotel, Attitude Otentik Bazar is one of these initiatives where all benefits go to the craftsmen only.

Youths are our future, that is why Attitude works in close collaboration and in line with the governmental programs and schemes to help develop the new talents: Youth Employment Program and National Apprenticeship Program. Every year Attitude's guests generously help through donations to organize Christmas presents for children from less privileged areas.

PRINCIPLE 7: Audit

Internal Audit

The Board ensures that its internal control systems and reporting arrangements are such so as to provide for the effective, prudent and efficient administration of the Company's assets and liabilities.

To ensure that the system of internal control is operating to an acceptable standard and that the risk management policies in place are adequate in managing risks in a manner acceptable to the Board, the Company has outsourced its internal audit function to Messrs UHY & CO who reports to the Audit and Risk Committee. UHY & CO have unlimited access to the Company's accounting database, administrative systems and documents.

Internal Audit reports prepared by Messrs UHY & CO are circulated to management and members of the ARC, following which necessary recommendations are made to the Board. During the year under review the scope of work of the internal audit covered the following areas:

- Revenue process;
- Procurement-to-payment process.

External Audit

The current auditors are Messrs Ernst & Young and have been appointed on 6th August 2018 and the tenure of office will be reviewed in due course in line with good governance.

The ARC is responsible for reviewing with the external auditors the letter of engagement, terms and nature of the audit scope and approach and ensure that no restrictions or limitations have been placed on the scope. The external auditors report directly to the ARC which is also responsible for monitoring the external auditors' independence, objectivity and compliance with ethical, professional and regulatory requirements.

Auditors are expected to observe the highest standards of business and professional ethics and, in particular, that their independence is not impaired in any manner. Audit fees are set in a manner that enables an effective external audit and are as follows for the year under review:

	2019	2018
	Rs'000	Rs'000
Ernst & Young		
Audit services	**386**	371
Tax services	**40**	30
Other services *	**76**	275
Total	**502**	676

* Other services relate to ad hoc tax assignment fees.

PRINCIPLE 8: Relations with Shareholders and other Key Stakeholders

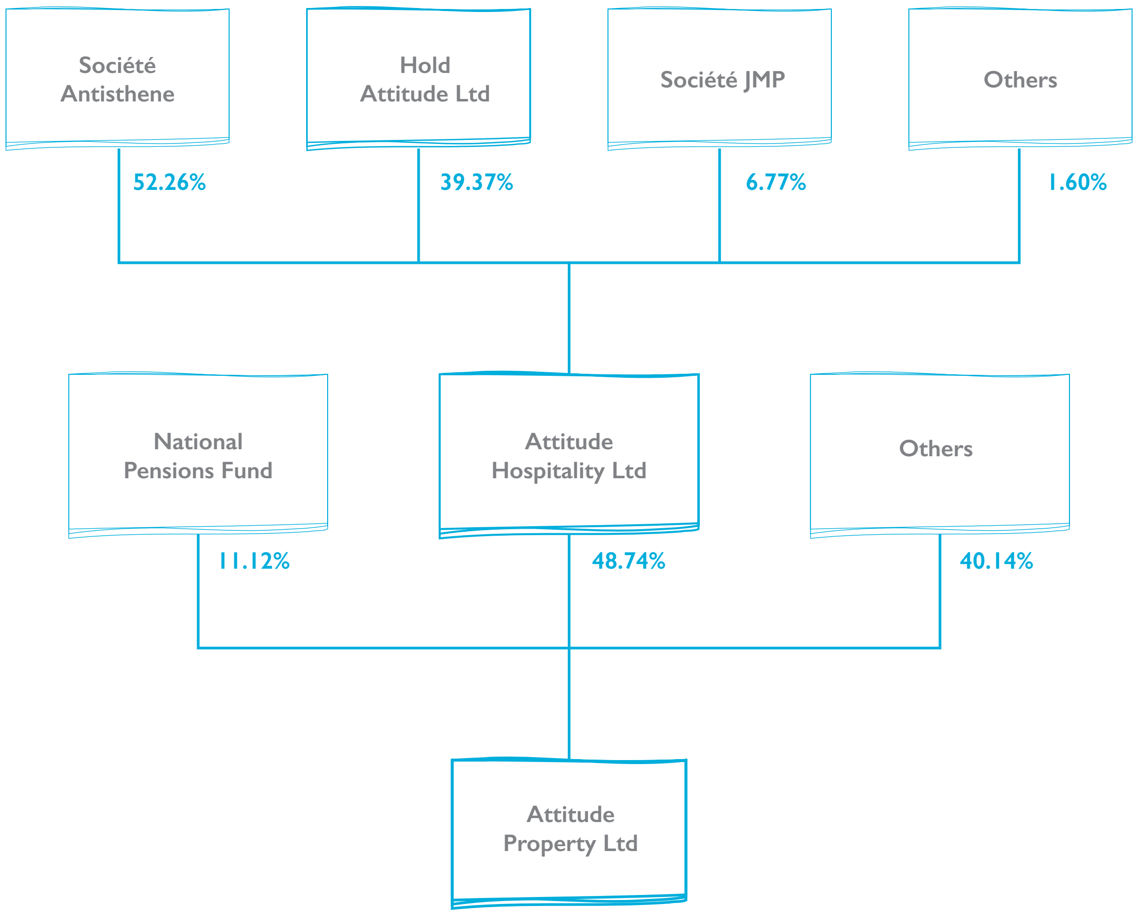
Shareholder information

The Board of Directors places great importance on an open and transparent communication with all the stakeholders of the Company. It also endeavours to regularly inform the shareholders on matters affecting the Company by announcements in the press, disclosures in the Annual Report and at the Annual Meeting of shareholders.

PRINCIPLE 8: Relations with Shareholders and other Key Stakeholders (continued)

The shareholding structure of the Company as at June 30, 2019 was as follows:

Group structure



The following shareholders held 5% or more of the shareholding of the Company as at June 30, 2019:

Shareholders	% Holding
Attitude Hospitality Ltd	48.74%
National Pensions Fund	11.12%

Shareholders' information and Calendar of Events

Shareholders' information and Calendar of Events	
Payment of dividend:	
• Final dividend for Financial Year ended June 2019	October 2019
• Interim dividend for Financial Year ending June 2020	March 2020
Publication of 1st quarter results	November 2019
Annual Meeting of Shareholders	December 2019
Publication of 2nd quarter results	February 2020
Publication of 3rd quarter results	May 2020
Publication of audited financial statements for the year ended 30 June 2020	September 2020

Dividend policy

100% of distributable re-current Profit After Tax will be paid as dividends to its shareholders, subject to sufficient levels of reserves, cash flow and the solvency test being met.

The inflation linked rent escalation, as defined in note 7 of the prospectus, came into effect at the start of Financial Year 2018-19, resulting in a rental increase of 7.68% equivalent to the cumulative inflation prevailing over the last three financial years.

Following the rent increase, the dividend yield as measured against the initial IPO subscription price of Rs 10 is expected to improve to about 7.5%, i.e. up by about 100 bps from an initial commitment to deliver 6.5% in annualized dividend yield and which APL has consistently delivered upon.

As from the Financial Year 2018-19, the expected dividend yield is 7.5% per annum for the initial investor and is non-dilutive.

As measured against the market price of Rs 12.75 at close of 28th June 2019, APL dividend yield posted at 5.41%.

PRINCIPLE 8: Relations with Shareholders and other Key Stakeholders (continued)

Donations

The Company made no social or political donations during the year under review (2018: Nil).

Statement of Directors' Responsibilities in respect of the financial statements at 30 June 2019

The Company's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and statement of cash flows, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001 and Financial Reporting Act 2004.

The Director's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting judgments and estimates that have been used consistently.

The Directors have made an assessment of Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The Directors report that the external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors confirm that

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;

(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

(iii) International Financial Reporting Standards have been complied with.

The Directors confirm that the eight principles of the Code of Corporate Governance has been adhered to.

DIRECTOR' STATEMENT OF COMPLIANCE WITH NATIONAL CODE OF CORPORATE GOVERNANCE ("The Code")

Name of PIE: Attitude Property Ltd

Reporting period: 30 June 2019

Throughout the year ended 30 June 2019, to the best of the Board's knowledge, the Company has complied to the Code. The Company has applied all of the principles set out in the Code and explained how these principles have been applied.

SIGNED BY:

Michel Guy Rivalland
Chairman
Date: 23 September 2019

Jean Michel Pitot
Executive Director

Certificate from the Company Secretary

I certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required under Section 166(d) of the Companies Act 2001 during the year ended June 30, 2019.

NWT Secretarial Services Ltd

Company Secretary

Date: 23 September 2019

Independent auditor's report

to the members of Attitude Property Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Attitude Property Ltd (the "Company" or "APL") set out on pages 53 to 93 which comprise the statements of financial position as at June 30, 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at June 30, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent auditor's report

to the members of Attitude Property Ltd

Fair value of investment properties

Key Audit Matter	How the matter was addressed in the audit

The Company carries its investment properties at fair value. As described in note 3 of the financial statements, at June 30, 2019, the investment properties stood at Rs 2,717m. These properties represent more than 95% of the Company's total assets as at that date. IAS 40 requires any change in fair value to be recognised in the statement of profit or loss and other comprehensive income.
 	
The investment properties were valued by an independent valuation specialist on June 30, 2018 using an income approach. The Directors have reassessed the reasonableness of the fair value of the investment properties as at June 30, 2019.
	Our audit procedures included the following:
	• We met with Management to discuss the valuation methodologies and transactions which took place during the year ended 30 June 2019. We obtained supporting documentation to corroborate these discussions.
	• We have obtained, read and understood the 2018 valuation report from the independent valuation specialist by considering:
	  • the completeness, adequacy and relevance of the information presented to us;
	  • the appropriateness of the valuation methods and assumptions used in the analysis;
	• We have evaluated the competence, capabilities, objectivity of management's expert and further confirmed the independence of the valuation specialist.

As described in note 3, the Directors: • took into consideration current market conditions; • made comparisons of the carrying amount to recent observable transactions; • rolled forward the income approach computation provided last year by the independent valuation specialist; • corroborated the value of the investment properties based on recent transactions. Based on the above considerations, the Directors believe that the value of the investment properties did not change significantly and therefore believe that the carrying amount approximates the fair value. Due to the involvement of significant estimates and level of judgement applied by both the independent valuation specialists and the Directors who reassess the valuations periodically, and also due to the fact that investors were promised a guaranteed yield of 6.5%, we considered the fair valuation of investment properties to be a key audit matter.	• We obtained and confirmed our understanding of the valuation process through discussions with management and their experts. • We performed an overall corroboration of the rent receivable and the growth rate used in the model to the actual rental agreements and compared the yield rate achieved as per the market and the minimum guaranteed yield of 6.5%. • We considered the reasonableness of the discount rate applied. • We tested the sensitivity of the key assumptions used by management to assess the impact of the said assumptions on the fair values determined. • We have reviewed and ensured that all disclosures relating to the significant estimates and critical judgements by management have been fully disclosed in the financial statements and that appropriate sensitivity analyses have been shown with respect to the effect on fair value to changes in these assumptions.

Independent auditor's report

to the members of Attitude Property Ltd

Other Information

The Directors are responsible for the other information. The other information comprises the Chairman's Message and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Corporate Governance report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance ("the Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report

to the members of Attitude Property Ltd

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and to express an opinion on the Company financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent auditor's report

to the members of Attitude Property Ltd

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacities as auditors, tax advisors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Financial Reporting Act 2004

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and whether the disclosure is consistent with the requirement of the Code.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

Ernst & Young

ERNST & YOUNG
Ebène, Mauritius

ANJAALA RAMKHELAWON, F.C.A.
Licensed by FRC

Date: 23 September 2019

Statement of financial position

as at June 30, 2019

		2019	2018
ASSETS	**Notes**	Rs.	Rs.
Non-current assets			
Investment properties	3	**2,716,800,460**	2,683,914,178
Intangible assets		**110,750**	-
Deferred tax assets	8	**81,847,448**	89,723,827
		2,798,758,658	2,773,638,005
Current assets			
Trade and other receivables	4	**126,953,896**	120,593,087
Cash and short-term deposits	5	**2,571,261**	619,477
		129,525,157	121,212,564
TOTAL ASSETS		**2,928,283,815**	2,894,850,569
EQUITY AND LIABILITIES			
Issued share capital	6	**1,600,170,920**	1,600,170,920
Retained earnings		**248,340,683**	237,302,325
TOTAL EQUITY		**1,848,511,603**	1,837,473,245
Non-current liabilities			
Interest-bearing loans and borrowings	7	**840,000,000**	840,000,000
Deferred tax liabilities	8	**175,625,202**	158,586,925
		1,015,625,202	998,586,925
Current liabilities			
Trade and other payables	9	**64,147,010**	58,790,399
TOTAL LIABILITIES		**1,079,772,212**	1,057,377,324
TOTAL EQUITY AND LIABILITIES		**2,928,283,815**	2,894,850,569

These financial statements have been approved for issue by the board of Directors on 23 September 2019

Michel Guy Rivalland
Chairman

Jean Michel Pitot
Executive Director

The notes set out on pages 57 to 93 form an integral part of these financial statements.

Independent auditors' report on pages 48 to 52.

Statement of profit or loss and other comprehensive income

for the year ended June 30, 2019

	Notes	2019 Rs.	2018 Rs.
Rental income	10	**213,896,358**	200,495,430
Revenue from services to tenants	11	**2,064,386**	2,022,548
Operating expenses from services to tenants	12	**(13,659,846)**	(11,834,250)
Profit arising on rental of investment properties		**202,300,898**	190,683,728
Fair value gains on investment properties	3	**-**	162,956,253
Administrative expenses	12	**(2,281,400)**	(2,747,544)
Operating profit		**200,019,498**	350,892,437
Finance costs	13	**(53,654,691)**	(53,406,523)
Profit before taxation		**146,364,807**	297,485,914
Income tax expense	8	**(24,914,657)**	(22,856,661)
Total comprehensive income for the year		**121,450,150**	274,629,253
Earnings per share:			
Basic and diluted earning per share (Rs).	21	**0.76**	1.72

The notes set out on pages 57 to 93 form an integral part of these financial statements.

Independent auditors' report on pages 48 to 52.

Statement of changes in equity

for the year ended June 30, 2019

	Issued share capital Rs.	Retained earnings Rs.	Total Rs.
At July 1, 2017	1,600,170,920	66,684,182	1,666,855,102
Total comprehensive income for the year	-	274,629,253	274,629,253
Dividends (Note 19)	-	(104,011,110)	(104,011,110)
At June 30, 2018	**1,600,170,920**	**237,302,325**	**1,837,473,245**
At July 1, 2018	1,600,170,920	237,302,325	1,837,473,245
Total comprehensive income for the year	-	121,450,150	121,450,150
Dividends (Note 19)	-	(110,411,792)	(110,411,792)
At June 30, 2019	**1,600,170,920**	**248,340,683**	**1,848,511,603**

The notes set out on pages 57 to 93 form an integral part of these financial statements.

Independent auditors' report on pages 48 to 52.

Statement of cash flows

for the year ended June 30, 2019

	Notes	2019 Rs.	2018 Rs.
Cash flows from operating activities			
Profit before taxation		**146,364,807**	297,485,914
Non-cash adjustments to reconcile profit before tax to net cash flows:			
- Finance cost	13	**53,654,691**	53,406,523
- Fair value gains on investment properties	3	**-**	(162,956,253)
Working capital adjustments			
Increase in trade and other receivables		**(6,360,808)**	(39,874,140)
Increase in trade and other payables		**5,356,609**	9,715,407
Net cash flows generated from operating activities		**199,015,299**	157,777,451
Cash flows from investing activities			
Additions to investment properties	3	**(32,886,282)**	(63,495,532)
Additions to intangible assets		**(110,750)**	-
Net cash flows used in investing activities		**(32,997,032)**	(63,495,532)
Cash flows from financing activities			
Proceeds from borrowings	7(d)	**-**	74,638,001
Dividends paid	19	**(110,411,792)**	(104,011,110)
Interest paid	13	**(53,654,691)**	(53,907,997)
Net cash flows used in financing activities		**(164,066,483)**	(83,281,106)
Net increase in cash and cash equivalents		**1,951,784**	11,000,813
Cash and cash equivalents as at July 1,		**619,477**	(10,381,336)
Cash and cash equivalents as at June 30,	5	**2,571,261**	619,477

The notes set out on pages 57 to 93 form an integral part of these financial statements.

Independent auditors' report on pages 48 to 52.

Notes to the financial statements

for the year ended June 30, 2019

1. CORPORATE INFORMATION

The financial statements of Attitude Property Ltd (the "Company" or "APL") for the year ended June 30, 2019 were authorised for issue in accordance with a board meeting of the Directors on September 23, 2019. The Company is a public company incorporated on July 04, 2013 and domiciled in Mauritius. Its registered office is situated at NWT Secretarial Services Limited, 7th floor, Dias Pier Building, Le Caudan Waterfront, Port Louis. Its holding company is Attitude Hospitality Ltd, a company incorporated in Mauritius.

The ordinary shares of Attitude Property Ltd were listed on the Stock Exchange of Mauritius under the Development and Enterprise Market in September 2015.

1.1 Principal activities

The Company's main activity is the rental of investment properties. Its tenants are involved in hotel operations.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for investment properties that have been measured at fair value. The financial statements are presented in Mauritian Rupees ("Rs").

Statement of compliance

The financial statements of Attitude Property Ltd have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The Directors have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for items described below. The Company has applied IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Amendments	Effective Date
IFRS 9 Financial Instruments	1 January 2018
IAS 40 Transfers of investment property	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Considerations	1 January 2018

The rental of investment properties falls under IFRS 16 "Leases" and therefore is not in-scope for IFRS 15.

The Company opts for no IFRS 15 disclosure notes as the standard is not in scope for the entity.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

IFRS 9 Financial Instruments

The Company adopted IFRS 9 Financial Instruments on its effective date of 01 July 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 01 July 2018, the date of initial application.

Impact of adoption of IFRS 9

(a) Classification and measurement

The Company has assessed the classification of financial instruments as at the date of initial application and has applied such classification prospectively. Based on the assessment:

- Trade and other receivables and cash and short-term deposits previously classified as Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These continue to be classified and measured as financial assets at amortised cost beginning 01 July 2018.
- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39.

(b) Impairment

IFRS 9 requires the Company to record ECLs on all of its loans and trade receivables, either on a 12-month or lifetime basis.

Given the limited exposure of the Company to credit risk and the fact that the Holding Company, Attitude Hospitality Ltd, acts as guarantor in case the tenants are not able to repay their debts, this amendment had no impact on the financial statements.

- *Financial assets*

01 July 2018	IAS 39 classification	IAS 39 measurement (Rs)	IFRS 9 classification	IFRS 9 measurement (Rs)
Trade and other receivables	Loan and receivables	120,593,087	Amortised cost	120,593,087
Cash and short-term deposits	Loan and receivables	619,477	Amortised cost	619,477

- *Financial liabilities*

01 July 2018	IAS 39 classification	IAS 39 measurement (Rs)	IFRS 9 classification	IFRS 9 measurement (Rs)
Trade and other payables	Other financial liabilities	58,790,399	Amortised cost	58,790,399
Interest bearing loans and borrowings	Amortised cost	840,000,000	Amortised cost	840,000,000

The Company is not involved in hedging activities and will not be impacted with the new hedge accounting. Overall, IFRS 9 has not a significant impact on the Company's financial assets and liabilities.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

IAS 40 Transfers of Investment property

The IASB has amended the requirements in IAS 40 Investment property on when a company should transfer a property asset to, or from, investment property. The amendments state that a change in use occurs when the property meets or ceases to meet the definition of Investment Property and there is evidence of the change in use. The Company has adopted the amendments on its effective date of 01 July 2018. There has not been any change in the use of the investment property and as such there is no significant impact on the financial statements.

2.3 Accounting standards and interpretations in issue but not yet effective

IFRIC 22 Foreign Currency Transactions and Advance Considerations

When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item. This has resulted in diversity in practice regarding the exchange rate used to translate the related item. IFRIC 22 clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The Company has adopted the interpretations on its effective date of 01 July 2018. The Company's foreign currency and advance transactions are translated on the transaction date. Hence, the adoption of the interpretation did not have significant impact on the financial statements.

Standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting standards and interpretations in issue but not yet effective (continued)

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 16 Leases	1 January 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Prepayment Features with Negative Compensation - Amendments to IFRS 9	1 January 2019
Long-term interests in Associates and Joint Ventures - Amendments to IAS 28	1 January 2019
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	1 January 2019
IFRS 3 Business Combinations - Previously held interests in a joint operation	1 January 2019
IFRS 11 Joint Arrangements - Previously held interests in a joint operation	1 January 2019
IAS 12 Income taxes - Income tax consequences of payments on Financial instruments classified as equity	1 January 2019
IAS 23 Borrowings costs – Borrowing costs eligible for capitalisation	1 January 2019
Amendments to IAS 1 and IAS 8	1 January 2020
IFRS 17 Insurance Contracts	1 January 2021
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date deferred indefinitely

Where the adoption of the standards or amendments or improvement is deemed to have an impact on the financial statements or performance of the Company, their impacts are described below.

IFRS 16 Leases - effective 1 January 2019

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting standards and interpretations in issue but not yet effective (continued)

IFRS 16 Leases - effective 1 January 2019 (continued)

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for the year beginning on or after 01 July 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Company plans to adopt IFRS 16 using the modified retrospective approach, with no restatement of comparatives. The Company has several operating leases for land.

The main changes arising on the adoption of IFRS 16 will be as follows:

1. Interest-bearing borrowings and non-current assets will increase on the implementation of the standard as obligations to make future payments under leases currently classified as operating leases will be recognised on the statement of financial position, along with the related 'right-of-use' (ROU) asset. The Company has opted to use the practical expedients in respect of leases of less than 12 months duration and leases for low value items and excluded them from the scope of IFRS 16. Rental payments associated with these leases will be recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the life of the lease.
2. There will be a reduction in expenditure on operations and an increase in finance costs as operating lease costs are replaced with depreciation and lease interest expense.
3. The adoption of IFRS 16 will require the Company to make a few judgements, estimates and assumptions. These include:
    - The approach to be adopted on transition. The Company will use the modified retrospective transition approach. Lease liabilities will be determined based on the appropriate incremental borrowing rates at the date of transition (01 July 2019). ROU assets are based on the related lease liability.
    - The estimated lease terms. The term of each lease will be based on the original lease term unless management is 'reasonably certain' to exercise options to extend the lease.
    - The discount rate used to determine the lease liability. The rates used on transition to discount future lease payments are the Company's incremental borrowing rates, reflecting the underlying lease terms. The risk-free rate component has been based on prime lending rates (PLR).

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting standards and interpretations in issue but not yet effective (continued)

Impact on adoption of IFRS 16

On adoption of the standard, the Company expects an aggregated increase in non-current assets and interest-bearing borrowings of approximately Rs 231.5m.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- Judgments made;
- Assumptions and other estimates used; and
- The potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 01 July 2019. Earlier adoption is permitted. The Company does not expect significant change following the adoption of the IFRIC. So far, they have concluded that there will be no material impact.

IAS 1 and IAS 8 Definition of Material

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework. The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The IASB has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from January 01, 2020 but may be applied earlier. However, the Company does not expect any significant change – the refinements are not intended to alter the concept of materiality.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting judgements, estimates and assumptions (continued)

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements which have significant effect on the amounts recognised in the financial statements.

Operating lease commitments- company as lessor

The Company has entered into property lease on its investment properties portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases. Refer to Note 18 for further details.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the shareholders. The Directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

Fair value of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. It is the Company's policy to revalue its investment properties every three year. The investment properties were last valued by an independent valuation specialist on June 30, 2018 using an income approach. The Directors have reassessed the reasonableness of the fair value of the investment properties as at June 30, 2019. Refer to note 3 for more details.

2.5 Summary of significant accounting policies

(a) Foreign currency translation

The financial statements are presented in Mauritian Rupees ("Rs"), which is also the functional and presentation currency of the parent company, Attitude Hospitality Ltd. The items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(b) Investment properties

Investment properties comprise of furnished buildings on leasehold land rented as hotel complex that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in profit or loss in the year in which they arise, including the corresponding tax effect.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognised in profit or loss in the year of retirement or disposal.

(c) Financial assets

In the current year, the Company has adopted IFRS 9 Financial Instruments. The impact following the adoption of IFRS 9 by the Company are shown in Note 2.2. Comparative figures for the year ended 30 June 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(c) Financial assets (Continued)

Policy effective from 01 July 2018 (IFRS 9)

(i) Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or

(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or

(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

(ii) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(iii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as financial assets at amortised cost as disclosed in note 2.2.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(c) Financial assets (Continued)

Policy effective from 01 July 2018 (IFRS 9) (Continued)

(iii) Subsequent measurement (Continued)

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade and other receivables (excluding prepayments), cash and short-term deposits.

(iv) Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(c) Financial assets (Continued)

Policy effective before 01 July 2018 (IAS 39)

(i) Initial recognition and measurement

The Company classified its financial assets as loans and receivables. When financial assets were recognised initially, they were measured at fair value, plus, in case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determined the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluated this designation at each financial year-end.

The Company's financial assets included trade and other receivables (excluding prepayments), cash and short-term deposits.

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that were not quoted in an active market. After initial measurement, such assets were carried at amortised cost using effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Cash and short-term deposits

Bank balances are subsequently measured at amortised cost less any allowance for impairment and gains and losses are recognised through profit or loss when any bank balance is derecognised or impaired, as well as through the amortisation process.

Cash and short-term deposits in the statement of financial position comprise of cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in profit or loss.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(c) Financial assets (Continued)

Policy effective before 01 July 2018 (IAS 39) (Continued)

'(ii) Subsequent measurement (Continued)

Derecognition

A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) was derecognised when:

- the right to receive cash flows from the assets had expired;
- the Company retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company had transferred its right to receive cash flows from the asset and either (a) had transferred substantially all the risks and rewards of the asset, or (b) had neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of the asset.

When the Company had transferred its rights to receive cash flows from an asset or had entered into a pass-through arrangement, and had neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset was recognised to the extent Company's continuing involvement in the asset. In that case, the Company also recognised an associated liability. The transferred asset and the associated liability were measured on a basis that reflects the rights and obligations that the Company had retained. Continuing involvement that takes the form of a guarantee over the transferred asset was measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could have been required to repay.

(d) Impairment of financial assets

Policy effective from 01 July 2018 (IFRS 9)

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(d) Impairment of financial assets (Continued)

Policy effective from 01 July 2018 (IFRS 9) (Continued)

For trade receivables, given the limited exposure of the Company to credit risk and the fact that the Holding Company, Attitude Hospitality Ltd, acts as guarantor in case the tenants are not able to repay their debts, there was no impact of ECL.

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Policy effective before 01 July 2018 (IAS 39)

The Company assessed at each reporting date whether there was any objective evidence that a financial asset or a group of financial assets not classified at fair value through profit or loss was impaired. A financial asset or a group of financial assets was deemed to be impaired if, and only if, there was objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event had an impact on the estimated future cash flows of the financial asset or the group of the financial assets that could be reliably estimated.

Objective evidence that financial assets were impaired included:

1. default or delinquency by a debtor;
2. restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
3. indications that a debtor or issuer will enter bankruptcy;
4. adverse changes in the payment status of borrowers or issuers;
5. the disappearance of an active market for a security because of financial difficulties; or
6. observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets carried at amortised cost

For financial assets carried at amortised cost the Company first assessed individually whether objective evidence of impairment exists individually for financial assets that were individually significant, or collectively for financial assets that were not individually significant. If the Company determined that no objective evidence of impairment existed for an individually assessed financial asset, whether significant or not, it included the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that were individually assessed for impairment and for which an impairment loss is, or continued to be, recognised were not included in a collective assessment of impairment.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(d) Impairment of financial assets (Continued)

Policy effective before 01 July 2018 (IAS 39) (Continued)

Financial assets carried at amortised cost (Continued)

If there was objective evidence that an impairment loss had been incurred, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that had not yet been incurred). The present value of the estimated future cash flows was discounted at the financial assets' original effective interest rate. If a loan had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate.

The carrying amount of the asset was reduced through the use of an allowance account and the amount of the loss was recognised in profit or loss. Interest income continued to be accrued on the reduced carrying amount and was accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income was recorded as part of finance income in profit or loss. Loans together with the associated allowance were written off when there was no realistic prospect of future recovery and all collateral had been realised or had been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increased or decreased because of an event occurring after the impairment was recognised, the previously recognised impairment loss was increased or reduced by adjusting the allowance account. If a future write-off was later recovered, the recovery was credited to profit or loss.

(e) Financial liabilities

Policy effective from 01 July 2018 (IFRS 9)

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as appropriate. All financial liabilities are recognised initially at fair value net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, interest-bearing loans and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost

After initial recognition, trade and other payables, interest-bearing loans and borrowings, are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(e) Financial liabilities (Continued)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Policy effective before 01 July 2018 (IAS 39)

(i) Initial recognition and measurement

The Company classifies its financial liabilities as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, interest-bearing loans and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included in finance cost in the statement of profit or loss.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(g) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

1. there is a change in contractual terms, other than a renewal or extension of the arrangement;
2. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
3. there is a change in the determination of whether fulfilment is dependent on a specified asset; or
4. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Company as a lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The interest balance should be recognised as a finance cost.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The difference between actual payments and the straight lining of the expense is recognised as a liability or asset in the statement of financial position.

Company as a lessor

Leases where the Company does not transfer the substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs are incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

Operating lease receipts are recognised as income in profit or loss on a straight-line basis over the lease term. The difference between actual receipts and the straight lining of the income is recognised as a liability or asset in the statement of financial position.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(i) Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax are calculated using tax rates that have been enacted or substantively enacted at year end.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The Company has recognised the deferred tax on the investment properties on the basis that the carrying amount of the investment property will be recovered through sale.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- Where the income tax asset relating to the deductible temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures. Deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(i) Taxation (Continued)

Deferred tax (Continued)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The principal temporary differences arise from revaluations of certain non-current assets and tax losses carried forward.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of accounts receivables or payables in the statement of financial position.

Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax expense shown within the statement of profit or loss and other comprehensive income and the current tax liabilities on the statement of financial position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted at year end.

Notes to the financial statements

for the year ended June 30, 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(j) Revenue recognition

(i) Rental income

The Company earns revenue from acting as a lessor in operating leases. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. The Company had no contingent rental income.

The rental of investment properties falls under IFRS 16 "Leases "and therefore is not in-scope for IFRS 15.

The Company opts for no IFRS 15 disclosure notes as the standard is not in scope for the entity.

(ii) Revenue from services to tenants

For investment properties held primarily to earn rental income, the Company enters as a lessor into lease agreements that fall within the scope of IAS 17. These agreements include certain services offered to tenant such as insurance. The consideration charged to tenants for these services includes fees charged based on reimbursement of expenses incurred. The insurance agreement is between the Company and the insurer therefore the Company remains the principal in satisfying the performance obligation. The Company has determined that no changes are needed on transition to IFRS 15.

(k) Intangible assets

Intangible assets which comprise computer software are initially recorded at cost. Intangible assets are subsequently measured at cost less accumulated amortisation and impairment losses. Computer software is amortised using the straight-line method over its estimated useful life of five years. The amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

(l) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to the financial statements

for the year ended June 30, 2019

3. INVESTMENT PROPERTIES

	2019	2018
	Rs.	Rs.
At July 1,	**2,683,914,178**	2,456,960,920
Additions *	**32,886,282**	63,997,005
Fair value gain	**-**	162,956,253
At June 30,	**2,716,800,460**	2,683,914,178

* Additions include borrowing costs of Rs nil capitalised (2018: Rs 501,475). The average capitalisation rate is 6.35% (2018: 6.35%).

	2019	2018
	Rs.	Rs.
Rental income derived from investment properties	**215,960,744**	202,517,978
Direct operating expenses (including repairs and maintenance) generating rental income	**(13,659,846)**	(11,834,250)
Profit arising from investment properties carried at fair value	**202,300,898**	190,683,728

(i) Investment properties consist of furnished buildings on leasehold land rented as hotel complex. Additions during the year relate mainly to Tropical Attitude villas.

The fair value has been determined on the basis of valuations performed by independent certified practising valuer, BROLL INDIAN OCEAN LIMITED, chartered valuer, at June 30, 2018, which has recent experience in the valuation of investment properties of same nature and location. The fair value represents the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

The Company's policy is to revalue its property every three years unless there is evidence that the fair value of the assets differ materially from the carrying amount.

The Directors have reassessed the fair value of the investment properties as at June 30, 2019 as follows:

- took into consideration current market conditions;
- made comparisons of the carrying amount to recent observable transactions;
- rolled forward the income approach computation provided last year by the independent valuation specialist;
- corroborated the value of the investment properties based on recent transactions.

Based on the above considerations, the Directors believe that the fair value of the investment properties is reasonable.

3. INVESTMENT PROPERTIES (CONTINUED)

The determination of fair value requires significant judgement by both the independent valuation specialists and the Directors who reassess the valuations periodically. The recent transaction method requires availability of relevant information and judgment as to the comparability of transactions observed. The use of the income approach requires Directors to make assumptions in respect of the rental receivable, the discount factor and a growth rate.

(ii) In determining the valuation of investment properties, the following main techniques have been used:

(iii) The following table gives a summary about how the fair value of the investment properties is determined:

Valuation technique and key input	Fair Value Hierarchy	Significant unobservable input
Income approach	Level 3	Estimated rental value per sqm per month Rent growth p.a. Long-term vacancy rate Discount rate

Under the income approach, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset as disclosed in note 20.

(iv) The borrowings are secured on the hotel properties and all assets of the Company.

4. TRADE AND OTHER RECEIVABLES

	2019	2018
	Rs.	Rs.
Trade receivables	**60,690,269**	110,921,774
Amount due from holding Company (note 14)	**56,070,454**	-
Other receivables and prepayments	**10,193,173**	9,671,313
	126,953,896	120,593,087

Other receivables and prepayments consist mainly of Tax Deducted at Source (TDS) receivable on rental income which are neither past due nor impaired. No collaterals are held in respect of these receivables.

The amount due from Holding Company, Attitude Hospitality Ltd is interest free and repayable on demand.

Trade receivables due from tenants are secured and are non-interest bearing which generally have a 180 days terms. The amount due from hotels are guaranteed by the holding Company, Attitude Hospitality Ltd. Impairment of receivables have been assessed on a collective basis only as there were no indications of impairment on an individual basis. The trade receivables are due from the related parties as disclosed in note 14.

Notes to the financial statements

for the year ended June 30, 2019

4. TRADE AND OTHER RECEIVABLES (CONTINUED)

For terms and conditions relating to related party receivables, refer to Note 14.

As at June 30, 2019 and 2018, the ageing analysis of trade receivables were as follows:

Under IFRS 9 (as from 01 July 2018):

	Days past due		
	< 30 days	30-90 days	>90 days
2019			
Expected credit loss rate	**0%**	**0%**	**0%**
Estimated total gross carrying amount at default(Rs)	**-**	**-**	**60,690,269**

There is no expected credit loss recognised given that amounts due from tenants are guaranteed by the Holding Company (note 15).

Under IAS 39 (before 01 July 2018):

		Neither past due	Past due but not impaired	
	Total	nor impaired	< 30 days	30 - 60 days
	Rs.	Rs.	Rs.	Rs.
2018	110,921,774	110,921,774	-	-

5. CASH AND SHORT-TERM DEPOSITS

	2019	2018
	Rs.	Rs.
Cash at bank	**2,571,261**	619,477

For the purpose of statements of cash flows, cash and cash equivalents comprise of only Cash at Bank.

Cash and short-term deposits are interest-free and held with State Bank of Mauritius Ltd and Mauritius Commercial Bank.

6. ISSUED SHARE CAPITAL

	Number of shares	2019	2018
		Rs.	Rs.
Authorised shares	178,000,000		
Ordinary shares at no par value, issued and fully paid			
Ordinary shares of Rs 10 each	160,017,092	1,600,170,920	1,600,170,920

The ordinary shares of Attitude Property Ltd are listed on the Stock Exchange of Mauritius under the Development and Enterprise Market.

7. INTEREST-BEARING LOANS AND BORROWINGS

	2019	2018
	Rs.	Rs.
Non-current		
Bank loans (note (a))	840,000,000	840,000,000
Total interest bearing loans and borrowings	840,000,000	840,000,000

(a) Bank loans can be analysed as follows:-

	2019	2018
	Rs.	Rs.
After one year and before five years	840,000,000	840,000,000

The bank loans contracted with State Bank of Mauritius(SBM) were used to finance the renovations of the hotels and the capital balance is repayable at maturity.

	Loan amount		Maturity	Loan period	2019	2018
					Rs.	Rs.
MUR	25,000,000	PLR+0.5%	Oct-22	5 years	25,000,000	25,000,000
MUR	755,000,000	PLR+0.5%	Apr-22	5 years	755,000,000	755,000,000
MUR	60,000,000	PLR+0.5%	May-22	5 years	60,000,000	60,000,000
					840,000,000	840,000,000

Notes to the financial statements

for the year ended June 30, 2019

7. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(a) Bank loans can be analysed as follows: (Continued)

(i) During the financial year ended June 30, 2019, the SBM PLR was on average 5.85% (2018: 6.29%) and at the year end, the SBM PLR was 5.85% (2018: 6.25%).

The financial covenants attached to the loan are as follows:

- The debt to equity ratio of not exceeding 1.5:1 to be maintained over the whole tenor of the banking facilities.
- The Company should produce to the Bank within a period of six months after the year end, its duly audited financial statements and the Bank may at its discretion appoint any auditor of its choice to carry out an audit of the Company's accounts should the Bank so think fit.
- Future capital expenditure of MUR 50m and above should be mutually agreed.
- Declaration and payment of dividend by the Company or any other payments to the shareholders or their related parties should be made with the prior consent of the Bank.
- All payments under the Banking facilities would be made free and clear of all present and future taxes, deduction, charges, withholding taxes, stamp duty, liability or impost of whatever nature.
- Regarding insolvency procedure, no assurance, security, or payments which may be avoided under any enactments relating to bankruptcy or winding up shall prejudice or affect the Bank's right to recover from the Company the full extent of its banking facilities.
- If the effect of any change in law or regulation is to impose, modify or deem applicable any capital adequacy, liquidity or reserve requirement, the Bank reserves the right to require payment on demand of such amounts as they consider necessary to compensate the Bank before.

There is no breach of any financial covenants during the year (2018: None).

(ii) Bank borrowings are secured by fixed and floating charges over the investment properties and other assets of the Company.

(iii) The Company contracted an additional loan of Rs 70m with SBM which was undrawn as at year end (2018: Rs 50m).

(b) Bank overdraft

The bank overdrafts are secured by floating charges on the investment properties of the Company and are used for working capital management purposes. The bank overdrafts are at floating interest rates and the average interest rate as at June 30, 2019 was SBM PLR+0.5%.

(c) The interest-bearing loans and borrowings' carrying amounts approximate fair value. They are allocated as level 2 items in the fair value hierarchy, with the significant input in determining fair value being the applicable interest rates. The technique used to determine the fair value is the discounted cash flow method. For fair value hierarchy see Note 20.

Notes to the financial statements

for the year ended June 30, 2019

7. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(c) Reconciliation of opening and closing balance for liabilities from financing activities

	2019	2018
	Rs.	Rs.
Opening balance (excluding bank overdraft)	840,000,000	765,362,000
Proceeds from borrowings	-	74,638,000
	840,000,000	840,000,000

8. TAXATION

(a) Deferred tax liabilities at June 30, relates to the following:

	Statement of financial position		Statement of profit or loss and other comprehensive income	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Deferred tax liability				
Accelerated depreciation for tax purposes	175,625,202	158,586,925	17,038,277	23,816,303
Deferred tax asset				
Tax loss	(81,847,448)	(89,723,827)	7,876,379	(959,642)
Deferred tax expense			24,914,656	22,856,661
Net deferred tax liability	93,777,754	68,863,098		

(b) Reconciliation of net deferred tax liabilities:

	2019	2018
	Rs.	Rs.
At July 1,	68,863,098	46,006,437
Tax expense recognised in statement of profit or loss and other comprehensive income	24,914,656	22,856,661
At June 30,	93,777,754	68,863,098

(c) Deferred tax liabilities at June 30, relates to the following:

	2019	2018
	Rs.	Rs.
Disclosed as:		
Deferred tax asset	(81,847,448)	(89,723,827)
Deferred tax liabilities	175,625,202	158,586,925
	93,777,754	68,863,098

Notes to the financial statements

for the year ended June 30, 2019

8. TAXATION (CONTINUED)

(d) Income tax - Statement of profit or loss and other comprehensive income

	2019	2018
	Rs.	Rs.
Income tax expense reported in the statement of profit or loss and other comprehensive income	24,914,657	22,856,661

(e) Reconciliation between tax expense and accounting profit is as follows:

	2019	2018
	Rs.	Rs.
Accounting profit before taxation	146,364,808	297,485,914
Tax calculated at a rate of 15%	21,954,721	44,622,887
Income not subject to tax	32,640	(27,702,563)
Over provision of deferred tax	-	(164,289)
Non deductible expenses	-	150,908
Corporate social responsibility at a rate of 2%	2,927,296	5,949,718
At the effective income tax rate of 17% (2018: 17%)	24,914,657	22,856,661

The deferred tax asset relates to tax loss brought forward at the current tax rate of 17% (2018: 17%). The current tax rate includes income tax rate of 15% and charge for corporate social responsibility of 2%. The Company has recognised the deferred tax asset to the extent that future taxable profit will allow the deferred tax asset be recovered.

9. TRADE AND OTHER PAYABLES

	2019	2018
	Rs.	Rs.
Trade payables	429,196	1,104,439
Amount due to related parties (Note 14)	50,952,022	41,529,546
Value added tax payables	11,184,358	13,424,567
Other payables and accruals	1,581,434	2,731,848
	64,147,010	58,790,399

- Trade and other payables are non-interest bearing and are normally settled on 30-60 days terms.
- Other payables are non-interest bearing. It consists mainly of tax deducted at source (TDS) payable and accruals for professional fees.
- For terms and conditions relating to related party payables, refer to note 14.
- For explanations on the Company's liquidity risk management processes,refer to note 15(iii).

Notes to the financial statements

for the year ended June 30, 2019

10. RENTAL INCOME

	2019	2018
	Rs.	Rs.
Rental income	213,896,358	200,495,430

Rental income is received from the three hotel properties held namely, Riviere Citron Ltee, Pointe aux Piments Hotel and Tropical Hotel Ltd.

The Company has an operating lease contract with the Government of Mauritius for the leasehold land and has entered into a sub lease arrangement to rent the leasehold land with the tenants. Rental is paid to the Government and subsequently recharged to the tenants.

11. REVENUE FROM SERVICES TO TENANTS

	2019	2018
	Rs.	Rs.
Recharged insurance	2,064,386	2,022,548

Insurance on the property is paid to Mauritius Union Assurance and subsequently recharged to the tenants.

12. EXPENSES

	2019	2018
	Rs.	Rs.
Legal and professional fees	638,630	387,275
Insurance	2,064,386	2,022,548
Consultancy fees	914,536	1,620,319
Rental of leasehold land	11,595,460	9,811,702
Other expenses	728,234	739,950
	15,941,246	14,581,794
Operating expenses from services to tenants	13,659,846	11,834,250
Administrative expenses	2,281,400	2,747,544
	15,941,246	14,581,794

Rental relate to the leasehold land used for running of the hotels complex rented from the government.

Notes to the financial statements

for the year ended June 30, 2019

13. FINANCE COSTS

	2019	2018
	Rs.	Rs.
Interest expense on:		
- Bank overdrafts	296,836	632,813
- Bank loans	53,357,855	52,773,710
	53,654,691	53,406,523

14. RELATED PARTY TRANSACTIONS

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial years.

2019	Rental income from	Amount owed to related parties	Amount owed by related parties
	Rs.	Rs.	Rs.
Holding company-Attitude Hospitality Ltd	-	-	56,070,454
Fellow subsidiaries:			
Riviere Citron Ltee	155,063,857	34,826,568	44,180,729
Tropical Hotel Ltd	28,377,515	8,016,614	7,748,087
Pointe Aux Piments Hotel Ltd	30,454,986	8,108,040	8,761,453
Attitude Hospitality Management Ltd	-	800	-
	213,896,358	50,952,022	116,760,723

2018	Rental income from	Amount owed to related parties	Amount owed by related parties
	Rs.	Rs.	Rs.
Holding company-Attitude Hospitality Ltd	-	41,529,546	-
Fellow subsidiaries:			
Riviere Citron Ltee	144,835,442	-	62,449,101
Tropical Hotel Ltd	28,377,515	-	20,056,828
Pointe Aux Piments Hotel Ltd	30,454,986	-	28,415,845
	203,667,943	41,529,546	110,921,774

- Terms and conditions of transactions with related parties:

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash, upon demand. The balances are neither past due nor impaired. The amount due from the hotels are guaranteed by the holding company, Attitude Hospitality Ltd. For the year ended June 30, 2019, the Company has not made any provision for impairment of receivables relating to amounts owned by related parties (2018: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. The trade receivables from the fellow subsidiaries is inclusive of VAT.

14. RELATED PARTY TRANSACTIONS (CONTINUED)

Nature of transactions with related parties:

-Amount owed from related parties relates to rental of the hotel properties.

-Amount owed from Attitude Hospitality Ltd relates to funding to holding Company.

-Amount owed to related parties relates to funding from hotels.

Key management personnel

Key management personnel are persons having the authority and responsibility for planning, directing and controlling the activities of the Company, including Directors.

The Company has a management contract with Attitude Hospitality Ltd on a no fee basis. The Board Committee fees have not yet been defined by the Board. At 30 June 2019, the Executive Directors did not receive any remuneration and benefits. The Independent Non-Executive Directors were entitled to a fees of Rs 50k each.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations.

The Company has various financial assets, such as trade and other receivables and cash in hand and at bank which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(i) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and borrowings with floating interest rates. The Company mitigates this risk by having a loan portfolio which carries both fixed and floating rates.

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit and equity (through the impact on floating rate borrowings).

Effect on profit / equity	Decrease in basis points	2019	2018
		Rs.	Rs.
Interest-bearing loans and borrowings	-50	4,200,000	4,200,000

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) ***Interest rate risk (continued)***

Effect on profit / equity	Increase in basis points	2019	2018
		Rs.	Rs.
Interest-bearing loans and borrowings	+50	(4,200,000)	(4,200,000)

(ii) ***Credit risk***

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's credit risk is primarily attributable to its trade receivables, which relates solely to its fellow subsidiaries and the credit quality of the tenant is assessed at the time of entering into a lease agreement. Credit risk on bank balances and other financial assets are minimal since these are maintained with reputable financial institutions. The Company's maximum exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Probability of default on the trade receivables from tenants is considered as close to zero.

The Company measures credit risk and ECL using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any ECL. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term and also the Holding Company acts as guarantor in case the tenants are not able to repay their debts. As a result, no loss allowance has been recognised based on 12-month ECL as any such impairment would be insignificant to the Company.

(iii) ***Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping reliable credit lines available.

The Company's objective is to maintain a flexibility between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Notes to the financial statements

for the year ended June 30, 2019

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Liquidity risk (Continued)

The table below summarises the maturity profile of the Company's financial liabilities at reporting date based on contractual undiscounted payments.

At June 30, 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	-	13,444,603	39,969,264	938,815,640	-	992,229,507
Trade and other payables	50,952,022	11,613,554	1,581,434	-	-	64,147,010
	50,952,022	25,058,157	41,550,698	938,815,640	-	1,056,376,517

At June 30, 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	-	13,444,603	39,895,397	992,229,507	-	1,045,569,507
Trade and other payables	41,529,546	1,104,439	-	-	-	42,633,985
	41,529,546	14,549,042	39,895,397	992,229,507	-	1,088,203,492

Interest-bearing loans and borrowings include all future interest cost and trade and other payables exclude Value added tax payables and accruals of Rs 12,765,792 (2018: Rs 16,156,415).

Notes to the financial statements

for the year ended June 30, 2019

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Capital risk management

The primary objective of the Company in respect of capital management is to maintain a strong credit rating and healthy capital ratios in order to support the business and maximise shareholders' value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain and adjust the capital structure, the Company may adjust the dividend payment to shareholders.

The Company includes within net debt, interest-bearing loans and borrowings, less cash and short-term deposit. Total capital is calculated as "equity" as shown in the statements of financial position less net unrealised gains reserves. The gearing ratios at June 30, 2019 and 2018 were as follows:

	2019	2018
	Rs.	Rs.
Interest-bearing loans and borrowings	840,000,000	840,000,000
Cash and short term deposits	(2,571,261)	(619,477)
Net debt	837,428,739	839,380,523
Equity	1,848,511,603	1,837,473,245
Equity and net debt	2,685,940,342	2,676,853,768
Gearing ratio	31%	31%

16. ULTIMATE HOLDING COMPANY

The Directors regard Jason Limited, as the ultimate holding company and Attitude Hospitality Ltd as the intermediate holding company. Both companies are incorporated in Mauritius and the registered office is situated at The Junction Business Hub, Block C, Calebasses Branch Road, Calebasses, Mauritius.

17. COMMITMENTS

Capital commitments

Capital commitments towards investment

	2019	2018
	Rs.	Rs.
Approved by Directors and partly contracted for capital expenditure:	70,000,000	-

The capital commitments of Rs 70m with respect to Tropical Villas project has been approved by the Board of Attitude Property Ltd. However, this project cost will exceed to around Rs 77m. The Company will increase its investment and thereafter increase the rental from Tropical Hotel Ltd accordingly.

18. OPERATING LEASE-COMPANY AS LESSOR

The Company has entered into a sub lease arrangement for its hotel properties. The properties are leased for a period of 20 years and includes clauses to enable periodic upward revision of the rental charge every 3 years based on the Consumer Price Index (CPI) but shall not exceed 15% of the rent payable. The first periodic upward revision of the rental charge was effective as from 1st July 2018.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2019	2018
	Rs.	Rs.
Within one year	**206,400,898**	202,300,898
After one year but before five years	**851,600,781**	829,433,680
After five years	**2,658,521,926**	2,838,171,719
	3,716,523,605	3,869,906,297

OPERATING LEASE-Company as lessee

The Company has entered into a lease arrangement for its hotel properties with the Government of Mauritius. The properties are leased for a period of 60 years and includes clauses to enable periodic upward revision of the rental charge based on the Consumer Price Index (CPI) but shall not exceed 15% of the rent payable.

Future minimum lease payments under operating leases are as follows:

	2019	2018
	Rs.	Rs.
Within one year	**11,617,888**	11,576,407
After one year but before five years	**46,471,552**	46,305,628
After five years	**580,894,398**	590,396,760
	638,983,838	648,278,795

19. DIVIDENDS

The Company had declared and paid an interim dividend of Rs 0.37 per share in March 2019.

The Company had declared and paid a final dividend of Rs 0.32 per share in October 2018.

Notes to the financial statements

for the year ended June 30, 2019

20. FAIR VALUE MEASUREMENT

(a) The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

		Fair value measurement using			
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Rs.	Rs.	Rs.	Rs.
Assets measured at fair value:					
Investment properties (Note 3)	**June 30, 2019**	**2,716,800,460**	**-**	**-**	**2,716,800,460**
	June 30, 2018	2,683,914,178	-	-	2,683,914,178
Liabilities measured at fair value:					
Interest bearing loans and borrowings	**June 30, 2019**	**840,000,000**	**-**	**840,000,000**	**-**
	June 30, 2018	840,000,000	-	840,000,000	-

As from June 2018, the Company had a change in the valuation method from DRC to income approach which provides better transparency. This change in valuation method was applied prospectively as it is a change in estimate. There were no changes in valuation techniques during the financial year.

Management has assessed that cash and short-term deposits, trade receivables, trade payables, interest-bearing loans and borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

(b) Fair value measurement using significant unobservable inputs (Level 3)

	Investment properties	
	2019	2018
	Rs.	Rs.
As at July 01,	**2,683,914,178**	1,798,460,920
Additions	**32,886,282**	63,997,005
Transfer from Level 2	**-**	658,500,000
Fair value gain	**-**	162,956,253
As at June 30, 2019	**2,716,800,460**	2,683,914,178

Notes to the financial statements

for the year ended June 30, 2019

20. FAIR VALUE MEASUREMENT (CONTINUED)

(c) The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model.

Type	Fair value at June 30, 2019	Valuation approach	Key unobservable inputs	Range of unobservable inputs (weighted average)
	Rs			
Investment properties	2,716,800,460	Income approach	- Estimated rental value per room per month	Rs 403,000 - Rs 518,000
			- Growth rate per annum	3.5%
			- Discount rate	10%

Significant increases/(decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher/(lower) fair value of the investment properties of Rs 75.6 mn. Significant increases/(decreases) in the long term vacancy rate and discount rate in isolation would result in a significantly lower/(higher) fair value of Rs 121.8 mn.

21. BASIC AND DILUTED EARNING PER SHARE

	2019	2018
	Rs.	Rs.
Profit attributable to owners	**121,450,151**	274,629,254
Number of equity shares in issue	**160,017,092**	160,017,092
Earnings per share	**0.76**	1.72

Basic and diluted earnings per share are calculated by dividing the profit for the year attributable to the owners by the number of ordinary shares in issue during the year. There were no instruments that would have a dilutive effect on the earnings per share.

Notes to the financial statements

for the year ended June 30, 2019

22. SEGMENTAL REPORTING

The Company is engaged in one main operating segment which is the rental of investment properties in Mauritius. The three tenants are its fellow subsidiaries which operate in the hotel industry and there are no external customers. Accordingly all significant operating decisions are based upon analysis of the rental of investment properties as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

23. CONTINGENT LIABILITIES

One of the property's value has been re-assessed by the Registrar General, following this re-assessment, the Registrar has made a claim of Rs 52.5m for additional registration duty. Under the advice of its legal counsel, the Company has made a formal objection to the Assessment Review Committee ("ARC"). Given that this case is still ongoing, no provision has been made in the accounts.

24. EVENTS AFTER REPORTING DATE

There have been no material events after reporting date which would require disclosure or adjustments in the financial statements for the year ended June 30, 2019.

Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of Shareholders of Attitude Property Ltd (the "Company") will be held at The Junction Business Hub, Block C, Calebasses Branch Road, Calebasses on **Wednesday 18th December 2019 at 09:30 hours** to transact the following business:

1. To consider the Annual Report 2019 of the Company.
2. To receive the report of Messrs Ernst & Young, the Auditors of the Company.
3. To consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2019.

Ordinary Resolution I

"Resolved that the Audited Financial Statements of the Company for the year ended 30 June 2019 be hereby adopted."

4. To re-elect as Directors of the Company and by way of separate resolutions Messrs Marie Joseph Bernard Piat Dalais and Michel Guy Rivalland.

Ordinary Resolution II and III

"Resolved that Mr [ ] be hereby re-elected as Director of the Company".

II Marie Joseph Bernard Piat Dalais

III Michel Guy Rivalland

5. To approve the re-appointment of Messrs Ernst & Young, as Auditors of the Company to hold office until the next Annual Meeting of Shareholders and to authorise the Board to fix their remuneration for the financial year 2019/2020.

Ordinary Resolution IV

"Resolved that Messrs Ernst & Young be re-appointed as Auditors of the Company to hold office until the next Annual Meeting of Shareholders and that the Board be hereby authorised to fix the Auditors's remuneration for the financial year 2019/2020.

By Order of the Board

NWT Secretarial Services Ltd
Corporate Secretary
Per V.Oomadevi Chetty
Dated this 1st day of October 2019

Notes:

1. *A shareholder of the Company entitled to attend and vote at this meeting, may appoint a proxy (in the case of individual shareholder) or a representative (in the case of a company) whether a shareholder of the Company or not, to attend and vote in his/its behalf.*
2. *The instrument appointing the proxy or representative should reach MCB Registry and Securities Ltd, Sir William Newton Street, Port Louis not less than twenty four (24) hours before the meeting.*
3. *Postal votes should be delivered to MCB Registry and Securities Ltd, Sir William Newton Street, Port Louis, not less than forty-eight (48) hours before the meeting, and in default, the postal vote shall not be treated as valid.*
4. *A proxy form and postal vote are included in this Annual Report and are also available at the Registered Office of the Company.*
5. *For the purpose of this Annual Meeting of Shareholder, the Directors have resolved in compliance with Section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the Annual Meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 19 November 2019.*
6. *The minutes of proceedings of the Annual Meeting of Shareholders held on 18 December 2018 are available free of charge on request. Kindly contact the Company Secretary, NWT Secretarial Services Limited, 6/7th Floor, Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis 11307.*

Proxy Form

I/We ....
of..
being a shareholder of Attitude Property Ltd, hereby appoint ....
of ....
or failing him/her, ...
of ……………………………………..………………… or failing him/her, the Chairman as my/our proxy to represent me/us and vote for me/us and act on my/our behalf at the Annual Meeting of the Company to be held at The Junction Business Hub, Block C, Calebasses Branch Road, Calebasses on **Wednesday 18th December 2019 at 09:30 hours** and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner (please vote with a tick):

Resolutions	For	Against	Abstain
I. Resolved that the Audited Financial Statements of the Company for the year ended 30 June 2019 be hereby adopted			
II. Resolved that Mr Marie Joseph Bernard Piat Dalais be hereby re-elected as as Director of the Company			
III. Resolved that Mr Michel Guy Rivalland be hereby re-elected as Director of the Company			
IV. Resolved that Messrs Ernst & Young be re-appointed as Auditors of the Company to hold office until the next Annual Meeting of Shareholders and that the Board be hereby authorised to fix the Auditor's remuneration for the financial year 2019/2020.			

Signed: ___________________________ Date: ___________________________

NOTES:

1. *If this form is signed and returned without any indication as to how the proxy shall vote, he/she will exercise his/her discretion both as to how he/she votes and whether or not he/she abstains from voting.*
2. *To be effective, this proxy form should reach MCB Registry and Securities Ltd, Sir William Newton Street, Port Louis not less than twenty-four (24) hours before the time of holding the meeting.*

Postal Vote

I/We...
of..
being a shareholder of Attitude Property Ltd, hereby cast my/our vote by post, by virtue of Clause 22.10 of the Constitution of the Company for the Annual Meeting of the Company to be held at The Junction Business Hub, Block C, Calebasses Branch Road, Calebasses on **Wednesday 18th December 2019 at 09:30 hours** and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner (please vote with a tick):

Resolutions	For	Against	Abstain
I. Resolved that the Audited Financial Statements of the Company for the year ended 30 June 2019 be hereby adopted			
II. Resolved that Mr Maxime Jean François Desvaux De Marigny be hereby re-elected as Director of the Company			
III. Resolved that Mr Michel Guy Rivalland be hereby re-elected as Director of the Company			
IV. Resolved that Messrs Ernst & Young be re-appointed as Auditors of the Company to hold office until the next Annual Meeting of Shareholders and that the Board be hereby authorised to fix the Auditor's remuneration for the financial year 2018/2019.			

Signed: ___________________________ Date: ___________________________

NOTE:

The signed postal vote shall reach the MCB Registry and Securities Ltd, Sir William Newton Street, Port Louis, not less than forty-eight (48) hours before the meeting, and in default, the postal vote shall not be treated as valid.

100% MAURITIAN

OTENTIK attitude

EXPERIENCES

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