ANNUAL REPORT 2020

Attitude Property Ltd

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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 4^{th} July 2013. APL was converted into a public company limited by shares on 5^{th} May 2014.

APL is a 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 to maximize shareholder return from its property portfolio.

APL's only source of revenue is the rental income it receives from its three (3) hotel properties (The Ravenala Attitude, Tropical Attitude and Récif Attitude). According to the 20-year binding lease agreement with AHL, APL will perceive rental income twice a year – at six (6) month intervals – in arrears. The rental contract stipulates that the rental amount will be revised upwards every three (3) years by an amount linked to the cumulative increase in headline inflation and capped at 15% over the course of the three (3)-year period. At the expiry of the twenty (20)-year binding rental agreements, the tenants will have the option to renew the lease for another twenty (20)-year period.

AHL is an investment entity holding shares in various companies in the hotel and tourism industry. AHL has been launched in 2008 with the aim to think outside the box with a new 'Attitude', encouraging guests to discover the authentic soul of Mauritius and position itself as a responsible economic player that supports sustainable development. Today the group manages nine hotels, known collectively as Attitude Hotels, and employs 1,600 people, known as Family Members. Through continuous expansion and innovation, 'Attitude' has become a leading brand as well as a reference for the mid-market segment.

From the top:

Michel Guy Rivalland, Chairman & Non-executive Director • Marie Joseph Bernard Piat Dalais, Independent Non-executive Director • Jean Francois Desvaux de Marigny, Independent Non-executive Director • Armelle Bourgault Du Coudray, Non-executive Director • Jean Michel Pitot, Executive Director • Deenesh Seedoyal, Executive Director.

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The Company owns the property for three hotels 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 Ravenala Attitude

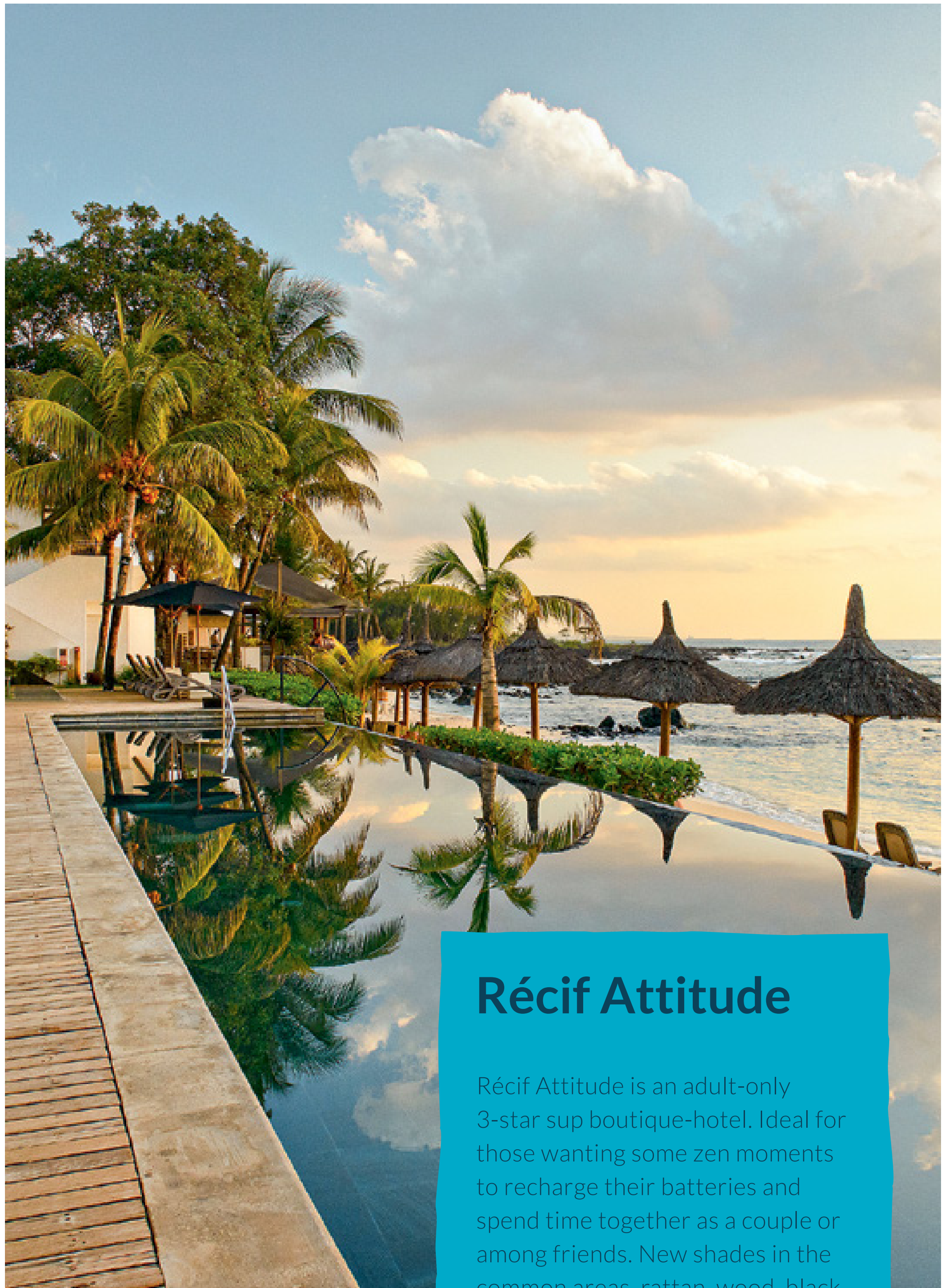
The Ravenala Attitude is a leisure hotel offering numerous activities and a Dine Around experience to families and friends, couples and newly-weds. The Ravenala Attitude is the first 4* all suite hotel in Mauritius. Its architecture, décor and lifestyle are a mix of colonial heritage, contemporary design 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

Tropical Attitude is an adult-only 3-star sup boutique-hotel with 58 seafront rooms and 11 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.

Tropical Attitude boasts 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

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.

rezondet group

join our Positive impact movement

ATTITUDE HAS LAUNCHED ITS POSITIVE IMPACT MOVEMENT TO CREATE THE SUSTAINABLE HOLIDAY EXPERIENCE OF TOMORROW

The Positive Impact movement builds on the success of the group's Green Attitude programme (launched in 2010) and the Otentik Experiences (launched in 2012). 2020 is the 'year of acceleration' for Attitude Hotels and the new Positive Impact movement sets the company's future goal to help guests discover the authentic Mauritius and, in the future, other countries and cultures, with the same harmonious development that is respectful of the environment and economic development.

To take the company forward, the group's new purpose is: **Attitude, committed to tourism with a positive impact.**

Attitude has always had a strong commitment to sustainability and this new movement will go even further to offer holidays that support the island's economy, protect the environment and care for the local community.

The movement encourages a collective approach, inviting both guests and business partners to help make a difference and create the sustainable holiday experience of the future. It goes beyond the holiday experience, too, ensuring Attitude Hotels has a positive impact on society and inspires other companies to make a difference and ensure tourism benefits all.

The Positive Impact movement also includes initiatives such as funding small Mauritian companies, supporting local craftsmanship and giving the island's musicians, artists and photographers the chance to showcase their talents within the hotels. Attitude Group also strives to source local food, fund university scholarships and encourage guests to experience an authentic slice of Mauritius with its Otentik Experiences, which include having dinner with a local family.

Because sustainability is a never-ending topic, we'll be setting ourselves goals and, once reached, setting new goals to drive our company forward. We will do everything we can to support the Mauritian economy, protect the environment and care for the local community.

THE GROUP'S COMMITMENTS

OBJECTIVE 1: ✓ REACHED

Since 1st November 2020, all our hotels propose a zero single-use plastic guest experience

PROTECTING THE ENVIRONMENT

Attitude has always had a strong commitment to sustainability and with this new movement go even further. Since 1st November 2020, all our hotels propose a zero single-use plastic guest experience.

It is now more than 3.6 million of single-use plastic items each year that will not be produced anymore thanks to various initiatives such as water bottling, bulk shop or use of flasks. Our guests are invited to visit the Marine Discovery Centre (located at Lagoon Attitude) to talk to the scientists and learn about the island's fragile lagoon. We've switched to greener energy systems, offer blue net bags to our guests for litter picking; and our beautiful interior design touches are often made from upcycled materials. These actions reinforce our commitment taken since 2017 when all our hotels have been certified Travelife gold.

SUPPORTING THE LOCAL ECONOMY

Objective 2: 50% of the group purchases from suppliers certified Made in Moris as at 30th June 2021.

Attitude funds small local businesses that align with our values, creating sustainable products and local jobs

Attitude sources its food locally, unless it cannot be grown or produced on the island. This benefits farmers such as Mr and Mrs Mayaven, who have a team of 20 people growing our salad and vegetables. The guests can also get a taste of Mauritian home cooking by ordering a tasty dholl puri from one of our Taba-J, traditionally prepared by Mr and Mrs Chetty.

Employing local people and suppliers is key to our movement. Attitude make a concerted effort to buy from local craftspeople, such as having most of our furniture made in Mauritius, rather than choosing cheaper imports.

Attitude has also created Otentik Bazar, a pop-up market at our hotels giving local designers the chance to sell their products. Handicrafts include baskets, jams, jewellery and handbags made from recycled sails. Attitude takes no commission from the sale of any goods – 95% of the profit is paid directly to the maker and 5% goes to financing environmental actions via the Green Attitude Foundation.

hotel decoration by local interior design agency Xclusive concept

CARING FOR THE LOCAL COMMUNITY

Objective 3: 10,000 training hours on sustainable practices by 31st December 2020.

Attitude believe it's important to do business with locals, so that tourism benefits the whole island. This focus means its guests will get a more authentic experience. They meet Family Members (staff) who have grown up in Mauritius; and can have dinner with a local family – one of their Otentik Experiences – where 100% of the cost goes to the hosts.

Mauritius has some incredible home-grown talent, so Attitude runs an annual music competition – Konpoz to Lamizik - to discover up-and-coming musicians; and decorate their hotels with stunning local art and photography.

Attitude has been awarded a 'Great Place to Work' and encourages its Family Members to progress.

DIY workshops organized for the family members

Chairman's report

APL at a glance

3 HOTELS	411 ROOMS	2.76 BN PORTFOLIO VALUE	15 YRS WALE

Dear shareholders,

2020 has so far been a very difficult year, with the COVID-19 pandemic causing economic chaos in many industries, tourism being the most affected one in Mauritius. APL is a property holding company which reflects the workings of a REIT (Real Estate Investment Trust). We have too often been compared to hotel operating companies when in fact we are purely hotel real estate owners.

Our sole tenant is Attitude Hospitality Ltd, who has a 20-year lease, expiring in 2035, renewable for another period of 20 years thereafter. We currently own 3 properties namely The Ravenala Attitude, Tropical Attitude and Récif Attitude.

During the year under review, Tropical Attitude underwent a renovation and we built 11 additional villas. Whilst we have no upside in the returns generated by these operations, we are kept abreast of the industry feedback on our properties and are glad to say that the new Tropical Attitude and its villas have been well accepted and has probably contributed to increasing the value of our property.

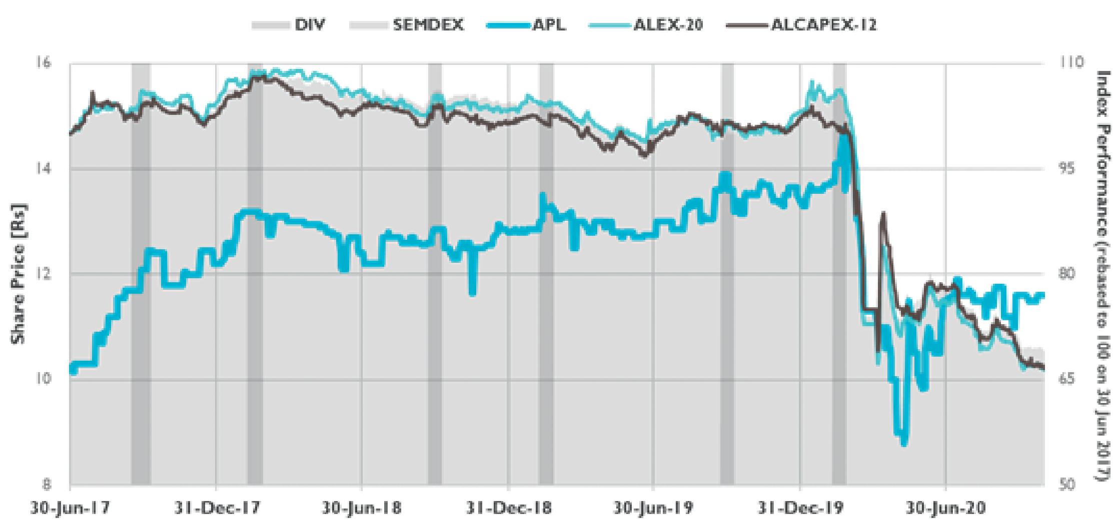
Total asset value of the company stood at Rs 3.2 bn as at the 30th June 2020. We are pleased that, not withstanding the pandemic and the resulting drop in asset values witnessed by some hoteliers, our auditors and independent valuers have not revalued our property holdings any lower this year. This is tantamount to our prudent approach over the years of valuing our portfolio. We are also reassured that our properties are in the 3-4 stars sectors. This category of hotels has been resilient during past recessions and times of economic turbulence. Attitude Hospitality Ltd strongly believes that this segment will rebound faster and it seems the markets will do as well. What is most comforting is that we value a room at an average of Rs 6.7 M/room compared to nearly Rs 10 M a room for the last transaction in the same category pre-COVID-19. That means that our portfolio carries less risk of a reduction in value and that if we had to find another tenant or a buyer it would be far easier to find at our current book values.

We have also engaged with Attitude during the last 2 quarters to be kept abreast of their performance, of the industry's post-COVID-19 impact and the scale of the headwinds caused by it. We believe that Attitude Hospitality Ltd enjoys the backing of its main bankers and has raised sufficient capital to weather the storm ahead. Therefore, we are reassured that this should not interrupt our income in the foreseeable future and affect our operations.

We have assets which are valued at current markets rates and an experienced tenant/operator in the 3-4 star segment. This category of hotels has been the most resilient over the last decades of the growth in arrivals our country has seen. We are long-term investors and we strongly believe that our strategy and assets are well positioned to see through the pandemic without substantial issues.

Market performance

The financial year ended 30th June 2020 was a tale of two halves. During H1-FY2020, the Domestic Property sector grew by a combined 2.1% to Rs 20.8 bn (excluding Semaris) and our company, Attitude Property Ltd (APL), saw its share price appreciate from Rs 12.75 to Rs 13.50 (+5.9%). However, the emergence of the COVID-19 pandemic and subsequent closure of borders resulted in a sharp market plunge during H2-FY2020. During this turbulent period, the Mauritian Stock market collapsed, losing about a quarter of its value, making it one of the worst performing markets in the world according to Bloomberg data. Domestic property stocks suffered with the sector's combined market capitalisation trimmed by 22% to Rs 17.1 bn. APL fared slightly better having lost 15% during the same period. When these two halves are put together, the combined effect was a net 10% decline against a 19% drop for the sector, a 43% collapse for hospitality stocks, and an overall drop exceeding 20% for the Stock Exchange of Mauritius.



In terms of liquidity, APL is the 13th most liquid listed company as measured by a Time to Trade Rs 10 M worth of stocks at 18.3 days, i.e. slightly better 14th placed Medine at 19.1 days, and slightly worse than 12th placed CIM Financial Services at 16.6 days. APL was traded in more than 3 out of every 5 sessions with 10.7 M shares – representing 6.7% of total shareholding (similar to SBM Holding's 6.8%) – exchanged for a total value traded of Rs 136 M, i.e. just shy of 1% of overall market turnover which stood at Rs 14.8 bn during the period.

In the trimester (4-month period) since the beginning of FY-2021, the local market lost more than 10% while the MSCI Frontier Markets index grew by 7.9% and MSCI World recorded a 6.5% ascent. Mauritian property stocks lost another 4.4% to Rs 16.4 bn, whereas APL with a 15-cent gain to Rs 11.60 was the sole gainer among peers.

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 the 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, 2020.

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, 2020 is shown on page 45.

Dividends

An interim dividend of Rs 0.37 per share was declared and paid during the year (2019: Rs 0.37).

Board of Directors

Mr Michel Guy Rivalland – Chairperson-Non-Executive Director - ***Appointed on April 3, 2014***

Mr Maxime Jean Francois 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***

Mrs Armelle Bourgault Du Coudray – Non-Executive Director - ***Appointed on February 4, 2020***

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 (2019: Nil).

Directors’ remuneration & benefits

The Independent Non-Executive Directors were entitled to fees of Rs 93.75k in total (2019: Rs 100k in total).

Donations

No donations were made during the year (2019: Nil).

Corporate governance report

The Board of Attitude Property Ltd (the ‘Company’ / ‘APL’) is committed to achieving high standards of corporate governance and recognizes the importance of good governance to ensure continued growth and create sustainable value for all its stakeholders. As a public interest entity, the Board of Directors (“the Board”) 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 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

<u>Chairman of the Board</u>

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 Company Secretary and other Directors as appropriate;
- To maintain sound relations with the Company’s shareholders and ensure that 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 20.

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 Francois Desvaux De Marigny and a brief profile is found on page 20.

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 AHML 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 is of reasonable size and possesses the appropriate mix of competencies, experience, gender, skill and independence to efficiently manage the affairs of the Company. In line with the requirement of the Code with regards to gender balance, Mrs Armelle Bourgault Du Coudray has been appointed as Non-Executive Director on February 04, 2020.

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

Members of the Board at June 30, 2020 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 Francois Desvaux De Marigny
(Independent Non-Executive Director)

Maxime Jean Francois 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 Chairperson of the Mauritius Commercial Bank Ltd and a Director of a number of the MCB Group's subsidiaries.

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 to manage more than 1,000 rooms in Mauritius. Prior joining Attitude, he was the Managing Director of Veranda Resorts renamed into 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 Group. He joined Attitude in July 2008 and was appointed Executive Director in 2010. Over the years, he has gained significant executive experience in the field of corporate transactions and financial reporting. 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 and Mauritius Institute of Directors.

Armelle Bourgault Du Coudray
(Non-Executive Director)

Armelle Bourgault Du Coudray graduated with a "Brevet de Technicien Supérieur." She was appointed as Director of the Company on 4th February 2020.

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)

List of Directors' Direct and Indirect Interest in APL as at June 30, 2020

Directors	Direct Shareholding		Indirect Shareholding
	Number of shares	Percentage (%)	Percentage (%)
Michel Guy Rivalland	-	-	1.68
Maxime Jean Francois Desvaux De Marigny	-	-	-
Marie Joseph Bernard Piat Dalais	-	-	-
Jean Michel Pitot	-	-	9.47
Deenesh Seedoyal	20,000	0.012	0.14
Armelle Bourgault Du Coudray			6.17

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 Francois 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

	Board meetings	ARC meetings
No of meetings held	4	4
Members		
Michel Guy Rivalland (Chairman)	4	-
Jean Michel Pitot	3	-
Maxime Jean Francois Desvaux De Marigny	4	4
Marie Joseph Bernard Piat Dalais	4	4
Deenesh Seedoyal	4	4
Armelle Bourgault Du Coudray	2	-

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 in appointing 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.

Mrs Armelle Bourgault Du Coudray was appointed as Non-Executive Director on 4th February 2020 and her induction will be conducted during the next financial year 2021, in view of current post COVID-19 restrictions.

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 enrol 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.

The next Board appraisal will be carried out during the financial year 2021.

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 79. 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 fee of Rs 93,750 during the financial year as shown in the below table:

Members	Total fees per Director (Rs)
Maxime Jean Francois Desvaux De Marigny	43,750
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.

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 it 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, are adapted to the local situation for 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 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.

The Board is responsible for identifying and managing potential conflict of interest. The Board noted no conflict of interest during the year.

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. Moreover, 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.

The Board is responsible for the governance of this key risk.

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

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 is then linked to the rental income to be perceived by APL.

Principle 5: Risk governance and internal control (continued)

To counter this risk during the COVID-19 and post-COVID-19 period, APL is in constant liaison with its tenants with respect to the timing of rental receipts. Moreover, APL has deferred the interest on loans up to 31st Dec 2020.

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

Attitude Hotels has always put the environment, Mauritian economy and the local community at the heart of everything it does. A stay at one of the hotels can be a chilled-out beach holiday – but also lead to a cleaner ocean, support families and empower local people to develop their talents.

For over 10 years, Attitude has been working on both environmental and community projects. The search for ethical and responsible ecopractices have led to action and change already. The group has prioritised buying and investing in local businesses; found ways to reduce it negative impact on the environment; and developed ways Attitude Hotels benefits the local community.

Attitude Hotels has launched 'Positive Impact', a movement intended to bring together customers, tourism partners, and more generally all the inhabitants of the island around a model of sustainable and reasoned development.

The Mauritian hotel group has always had a strong commitment to sustainability and this new movement will go even further to offer holidays that support the island's economy, protect the environment and care about the local community.

The movement launched on 6th July 2020 sets out a sustainable development strategy for all eight Attitude Hotels and Paradise Cove Boutique Hotel in Mauritius.

Jean-Michel Pitot, CEO of Attitude, says: "*Tourism should benefit the whole island and do good, even after the holiday is over. It isn't easy and we don't have all the answers, but we do have the drive to innovate and lead the change. As well as our desire to preserve the island's cultural and environmental heritage, we want to bring about a change in behaviour and raise awareness. The movement intends to unite guests, our partners and incite the wider tourism industry to follow a model for sustainable development.*"

Attitude focus on three commitments:

Protecting the environment

- Funding the Marine Discovery Centre at Lagoon Attitude, employing two full-time scientists to study and preserve the lagoon's mangroves, seagrass beds and corals, with the mission to slow down erosion. The centre educates the community and hotel guests.
- Encouraging suppliers to consider a better environmental footprint. For example, Attitude asked its linen supplier to come up with a solution to delivering fresh linen in single-use plastic. It is now delivered in reusable bags.
- Inviting guests to sign a Positive Impact charter on arrival. This asks guests to educate themselves about the island's culture, customs and local traditions; keep the island clean; and buy local souvenirs for a fair price, rather than imported goods.
- A zero single-use plastic guest experience in all Attitude Hotels since 1st November 2020.

Supporting the local economy

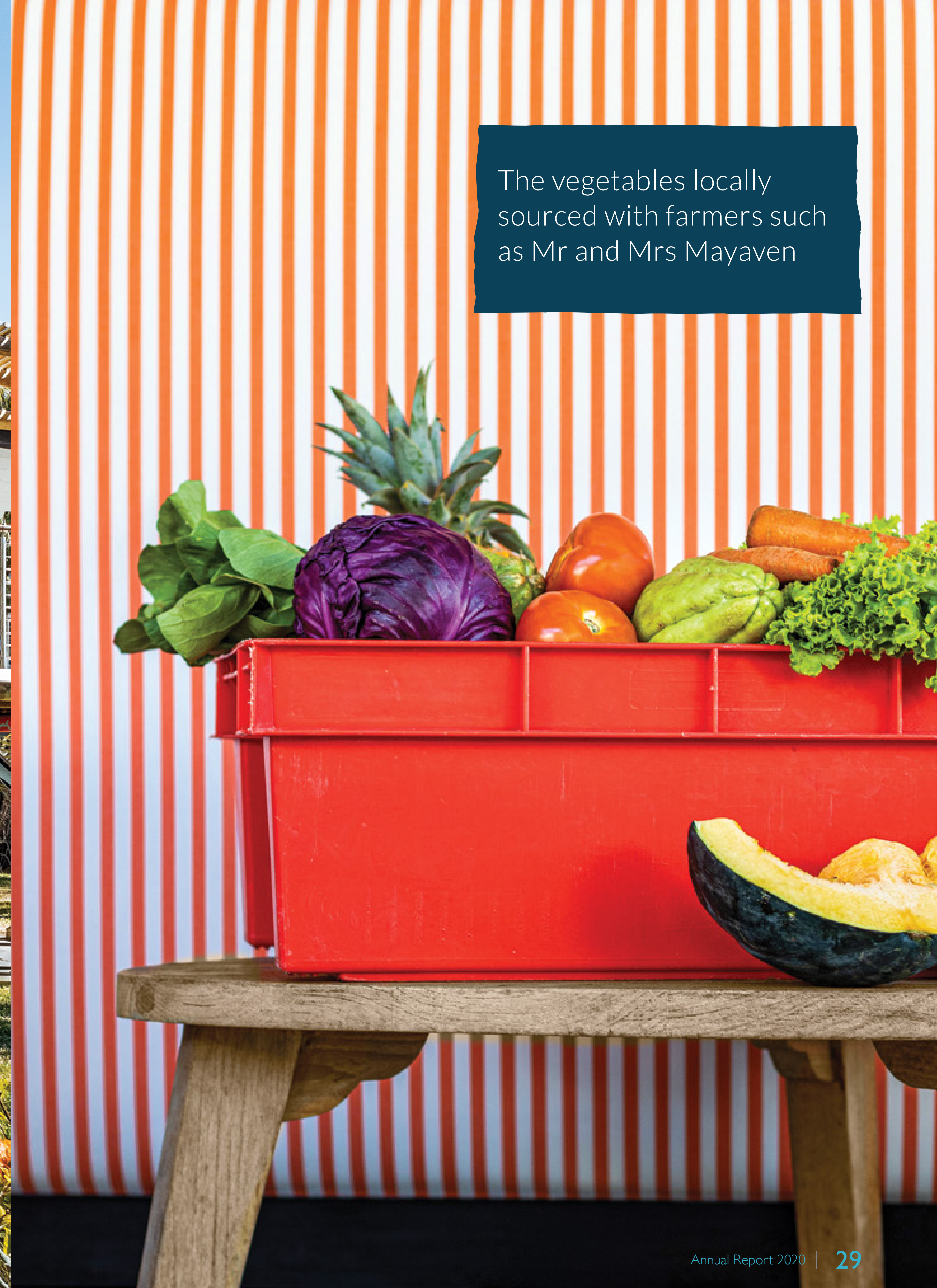
- Funding small local businesses if they align with Attitude's sustainable and economic values. The first company to benefit is Kokodezil, offering handmade organic beauty products using only natural ingredients found locally.
- Sourcing food locally, unless it cannot be grown or produced on the island.
- Employing local people, using local suppliers and promoting local products that have been created in Mauritius. This commitment made Attitude the first and only service company in the hospitality industry to be awarded the 'Made in Moris' accolade.

Caring about the local community

- Attitude has been awarded a 'Great Place to Work' and will continue to help Family Members (staff) develop professionally and personally. Company initiatives include a university scholarship grant for a child of one of the Attitude Family Members per year.
- Guests are encouraged to experience an authentic slice of Mauritius through its Otentik experiences. These include having dinner with a local family, where 100% of the cost goes directly to the hosting family.
- Attitude supports local talent. Mauritian craftspeople are commissioned to make the furniture, despite it costing more than imports from China or Bali. The hotels are decorated using creations from local artists and photographers; and Attitude Hotels holds an annual music competition, giving Mauritian musicians the platform to grow and win the production of an album and music video. Many of the musicians perform at Attitude Hotels, giving guests the chance to hear up-and-coming talent.

The Positive Impact movement builds on the success of the group's Green Attitude programme (launched in 2010) and the Otentik Experiences (launched in 2012). This is the 'year of acceleration' for Attitude Hotels and the new Positive Impact movement sets the company's future goal to help guests discover the authentic Mauritius and, in the future, other countries and cultures, with the same harmonious development that is respectful of the environment and economic development. To take the company forward, the group's new core value is: Attitude, committed to tourism with a positive impact.

The Marine Discovery Centre at Lagoon Attitude



The vegetables locally sourced with farmers such as Mr and Mrs Mayaven

Mélanie Pérès ft Paf'me winner of Konpoz to Lamizik 2

more info on:

positiveimpact.mu

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:

- Compliance with filing of accounts and returns with authorities;
- Financial close 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:

	The Company	
	2020	2019
	Rs'000	Rs'000
Ernst & Young		
Audit services	386	386
Tax services	40	40
Other services	25	76
Total	451	**502**

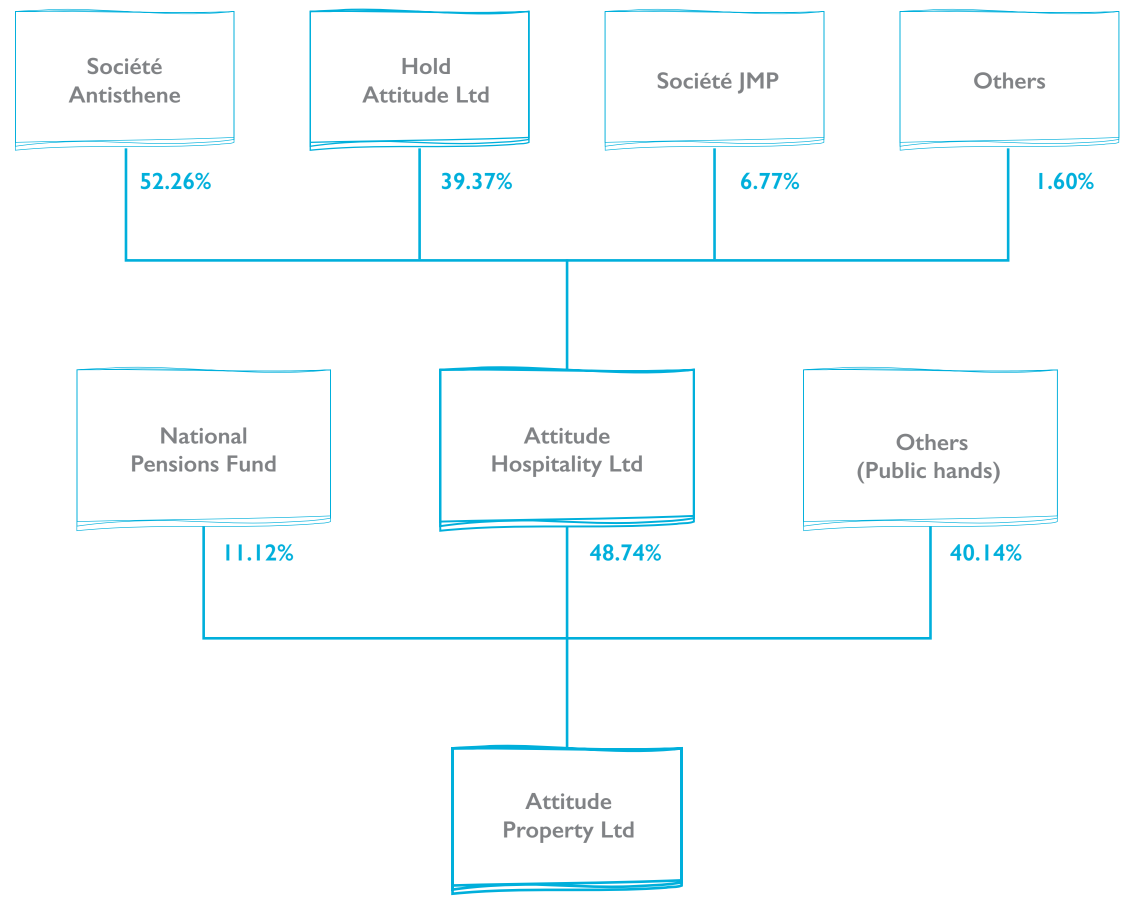
Principle 8: Relations with shareholders and other key stakeholders

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.

The shareholding structure of the Company as at June 30, 2020 was as follows:

<u>Group Structure</u>



The following shareholders held 5% or more of the shareholding of the Company as at June 30, 2020:

Shareholders	% Holding
Attitude Hospitality Ltd	48.74
National Pensions Fund	11.12

Shareholders' information and Calendar of Events

Publication of 1st quarter results	November 2020
Annual Meeting of Shareholders	December 2020
Publication of 2nd quarter results	February 2021
Publication of 3rd quarter results	May 2021
Publication of audited financial statements for the year ended June 30, 2021	September 2021

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 the 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 improved 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 dividend yield is 7.5% per annum for the initial investor and is non-dilutive. As measured against the market price of Rs 11.45 at close of 30th June 2020, APL dividend yield posted at 6.55%.

Donations

The Company made no social or political donations during the year under review (2019: Nil).

Statement of Directors' responsibilities in respect of the financial statements at June 30, 2020

The Company's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at June 30, 2020, 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 the 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 Code of Corporate Governance has been adhered to, except to those disclosed in the Statement of Compliance on page 36.

Statement of compliance

Name of PIE: Attitude Property Ltd

Reporting Period: 30 June 2020

We, the Directors of Attitude Property Ltd confirm that to the best of our knowledge Attitude Property Ltd has complied with all its obligations and requirements under the National Code of Corporate Governance for Mauritius (2016) (the 'Code').

SIGNED BY:

Michel Guy Rivalland	Jean Michel Pitot
Chairperson Non-Executive Director	Executive Director

Date: 30th Nov 2020

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, 2020.

NWT Secretarial Services Ltd

Company Secretary

Date: 30th Nov 2020

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 44 to 88 which comprise the statements of financial position as at June 30, 2020, 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, 2020, 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 Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, 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 (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

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, 2020, the investment properties stood at Rs 2,767m (2019: Rs 2,716m). 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.	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 2020. 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;
On June 30, 2018 investment property was revalued by Broll Indian Ocean Ltd, an independent valuation specialist. The valuations are based on sales comparable methods and the valuer's knowledge on property valuation, a small change in the assumptions can have a significant impact to the valuation. The fair value of the property was determined by considering active market prices of comparable properties, adjusted for difference in the nature, location or condition of the specific property. The Directors have reassessed the reasonableness of the fair value of the investment properties as at June 30, 2020.	• We have evaluated the competence, capabilities, objectivity of management's expert and further confirmed the independence of the valuation specialist.

Independent auditor's report

to the members of Attitude Property Ltd (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Fair value of investment properties (Continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of investment properties	With the assistance of our valuations specialist, we formed an independent range for the key assumptions if used in the valuation of investment property, with relevant industry and market valuation considerations. We derived a range of fair values using our assumptions and other qualitative risk factors. We compared these ranges with management's assumptions and discussed our results with management. With respect to investment properties, corroborated key inputs in the valuation models, such as rent growth p.a, estimated rental value per sqm per month, long-term vacancy rate and discount rate. We also performed the following procedures on key judgments made • 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.

Independent auditor's report

to the members of Attitude Property Ltd (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Fair value of investment properties (Continued)

The risk has increased in the current year due to the timing and uncertainty of the COVID – 19 pandemic and the consequent impact on valuations. The determination of fair value requires significant judgement by both the independent valuation specialist and the Directors who reassess the valuations periodically. We have also considered the risk of management override at deriving the judgement and estimates in respect of valuation of the investment properties given that the investors have a guaranteed yield of 6.5%, As such, we have identified the fair valuation of Investment Property as a key audit matter because the Company's main activity is the holdings of investments.	We reviewed the disclosures about significant estimates and critical judgments made by management in the financial statements in respect of valuation of investment property. We have also ensured adequate disclosures as per IAS 40 Investment Property and other sensitivity disclosures in respect of the effects on fair value to changes in the assumptions and valuation techniques under IFRS 13 Fair Value Measurements have been made in the financial statements. We have considered the impact of COVID – 19 throughout the procedures performed on the valuation of investment properties, by challenging whether the valuation methodologies and assumptions used remained appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report 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.

Independent auditor’s report

to the members of Attitude Property Ltd (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

Independent auditor’s report

to the members of Attitude Property Ltd (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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, actions taken to eliminate threats or safeguards applied.

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
Date: 30th Nov 2020

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

Statement of financial position

as at June 30, 2020

	Notes	2020	2019
ASSETS		Rs.	Rs.
Non-current assets			
Investment properties	3(a)	2,767,362,441	2,716,800,460
Intangible assets	3(b)	110,750	110,750
Net investment in lease receivables	3(c)(ii)	207,580,413	-
Deferred tax assets	8	70,674,245	81,847,448
		3,045,727,848	2,798,758,658
Current assets			
Trade and other receivables	4	150,733,631	126,953,896
Cash and short-term deposits	5	334,360	2,571,261
		151,067,991	129,525,157
TOTAL ASSETS		3,196,795,839	2,928,283,815
EQUITY AND LIABILITIES			
Issued share capital	6	1,600,170,920	1,600,170,920
Retained earnings		253,227,905	248,340,683
TOTAL EQUITY		1,853,398,825	1,848,511,603
Non-current liabilities			
Interest-bearing loans and borrowings	7	910,000,000	840,000,000
Lease liabilities	3(c)(i)	208,301,958	-
Deferred tax liabilities	8	190,748,272	175,625,202
		1,309,050,230	1,015,625,202
Current liabilities			
Interest-bearing loans and borrowings	7	4,305,433	-
Trade and other payables	9	30,041,351	64,147,010
		34,346,784	64,147,010
TOTAL LIABILITIES		1,343,397,014	1,079,772,212
TOTAL EQUITY AND LIABILITIES		3,196,795,839	2,928,283,815

These financial statements have been approved for issue by the board of directors on 30th Nov 2020.

Michel Guy Rivalland
Chairperson Non-Executive Director

Jean Michel Pitot
Executive Director

The notes set out on pages 48 to 88 form an integral part of these financial statements.

Independent auditors' report on pages 38 to 43.

Statement of profit or loss and other comprehensive income

for the year ended June 30, 2020

	Notes	2020	2019
		Rs.	Rs.
Rental income	3(a)/10	206,400,898	213,896,358
Revenue from services to tenants	3(a)/11	2,011,762	2,064,386
Operating expenses from services to tenants	3(a)/12	(2,011,762)	(13,659,846)
Profit arising on rental of investment properties		206,400,898	202,300,898
Administrative expenses	12	(2,345,372)	(2,281,400)
Operating profit		204,055,526	200,019,498
Interest income on net investment in lease receivables	3(c)(ii)	11,034,187	-
Finance costs	13	(63,171,855)	(53,654,691)
Impairment loss on net investment in lease receivables	3(c)(ii)	(721,543)	-
Profit before taxation		151,196,315	146,364,807
Income tax expense	8	(26,296,273)	(24,914,656)
Total comprehensive income for the year		124,900,041	121,450,151
Earnings per share:			
Basic and diluted earning per share (Rs).	21	0.78	0.76

The notes set out on pages 48 to 88 form an integral part of these financial statements.

Independent auditors' report on pages 38 to 43.

Statement of changes in equity

for the year ended June 30, 2020

	Issued share capital	Retained earnings	Total
	Rs.	Rs.	Rs.
At July 1, 2018	1,600,170,920	237,302,325	1,837,473,245
Total comprehensive income for the year	-	121,450,151	121,450,151
Dividends (Note 19)	-	(110,411,793)	(110,411,793)
At June 30, 2019	1,600,170,920	248,340,683	1,848,511,603
At July 1, 2019	1,600,170,920	248,340,683	1,848,511,603
Total comprehensive income for the year	-	124,900,041	124,900,041
Dividends (Note 19)	-	(120,012,819)	(120,012,819)
At June 30, 2020	1,600,170,920	253,227,905	1,853,398,825

The notes set out on pages 48 to 88 form an integral part of these financial statements.

Independent auditors' report on pages 38 to 43.

Statement of cash flows

for the year ended June 30, 2020

	Notes	2020	2019
		Rs.	Rs.
Cash flows from operating activities			
Profit before taxation		151,196,315	146,364,807
Non-cash adjustments to reconcile profit before tax to net cash flows:			
- Impairment loss	3(c)(ii)	721,543	-
- Interest income on Net investment in lease	3(c)(ii)	(11,034,187)	-
- Finance cost	13	63,171,855	53,654,691
Working capital adjustments			
Increase in trade and other receivables		(23,779,733)	(6,360,808)
(Decrease)/increase in trade and other payables		(34,105,659)	5,356,611
Net cash flows generated from operating activities		146,170,134	199,015,300
Cash flows from investing activities			
Additions to investment properties	3(a)	(50,577,781)	(32,886,282)
Disposals of investment properties	3(a)	15,800	-
Additions to intangible assets	3(b)	-	(110,750)
Receipts on Net Investment in lease receivable	3(c)(ii)	11,717,510	-
Interest received on Net investment in lease receivable	3(c)(ii)	11,034,187	-
Net cash flows used in investing activities		(27,810,284)	(32,997,032)
Cash flows from financing activities			
Proceeds from borrowings	7(d)	70,000,000	-
Dividends paid	19	(120,012,819)	(110,411,793)
Payment of lease liabilities	3(c)(ii)	(11,717,510)	-
Interest paid	13	(63,171,855)	(53,654,691)
Net cash flows used in financing activities		(124,902,184)	(164,066,484)
Net (decrease)/ increase in cash and cash equivalents		(6,542,334)	1,951,784
Cash and cash equivalents as at July 1,		2,571,261	619,477
Cash and cash equivalents as at June 30,	5	(3,971,073)	2,571,261

The notes set out on pages 48 to 88 form an integral part of these financial statements.

Independent auditors' report on pages 38 to 43.

Notes to the financial statements

for the year ended June 30, 2020

1. CORPORATE INFORMATION

The financial statements of Attitude Property Ltd (the "Company" or "APL") for the year ended June 30, 2020 were authorised for issue in accordance with a board meeting of the Directors on November 30, 2020. 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").

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In assessing the Company's ability to continue its capacity as a going concern, the Company performed additional assessments to determine the viability of the business through the unprecedented impact of the COVID – 19 pandemic.

As part of this assessment the Board of Directors of the Company considered:

· The operational resilience of the Company's critical functions to maintain risk management and compliance, including IT, Finance, Treasury and Operations;

· The regulatory and legal environment and any potential conduct risks which could arise;

· Fair value of investments properties as determined by the Company's valuation techniques described in note 3, considering the impact of the pandemic outbreak, as well as the projected short-term impact on the ability to generate earnings and cash flows and also the longer-term view of their ability to recover.

The Directors have concluded based on the above assessment that the preparation of the financial statements on a going concern basis continues to be appropriate.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below. Specifically, the Company applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

There were several other new and amendments to standards and interpretations which are applicable for the first time in 2019, but either not relevant or do not have an impact on the financial statements of the Company. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments	Effective Date
IFRS 16 Leases	1-Jan-19
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1-Jan-19
Prepayment Features with Negative Compensation - Amendments to IFRS 9	1-Jan-19
Long-term interests in Associates and Joint Ventures - Amendments to IAS 28	1-Jan-19
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	1-Jan-19
IFRS 3 Business Combinations - Previously held interests in a joint operation	1-Jan-19
IFRS 11 Joint Arrangements - Previously held interests in a joint operation	1-Jan-19
IAS 12 Income taxes - Income tax consequences of payments on Financial instruments classified as equity	1-Jan-19
IAS 23 Borrowings costs – Borrowing costs eligible for capitalisation	1-Jan-19

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.

IFRS 16 Leases

IFRS 16 supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company holds head leases over hotels. These sites are sub-let to hotels, with the hotels holding the right to control the use of the leased assets. Where the Company does not retain the right to control the use of the leased assets due to the assets being subjected to a sub-lease, right-of-use assets are not recognised on the statement of financial position.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 16 Leases (Continued)

IFRS 16 requires the recognition of the present value of future lease payments under the head lease as a lease liability, and to capitalise the present value of future lease receivables under the sub-lease as net investment in lease receivables. In most instances, the accounting for the head lease and the sub-lease under IFRS 16 has an equal and opposite impact on the statement of comprehensive income and statement of financial position, similar to the net impact under IAS 17. Previously, the Company recognised rent paid to landlords under head lease agreements, with an equal and opposite rent received from its hotels.

IFRS 16 replaces this rent paid and rent received, with interest charged on lease liabilities and interest earned on net investment in lease receivables.

Lessor accounting under IFRS 16 is, however, substantially unchanged from present accounting under IAS 17. Lessors continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating leases and finance leases. These leases will continue to be classified as finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

Lease liabilities

At the commencement date, the Company measures lease liabilities at the present value of the lease payments to be made over the lease term discounted at an applicable discount rate. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. Management exercises significant judgement in assessing the likelihood of exercising termination or extension options in determining the lease term. The Company's portfolio of qualifying leases has an average lease term of 60 years (2019: 60 years).

Lease payments included in the measurement of the lease liability comprises fixed payments (including in substance fixed lease payments), variable payments based on an index or rate and payments arising from options reasonably certain to be exercised or termination options reasonably certain not to be exercised. Variable lease payments are initially measured using the index or rate at the commencement date.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used. The incremental borrowing rate is the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The discount rate used for the Company's commercial vehicles fleet is the interest rate implicit in the lease. All other lease payments are discounted using the Company's incremental borrowing rate specific to the lease term, country, currency and start date of the lease. Incremental borrowing rates are based on a series of inputs including the prime lending rate, the repo rate, a credit risk adjustment and a country specific adjustment. The Company's portfolio of qualifying leases has an average borrowing rate of 5.59% (2019: 5.59%).

Notes to the financial statements

for the year ended June 30, 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 16 Leases (Continued)

The below table reconciles the previously disclosed operating lease commitments to the lease liabilities recognised on 01 July 2019.

	Rs'000
Operating lease commitments as at 30 June 2019	613,630
Weighted average incremental borrowing rate as at 1 July 2019	5.59%
Discounted operating lease commitments at 1 July 2019	208,985
Less: Commitments relating to short-term leases	-
Add: Commitments relating to leases previously classified as finance leases	-
Lease liabilities as at 1 July 2019	208,985

Lease liabilities are subsequently measured at amortised cost using the effective interest method, reduced by future lease payments net of interest charged. Interest costs are recorded in the statement of comprehensive income. The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments of lease payments based on an index or rate take effect, the lease liability is re-measured, with a corresponding adjustment to the right-of-use asset. Further remeasurements occur when there is a change in future lease payments resulting from a rent review. Lease terms are reassessed when there is a significant event or change in circumstances that is within the Company's control and affects its ability to exercise or not to exercise the option to renew or to terminate. Significant events could include a change in the Company's assessment of whether it is reasonably certain to exercise a renewal or termination option, the incurrences of unanticipated significant leasehold improvements or the negotiation of unanticipated lease incentives.

Net investment in lease receivables

At the commencement date, the Company measures the net investment in lease receivable at the present value of the lease payments to be received over the lease term, discounted at the Company's incremental borrowing rate. The Company determines the lease term of the net investment in lease receivable as the non-cancellable period of the lease and determines the incrementable borrowing rate as the rate applied to the corresponding head lease liability. The net investment in lease receivable is subsequently measured at amortised cost using the effective interest method reduced by future lease receipts net of interest earned. The net investment in lease receivable is assessed for impairment in line with impairment principals applied for financial assets. The Company's accounting policy for impairment of financial assets remain unchanged from that reported on in the 2019 audited Company annual financial statements. Interest income and any applicable impairment costs are recorded in the statement of comprehensive income.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases for which it is the lessee. The Company does not have any short-term leases or leases of low-value assets. The Company recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 16 Leases (Continued)

As at 1st July 2019, 30th June 2019, 30th June 2020:

- Net Investment in lease' was recognized and presented separately in the statement of financial position.
- Additional lease liabilities were recognised and included under 'Lease liabilities'.
- No impact on 'Deferred tax liabilities'.
- Net impact on 'Retained earnings' of Rs 721,543 due to impairment loss on net investment in lease.

For the year ended 30th June 2020:

- Rent expense included in 'Administrative expenses', relating to previous operating leases, decreased by Rs 11,717,509.
- 'Finance costs' increased by Rs 11,034,187 relating to the interest expense on additional lease liabilities recognized.
- Impairment loss on the net investment in lease' Rs 721,543, as a result of the non-payment of rental on 1st July 2020 for rental waived by the Government.
- No effect on 'Income tax expense'.
- Cash outflows from operating activities increased by Rs 11,717,509 and cash outflows from financing activities decreased by the same amount, relating to decrease in operating lease payments and increases in principal and interest payments of lease liabilities.

The adoption of IFRS 16 did not have an effect on the accounting for leased properties accounted for as investment property using the fair value model in IAS 40. The Company continued its current accounting.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Notes to the financial statements

for the year ended June 30, 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (Continued)

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

2.3 ACCOUNTING STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

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.

	Effective for accounting period beginning on or after
New or revised standards	
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	1-Jan-20
Definition of Material – Amendments to IAS 1 and IAS 8	1-Jan-20
COVID-19-Related Rent Concessions – Amendment to IFRS 16	1-Jun-20
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1-Jan-2022
Amendments to IAS 1 and IAS 8	1-Jan-20
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.

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:

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ACCOUNTING STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

IAS 1 and IAS 8 Definition of Material (Continued)

"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.

COVID-19-Related Rent Concessions – Amendment to IFRS 16

Key requirements

In May 2020, the IASB amended IFRS 16 Leases to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

· The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

· Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).

· There is no substantive change to other terms and conditions of the lease.

Transition

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

The information required by paragraph 28(f) of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ACCOUNTING STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

COVID-19-Related Rent Concessions – Amendment to IFRS 16 (Continued)

Impact

The amendment to IFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from the COVID-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary.

Based on the Budget Speech 2020 – 2021, it was announced that all State Land Leases won't have to pay for 1 year for FY 20/21. The Company has avail itself from the Budget Speech to wave their rental payment amounting to Rs 11,717,509 for the year ended 30 June 2021.

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.

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 (Building and property; excluding leasehold land)- company as lessor

The Company has entered into property lease on its investment properties (defined as building and furniture fittings) 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:

Notes to the financial statements

for the year ended June 30, 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting judgements, estimates and assumptions

Fair value of investment properties

The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13 Fair Value Measurement. Investment property is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined.

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, 2020.

The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 3.

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").

(b) Investment properties

Investment property comprises completed property and property under development or re-development that is held, or to be 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 comprises hotel property that are occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment property held under a lease) initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Notes to the financial statements

for the year ended June 30, 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (CONTINUED)

Subsequent to initial recognition, investment property are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these financial statements, in order to avoid double counting, the fair value reported in the financial statements is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments
- In the case of investment property held under a lease, increased by the carrying amount of any liability to the head lessor that has been recognised in the statement of financial position as a finance lease obligation.

Transfers are made to (or from) investment property only when there is evidence of a change in use (such as commencement of development or inception of an operating lease to another party). For a transfer from investment property to inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Company considers as evidence the commencement of development with a view to sale (for a transfer from investment property to inventories) or inception of an operating lease to another party (for a transfer from inventories to investment property).

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15) or when it is 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 is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Company considers the effects of variable consideration, the existence of a significant financing component, noncash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

(c) Financial assets

(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)

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies

(c) Financial assets (Continued)

(ii) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at fair value.

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 4.

(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, 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies

(d) Impairment of financial assets

The Company recognises an allowance for ECLs for trade receivables with its related parties that are not covered or partly covered by an insurance policy. ECLs are based on the difference between the contractual cash flows due and all the cash flows that the Company expects to receive.

For trade receivables, the Company applies a simplified approach in calculating ECLs. The Company makes use of the roll rate methodology. It predicts the probability of default based on delinquency and calculates the percentage of debtors' balance in each bucket that deteriorate to the next bucket in the following month.

Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. 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. When the trade receivables are referred to attorneys and there is no reasonable expectation of recovery the debtors are written off. The information about the ECLs on the Company's trade receivables is disclosed in note 4.

The Company recognises an allowance for expected credit losses (ECLs) for the long-term receivables under the general approach. 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 Company assesses an increase in significant risk when it determines the repayment capabilities of the subsidiary companies have deteriorated due to the global pandemic.

The net investment in lease receivable is subsequently measured at amortised cost using the effective interest method, reduced by future lease receipts net of interest earned. The net investment in lease receivable is assessed for impairment in line with impairment principals applied for financial assets. Interest income and any applicable impairment costs are recorded in the statement of comprehensive income.

(e) Financial liabilities

(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.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies

(e) Financial liabilities (Continued)

(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.

(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.

(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.

(g) Leases

Policy applicable before 01st July 2019 - IAS 17

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:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;

(b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

(c) there is a change in the determination of whether fulfilment is dependent on a specified asset; or

(d) 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).

Notes to the financial statements

for the year ended June 30, 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies

(g) Leases (Continued)

Policy applicable before 01st July 2019 - IAS 17(Continued)

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.

Policy applicable after 01st July 2019- IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

· the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company

· the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

· the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies

(g) Leases (Continued)

Policy applicable after 01st July 2019- IFRS 16 (Continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use assets are measured at cost for those which are classified under Property, plant & Equipment, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The right-of-use asset which are classified as Investment Properties are measured at fair value. Initial cost is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent re-measurements are taken to Profit or Loss.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Company as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the financial statements

for the year ended June 30, 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies

(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.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies

(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.

In accounting for the deferred tax relating to the lease, the Company considers both the lease asset and liability separately. The Company separately accounts for the deferred taxation on the taxable temporary difference and the deductible temporary difference, which upon initial recognition, are equal and offset to zero. Deferred tax is recognised on subsequent changes to the taxable and temporary differences.

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.

Notes to the financial statements

for the year ended June 30, 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies

(i) Taxation (Continued)

Corporate Social Responsibility (Continued)

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.

(j) Revenue recognition

(i) Rental income

The Company earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. In addition, the Company subleases investment property acquired under head leases with lease terms exceeding 12 months at commencement. Subleases are classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property. All the Company's subleases are classified as operating leases.

Rental income arising from operating leases on investment property 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.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Company is reasonably certain that the tenant will exercise that option. For more information on the judgement involved, please see Note 2.4.

The initial direct costs and tenant lease incentives are presented as current assets in the line item 'Prepayments' in the statement of financial position. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statement of profit or loss when the right to receive them arises.

(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.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies

(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.

(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.

Please refer to note 20.

Notes to the financial statements

for the year ended June 30, 2020

3(a). INVESTMENT PROPERTIES

	2020	2019
	Rs.	Rs.
At July 1,	2,716,800,460	2,683,914,178
Additions *	50,577,781	32,886,282
Disposals **	(15,800)	-
At June 30,	2,767,362,441	2,716,800,460

* Additions include borrowing costs of Rs nil capitalised (2019: Rs nil). The average capitalisation rate is Nil (2019: 6.35%).

** During the year, APL sold 4 filao tables which were situated at the Tropical Attitude villas, to its sister company, Marina Village Hotel Ltd.

It was sold for a total cash consideration of Rs 15,800 and the total net carrying amount of the tables were at Rs 15,800. No gain/(loss) was recorded.

	2020	2019
	Rs.	Rs.
Rental income derived from investment properties	206,400,898	213,896,358
Revenue from services to tenants	2,011,762	2,064,386
Operating expenses from services to tenants (Refer to Note 12)	(2,011,762)	(13,659,846)
Profit arising from investment properties carried at fair value	206,400,898	202,300,898

(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, 2020 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(a). INVESTMENT PROPERTIES (CONTINUED)

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

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.

(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.

3(b). INTANGIBLE ASSETS

	Computer Software	
	2020	2019
	Rs.	Rs.
At July 1,	110,750	-
Additions *	-	110,750
At June 30,	110,750	110,750

* During the financial year 2019, APL incurred cost for its website development at an amount of Rs 110,750.

Notes to the financial statements

for the year ended June 30, 2020

3(c). LEASE LIABILITIES AND NET INVESTMENT IN LEASE RECEIVABLES

(i) Lease liabilities

	2020
	Rs.
Non-current	
Lease liabilities	208,301,958
Current	
Lease liabilities	-
Total lease liabilities	208,301,958

The Company has a lease contract with the Government of Mauritius for leasehold land,with a lease term of sixty years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.The Company has further sublet the leasehold land to the three operating hotels namely Ravenala Attitude, Recif Attitude and Tropical Attitude. Being an intermediate finance lessor, The Company has recognised a Net investment in lease towards the hotel and an obligation on finance lease towards the Government.

The rate of interest on the lease was the incremental borrowing rate of 5.59%. The lease of the leasehold land for the hotel Ravenala Attitude will mature in June 2074 and that of Recif Attitude and Tropical Attitude will mature in June 2069.

Interest income on the Net investment in lease was reported at Rs 11,034,187 for the financial year ended 30th June 2020,matched with an interest expense on the flease liabilities for the said amount.

The Net investment in lease was subject to impairment test and an impairment loss of Rs 721,543 was recorded as at 30th June 2020, arising out of non-payment of rental on 1st July 2020 for rental waived by the Government.

This impairment loss shall not have an impact on the dividend yield of 7.5% for the initial investors.

	Minimum lease payments
	2020
	Rs.
Within one year	-
After one year and before five years	58,587,543
More than five years	555,042,529
	613,630,072
Future finance charges on lease liabilities	(405,328,115)
Present value of lease liabilities	208,301,957

3(c). LEASE LIABILITIES AND NET INVESTMENT IN LEASE RECEIVABLES (CONTINUED)

The present value of lease liabilities is analysed as follows:	2020
	Rs.
Within one year	-
After one year and before five years	4,034,524
More than five years	204,267,433
	208,301,957

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020
	Rs.
As at 1 July	208,985,280
Interest expense	11,034,187
Payments	(11,717,510)
As at 30th June	208,301,957
Current	-
Non-current	208,301,957

The following are the amounts recognised in profit or loss:	2020
	Rs.
Depreciation expense of right-of-use assets	-
Interest expense on lease liabilities	11,034,187
Variable lease payments	-
Total amount recognised in profit or loss	11,034,187

The Company had total cash outflows for leases of Rs 11,717,509 in 2020.

(ii) Net Investment in lease receivables

Set out below are the carrying amounts of investment in lease receivables recognised and the movements during the period:

	2020
	Rs.
As at 1st July	208,985,279
Interest income	11,034,187
Receipt of rental income for leasehold land	(11,717,510)
Impairment	(721,543)
As at 30th June	207,580,413

Notes to the financial statements

for the year ended June 30, 2020

4. TRADE AND OTHER RECEIVABLES

	2020	2019
	Rs.	Rs.
Trade receivables	93,009,306	60,690,269
Amount due from holding Company (note 14)	47,143,288	56,070,454
Amount due from fellow subsidiaries	182,901	-
Other receivables and prepayments	10,398,136	10,193,173
	150,733,631	126,953,896

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 the 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.

In terms of rental recoverability, given the fact that AHL acts as guarantor,AHL shall make good for rental payment during the period of hotel closure during and post COVID-19.

AHL has secured financing from MCB(Rs 475 mn) and shall have enough liquidity to support the three tenants.

As such, the ECL has been estimated as close to zero.

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

As at June 30, 2020 and 2019, the ageing analysis of trade receivables were as follows:

	Days past due		
	< 30 days	30-90 days	>90 days
2020			
Expected credit loss rate	0%	0%	0%
Estimated total gross carrying amount at default(Rs)	-	-	93,009,306

4. TRADE AND OTHER RECEIVABLES (CONTINUED)

	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).

5. CASH AND SHORT-TERM DEPOSITS

	2020	2019
	Rs.	Rs.
Cash at bank	334,360	2,571,261

For the purpose of the statement of cash flows, cash and cash equivalents comprise of:

	2020	2019
	Rs.	Rs.
Cash in hand and at bank	334,360	2,571,261
Bank overdrafts (Note 7)	(4,305,433)	-
	(3,971,073)	2,571,261

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	2020	2019
		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

Notes to the financial statements

for the year ended June 30, 2020

6. ISSUED SHARE CAPITAL (CONTINUED)

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

	2020	2019
	Rs.	Rs.
Non-current		
Bank loans (note (a))	910,000,000	840,000,000
	910,000,000	840,000,000
Current		
Bank overdraft (note (b))	4,305,433	-
	4,305,433	-
Total interest bearing loans and borrowings	914,305,433	840,000,000

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

	2020	2019
	Rs.	Rs.
After one year and before five years	910,000,000	840,000,000

In terms of rental recoverability, given the fact that AHL acts as guarantor, AHL shall make good for rental payment during the period of hotel closure during and post COVID-19.

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	2020	2019
					Rs.	Rs.
Rs	25,000,000	PLR+0.5%	Oct-22	5 years	25,000,000	25,000,000
Rs	755,000,000	PLR+0.5%	Apr-22	5 years	755,000,000	755,000,000
Rs	60,000,000	PLR+0.5%	May-22	5 years	60,000,000	60,000,000
Rs	70,000,000	PLR	Jul-24	5 years	70,000,000	-
					910,000,000	840,000,000

Notes to the financial statements

for the year ended June 30, 2020

7. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

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

(i) During the financial year ended June 30, 2020, the SBM PLR was on average 5.59% (2019: 5.85%) and at the year end, the SBM PLR was 4.25% (2019: 5.85%).

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 Rs 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 (2019: 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 and drew an additional loan of Rs 70m with SBM during the financial year 2020 (2019: Rs NIL).

(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, 2020 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, 2020

7. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

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

	2020	2019
	Rs.	Rs.
Opening balance (excluding bank overdraft)	840,000,000	840,000,000
Proceeds from borrowings	70,000,000	-
	910,000,000	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	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Deferred tax liability				
Accelerated depreciation for tax purposes	190,748,272	175,625,202	15,123,070	17,038,278
Deferred tax asset				
Tax loss	(70,674,245)	(81,847,448)	11,173,203	7,876,379
Deferred tax expense			26,296,273	24,914,656
Net deferred tax liability	120,074,027	93,777,755		

(b) Reconciliation of net deferred tax liabilities:

	2020	2019
	Rs.	Rs.
At July 1,	93,777,754	68,863,098
Tax expense recognised in statement of profit or loss and other comprehensive income	26,296,273	24,914,656
At June 30,	120,074,027	93,777,754

8. TAXATION (CONTINUED)

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

	2020	2019
	Rs.	Rs.
Disclosed as:		
Deferred tax asset	(70,674,245)	(81,847,448)
Deferred tax liabilities	190,748,272	175,625,202
	120,074,027	93,777,755

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

	2020	2019
	Rs.	Rs.
Income tax expense reported in the statement of profit or loss and other comprehensive income	26,296,273	24,914,656

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

In terms of rental recoverability, given the fact that AHL acts as guarantor,AHL shall make good for rental payment during the period of hotel closure during and post COVID-19.

	2020	2019
	Rs.	Rs.
Accounting profit before taxation	151,196,315	146,364,807
Tax calculated at a rate of 15%	22,679,447	21,954,721
Income not subject to tax	455,757	32,640
Over provision of deferred tax	-	-
Non deductible expenses	137,142	-
Corporate social responsibility at a rate of 2%	3,023,926	2,927,296
At the effective income tax rate of 17% (2019: 17%)	26,296,273	24,914,657

The deferred tax asset relates to tax loss brought forward at the current tax rate of 17% (2019: 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

	2020	2019
	Rs.	Rs.
Trade payables	722,463	429,196
Amount due to related parties	-	50,952,022
Value added tax payables	14,975,017	11,184,358
Other payables and accruals	14,343,871	1,581,434
	30,041,351	64,147,010

- 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).

10. RENTAL INCOME

	2020	2019
	Rs.	Rs.
Rental income	206,400,898	213,896,358

The Company's main activity is the rental of investment properties. APL has rent out its properties to its three tenants which are involved in hotel operations.

Rental income is received from the three hotels 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.

As per initial prospectus offering:-

- the tenants shall be obliged to maintain in good order and repair the premises.
- the annual rental shall be escalated every 3 years based on the Consumer Price Index (CPI) but shall not exceed 15% of the rent payable.
- The tenant shall make a provision into his accounts which will be considered as Capital reserve representing 3% of its annual audited turnover as for the reinstatement of the furniture, fixtures and equipment on or before the end of the present lease. The purpose of the capital reserve is to ensure that the tenant keeps the property well maintained at all times during the lease period.

10. RENTAL INCOME (CONTINUED)

- The tenant shall not under any circumstances be entitled to cancel this agreement or have any claim or right of action whatsoever against the Landlord for any damage or loss, nor be entitled to withold or defer payment of rental by reason of the premises or any appliances, air conditioning or other installation , fittings, fixtures and appurtenances in the said premises or the building being in a defective condition or falling into disrepair or any particular repairs not being effected by the Landlord of for any other reason whatsoever.

Rental income recognised in profit or loss by the Company was Rs 11,034,187 (2019: Rs 11,595,460) and was included as Finance income on net investment in lease receivables and as operating expenses in 2019 (see note 12).

11. REVENUE FROM SERVICES TO TENANTS

	2020	2019
	Rs.	Rs.
Recharged insurance	2,011,762	2,064,386

Insurance is paid to Gras Savoye Brokers and subsequently recharged to the tenants.

12. EXPENSES

	2020	2019
	Rs.	Rs.
Legal and professional fees	446,850	638,630
Insurance	2,011,762	2,064,386
Consultancy fees	931,128	914,536
Rental expenses	-	11,595,460
Other expenses	967,394	728,234
	4,357,134	15,941,246
Operating expenses from services to tenants (Refer to Note 3(a))	2,011,762	13,659,846
Administrative expenses	2,345,372	2,281,400
	4,357,134	15,941,246

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

13. FINANCE COSTS

	2020	2019
	Rs.	Rs.
Interest expense on:		
- Bank overdrafts	114,952	296,836
- Bank loans	52,022,716	53,357,855
- Finance lease for GOM leasehold land	11,034,187	-
	63,171,855	53,654,691

Notes to the financial statements

for the year ended June 30, 2020

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.

2020	Rental income from	Amount owed to related parties	Amount owed by related parties
	Rs.	Rs.	Rs.
Holding company-Attitude Hospitality Ltd	-	-	47,143,288
Fellow subsidiaries:			
- Riviere Citron Ltee	147,269,098	-	59,017,529
- Tropical Hotel Ltd	29,926,957	-	17,079,887
- Pointe Aux Piments Hotel Ltd	29,204,843	-	16,911,889
- Attitude Hospitality Management Ltd	-	-	182,901
	206,400,898	-	140,335,494

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

- 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, 2020, the Company has not made any provision for impairment of receivables relating to amounts owned by related parties (2019: 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)

In terms of rental recoverability, given the fact that AHL acts as guarantor,AHL shall make good for rental payment during the period of hotel closure.

AHL has secured financing from MCB(Rs 475 mn) and shall have enough liquidity to support the three tenants.

As such, the ECL has been estimated as close to zero.

-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 2020, the Executive Directors did not receive any remuneration and benefits. The Independent Non-Executive Directors were entitled to fees of Rs 93,750 in total.

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 before tax (through the impact on floating rate borrowings).

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Interest rate risk (Continued)

Interest rate risk table (Continued)

Effect on profit before tax	Decrease in basis points	2020	2019
		Rs.	Rs.
Interest-bearing loans and borrowings	-50	5,613,037	4,200,000

Effect on profit before tax	Increase in basis points	2020	2019
		Rs.	Rs.
Interest-bearing loans and borrowings	+50	(5,613,037)	(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 expectede credit losses ("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(tenants) are supported and guaranteed by AHL, which has a strong capacity to meet the contractual obligations in the near term.AHL has secured financing from MCB(Rs 475 mn) and shall have enough liquidity to support the three tenants.As a result, no loss allowance has been recognised based on 12-month ECL as any such impairment would be insignificant to the Company.

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Counterparty credit limits are reviewed by the on an annual basis, and may be updated throughout the year subject to approval of the Management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Company considered the impact of COVID19 on its financial assets. The Company trade receivables balances are with related parties within the hospitality sector which has been heavily impacted by COVID-19. The Company has considered whether there has been a significant increase in credit risks since initial recognition and management has also assess if there has been a change in the risk of a default occurring over the expected life of the trade receivables rather than the change in ECL. The trade receivables are fully guaranteed by AHL. The Company has also considered to extend the credit facilities of its trade receivables as part of its strategy to mitigate its credit risks. The Company considered COVID19 to have had minimal impact on its remaining financial assets.

Notes to the financial statements

for the year ended June 30, 2020

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

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

At June 30, 2020	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	4,305,433	13,407,869	43,623,571	964,490,118	-	1,025,826,991
Lease liabilities	-	-	-	4,034,524	204,267,433	208,301,957
Trade and other payables	-	27,524	694,940	-	-	722,464
	4,305,433	13,435,393	44,318,511	968,524,642	204,267,433	1,234,851,412

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	429,196	-	-	-	51,381,218
	50,952,022	13,873,799	39,969,264	938,815,640	-	1,043,610,725

Interest-bearing loans and borrowings include all future interest cost and trade and other payables exclude Value added tax payables and accruals of Rs 29,318,888 (2019: Rs 12,765,792).

Notes to the financial statements

for the year ended June 30, 2020

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, 2020 and 2019 were as follows:

	2020	2019
	Rs..	Rs.
Interest-bearing loans and borrowings	914,305,433	840,000,000
lease liabilities	208,301,958	-
Cash and short term deposits	(334,360)	2,571,261
Net debt	1,122,273,031	837,428,739
Equity	1,853,398,825	1,848,511,601
Equity and net debt	2,975,671,856	2,685,940,342
Gearing ratio	38%	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

	2020	2019
	Rs...	Rs.
Approved by directors and partly contracted for capital expenditure:	-	70,000,000

18. OPERATING LEASE-COMPANY AS LESSOR

The Company has entered into a lease arrangement for its hotel buildings and FFEs. The buildings and FFEs 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:

	2020	2019
	Rs..	Rs.
Within one year	208,450,898	206,400,898
After one year but before five years	897,117,683	851,600,781
After five years	2,505,591,543	2,658,521,926
	3,611,160,124	3,716,523,605

INTERMEDIATE FINANCE LEASE-Company as lessee and lessor

The Company has entered into a lease arrangement for its leasehold land with the Government of Mauritius. The land 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.

The leasehold land has been further sublet to the three operating hotels, whereby APL acts as intermediate lessor.

Future minimum lease payments under finance leases are as follows:

	2020
	Rs..
Within one year	-
After one year but before five years	46,870,035
After five years	555,042,529
	601,912,564

The below table details out the nature and amounts in relation to the Net investment in lease receivable:

	2020
	Rs..
Finance income on Net investment in lease receivable	11,034,187
Impairment loss on Net investment in lease receivable	(721,543)
Selling profit or loss	-
	10,312,644

Notes to the financial statements

for the year ended June 30, 2020

18. OPERATING LEASE-COMPANY AS LESSOR (CONTINUED)

INTERMEDIATE FINANCE LEASE-Company as lessee and lessor (Continued)

Below table provides a reconciliation of the net investment in lease and the undiscounted lease payment:

	2020
	Rs..
Undiscounted lease payments	601,912,564
Unearned finance income	(395,053,694)
Impairment loss on Net investment in lease receivable	721,543
Net investment in lease receivable	207,580,413

19. DIVIDENDS

The Company had declared and paid an interim dividend of Rs 0.37 per share in March 2020.

The Company had declared and paid a final dividend of Rs 0.38 per share in October 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		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Date of valuation	Total	(Level 1)	(Level 2)	(Level 3)
		Rs.	Rs.	Rs.	Rs.
Assets measured at fair value:					
Investment properties (Note 3)	June 30, 2020	2,767,362,441	-	-	2,767,362,441
	June 30, 2019	2,716,800,460	-	-	2,716,800,460
Liabilities measured at fair value:					
Interest bearing loans and borrowings	June 30, 2020	914,305,433	-	914,305,433	-
	June 30, 2019	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.

Notes to the financial statements

for the year ended June 30, 2020

20. FAIR VALUE MEASUREMENT (CONTINUED)

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	
	2020	2019
	Rs.	Rs.
As at July 01,	2,716,800,460	2,683,914,178
Additions	50,577,781	32,886,282
Disposals	(15,800)	-
Transfer from Level 2	-	-
Fair value gain	-	-
As at June 30,	2,767,362,441	2,716,800,460

(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, 2020	Valuation approach	Key unobservable inputs	Range of unobservable inputs (weighted average)
	Rs			
Investment properties	2,767,362,441	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) of 5% 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

	2020	2019
	Rs.	Rs.
Profit attributable to owners	124,900,041	121,450,151
Number of equity shares in issue	160,017,092	160,017,092
Earnings per share	0.78	0.76

Notes to the financial statements

for the year ended June 30, 2020

21. BASIC AND DILUTED EARNING PER SHARE (CONTINUED)

Basic and diluted earning 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.

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. COVID-19 PANDEMIC

As the global outbreak of the novel coronavirus(COVID-19) in early 2020 is causing major disruptions in the social and economic activities around the world, Mauritius was not spared of its impact.

The Government of Mauritius announced a curfew since it recorded its first cases of COVID-19 and social distancing measures were further implemented.This, however,led into significant negative effects on the economy ,as well as the business community.At this stage, it is difficult to estimate when all socio-economic activities will return to normal.

In order to limit the impact of COVID-19 in the economy, the Government of Mauritius has taken a series of measures as described below:

(a) Wage assistance scheme: partial funding of salary to employees not earning more than Rs 50,000 during the lockdown period.

(b) Self-Employed Assistance Scheme: financial support of Rs 5,100.

(c) Setting up of a solidarity fund.

(d) Equity participation scheme by the State Investment Corporation(SIC).

(e) Mauritius Investment Corporation Ltd established to provide a range of equity/ quasi-equity instruments to economic operators.

(f) One-off exceptional contribution of Rs 60 bn from the Bank of Mauritius to the Governement.

The Mauritian Hotel industry was grounded since March 2020,following the outbreak of the COVID-19.Since then, AHL, the tenant of APL, embarked on a series of strategies and detailed measures to minimise and counter the negative impact of its hotels closure.

Notes to the financial statements

for the year ended June 30, 2020

24. COVID-19 PANDEMIC (CONTINUED)

The following measures are in progress to mitigate the impact of COVID-19 in AHL(its tenant), which should subsequently be beneficial to the landlord(APL):

(a) The key strategy was to secure financing needs within the AHL Group and as such, AHL already secured a loan of Rs 475 mn from the MCB.

(b) Over and above, AHL has secured a financing arrangement with MIC(Mauritius Investment Corporation Ltd, an arm of the Bank of Mauritius) for a financing support of Rs 500mn which shall be triggered if the situation further deteriorates.

(c) Regular meeting to assess the cash flow of the Company and Group.

(d) A close monitoring of all regulatory and governance guidelines.

(e) The Management team of both APL and AHL are currently in direct and frequent communication with authorities(BOM,MTPA and AHRIM) which are assessing the impact of COVID-19 on the hotel industry and the Mauritian economy.

They are also continuously assessing the situation on a daily basis with respect to the opening of the Mauritian borders in three phases, and are confident that the re-opening of the hotel sector is not too far,unless a second wave of COVID-19 kicks in.

On that basis and taking into consideration the series of measures taken, management is satisified that there is no material uncertainty around the going concern assumptions.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT(PPE) AND INTANGIBLE ASSETS

The carrying amount of the assets are reviewed annually to determine whether there is any indication of impairment.After taking into account any impact of the COVID-19 into the valuation, the recoverable amount exceeded the asset's carrying value.Management is satisfied that there is no indication of impairment.

IMPACT OF COVID-19 ON EXPECTED CREDIT LOSSES (ECL)

Rental recoverability was re-assessed in light of the COVID-19 pandemic.

Given the fact that AHL acts as guarantor,AHL shall make good for rental payment during the period of hotel closure during and post COVID-19 period.

Management is satisfied that the expected credit losses (ECL) has been assessed as close to zero.

SOLVENCY, LIQUIDITY AND GOING CONCERN

In line with standard good practice, Management has assessed the Company's solvency and liquidity in terms of cash flow needs and key ratios.

Given that its Holding Company (AHL) have secured financing arrangements with MCB and MIC, management is satisfied of the Company's ability to continue as a going concern for the foreseeable future.

25. 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, 2020.

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 **Tuesday 29th December 2020 at 09:30 hours** to transact the following business:

1. To consider the Annual Report 2020 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 2020.

Ordinary Resolution I

"Resolved that the Audited Financial Statements of the Company for the year ended 30 June 2020 be hereby adopted."

4. To re-elect as Directors of the Company and by way of separate resolutions Messrs Maxime Jean Francois Desvaux De Marigny and Michel Guy Rivalland

Ordinary Resolution II and II

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

II Maxime Jean Francois Desvaux De Marigny

III Michel Guy Rivalland

5. To approve the appointment of Messrs BDO & Co Ltd of 10 Frere Felix De Valois Street, Port Louis 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 2020/2021.

Ordinary Resolution IV

"Resolved that Messrs BDO & Co Ltd of 10 Frere Felix De Valois Street, Port Louis be 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 2020/2021.

By Order of the Board

NWT Secretarial Services Ltd
Corporate Secretary
Per V.Oomadevi Chetty
Dated this 1st December 2020

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 30 November 2020.*
6. *The minutes of proceedings of the Annual Meeting of Shareholders held on 18 December 2019 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 Chairperson 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 **Tuesday 29th December 2020 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 2020 be hereby adopted			
II. Resolved that Mr Maxime Jean Francois 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 BDO & Co Ltd of 10 Frere Felix De Valois Street, Port Louis be 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' remuneration for the financial year 2020/2021			

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 **Tuesday 29th December 2020 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 2020 be hereby adopted			
II. Resolved that Mr Maxime Jean Francois 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 BDO & Co Ltd of 10 Frere Felix De Valois Street, Port Louis be 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' remuneration for the financial year 2020/2021			

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.

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