ATTITUDE PROPERTY LTD

Annual Report 2021

attitude

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zistwar Attitude Property Limited

about the company

Attitude Property Ltd (APL) was originally incorporated as a private company in Mauritius according to the Companies Act 2001, under the name of Neymar Ltd on July 4th 2013. APL was converted into a public limited company by shares on May 5th 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 maximise shareholder return from its property portfolio.

APL's only source of revenue is the rental income it receives from its three hotel properties: The Ravenala Attitude, Tropical Attitude and Récif Attitude. This is a 20-year binding lease agreement with AHL.

AHL is an investment entity, holding shares in various companies in the hotel and tourism industry. AHL was 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 1600 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 • Jean Francois Desvaux de Marigny, Independent Non-executive Director • Marie Joseph Bernard Piat Dalais, Independent Non-executive Director • Jean Michel Pitot, Executive Director • Deenesh Seedoyal, Executive Director • Armelle Bourgault Du Coudray, Non-executive Director.

attitude, committed to tourism with a positive impact

The group's new purpose is:

ATTITUDE, COMMITTED TO TOURISM WITH A POSITIVE IMPACT.

In 2020, Attitude Group launched the Positive Impact movement with 3 commitments: protect the environment, care about the local community & support the local economy. There were also three objectives: zero single-use use plastic, 10 000 training hours, 50% local suppliers.

Guests residing in Attitude Hotels are encouraged to experience an authentic slice of Mauritius with its Otentik Experiences, which include having dinner with a local family. They are also encouraged to join our movement at ***Miray lespwar***, which can be found in all Attitude Hotels from October 2021.

We have collected and recycled fragments of fishing nets for guests to tie to our ***Miray lespwar***, making a symbolic vow that they are committed to our Positive Impact movement. They have decided to be more than just a tourist but a citizen of the world. They choose responsible travel and want to make a difference to the natural environment and Mauritian community.

The commitments are:

I am committed to informing myself

I am committed to honouring my hosts

I am committed to protecting the planet and respecting nature

I am committed to supporting the local economy

I am committed to being a respectful traveller

supporting the local community

8 artists hotels personalities

Attitude Hotels commissioned 8 talented artists from Mauritius to design a new visual identity for its 8 hotels.

The Mauritian hotel group asked the talented artists to take a hotel each and get creative, giving them free rein to express themselves and bring the soul, personality and character of each hotel to life. The visual identity stretched from the logo and decoration to the huge pieces of art within the hotels. Part of Attitude Hotels' Positive Impact movement, this project helps empower local people to develop their talents.

&

Attitude Property Limited owns the property for three of these hotels: The Ravenala Attitude, Récif Attitude and Tropical Attitude. The concept behind each hotel is to encourage guests to live like a local during their stay in Mauritius. Genuine experiences include having dinner with a local family and learning about the island from Attitude's Mauritian team - the Family Members - who are ready to welcome guests and help them get the very most from their stay.

The Ravenala
ATTITUDE

The Ravenala Attitude is a leisure hotel offering numerous activities and a Dine Around experience to families and friends, couples and newlyweds.
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, there are no boundaries between inside and outside, cosy spaces flow into each other harmoniously. The Ravenala Attitude includes an adult-only wing.

Daphné has been getting to know The Ravenala Attitude, our family-friendly 4* hotel. Her objective? To fall in love with the location, discover the dishes, spend time in the suites. Daphné is a talented local artist and we asked her to create a visual identity reflecting the hotel's personality and soul.
Her beautiful graphics draw inspiration from nature, from the fresh local ingredients we use in our restaurants to the fanning palms in our tropical environment.

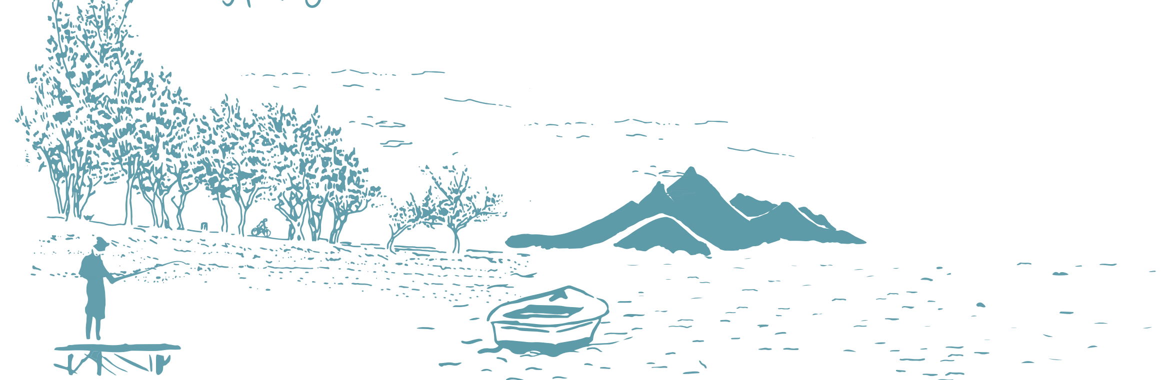
daphne doomun

TROPICAL ATTITUDE

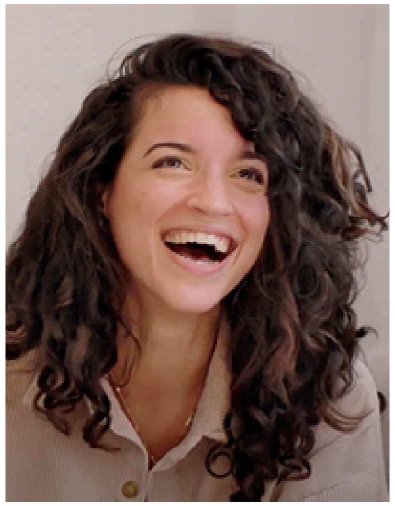
Tropical Attitude is an adults-only 3-star sup boutique-hotel with 58 seafront rooms and 11 villas set in a coconut grove along Trou d'Eau Douce lagoon.
Stepping in, the open spaces and bar-lounge area, as well as the Creole architecture, immediately convey the atmosphere of a relaxed and peaceful holiday home by the beach. Tropical Attitude boasts 11, 60 m^2, garden view ground floor villas, each with an inviting hammock under a shady gazebo and private swimming pool. In harmony with the rest of the hotel, the look is trendy: white, minimal, natural colours and shades of dawn, all reminders of the beautiful sunrises of the east coast. Wrought iron, wood and rattan enhance the already very friendly atmosphere of these cosy nests.

Let us introduce you to Kim Yip Tong, the creative talent behind Tropical Attitude Hotel's new visual identity.
Local artist Kim Yip is fascinated by the living world and uses a mixture of traditional craft and new technologies to stir up a sense of movement in her work. Her charming illustrations portray the laid-back way of life you'll find at our boutique hotel.

kim yip tong



Réfcif Attitude is an adults-only 3-star sup boutique-hotel. It's ideal for those wanting some zen moments to recharge their batteries and spend time together as a couple or among friends. You'll find new shades of colour in the common areas and 70 rooms, combined with rattan, wood and black and white tones.



baba gaia

We teamed up with Baba to help us capture the zen-like character of Récif Attitude hotel.
Baba keeps nature alive in her works. Her use of colour, texture and detail shows off the idyllic setting of our 3* adults-only haven, where sublime sunsets meet the Indian Ocean.

Chairman's report

3 Hotels | **411 Rooms** | **Rs 2.78 Bn Portfolio value** | **14 yrs WALE**

Dear shareholders,

Financial performance

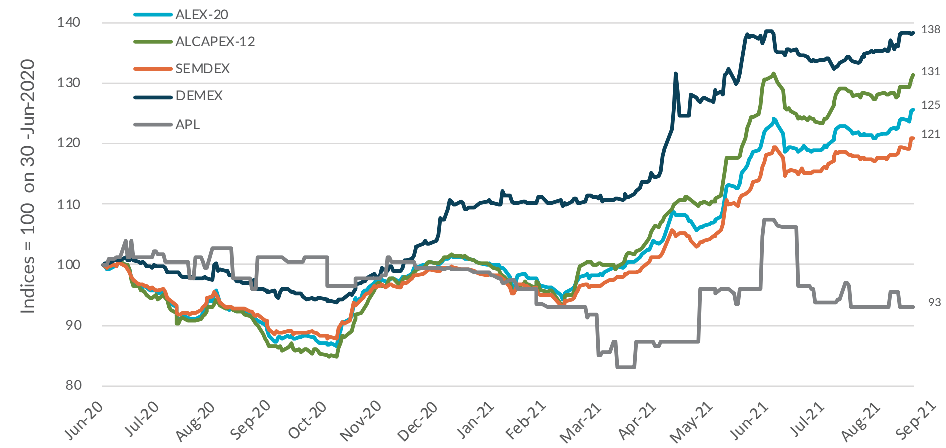
The past year has seen Covid significantly affect the tourism sector. Your Company being solely exposed to the tourism sector, the Board and management have had to be diligent during the year so as to ensure perennity of the Company. This was accomplished by accompanying Attitude Hospitality Ltd with rental deferments, which meant dividends could not be declared. In order to preserve value of our hotel assets, we continued with our investment programme.

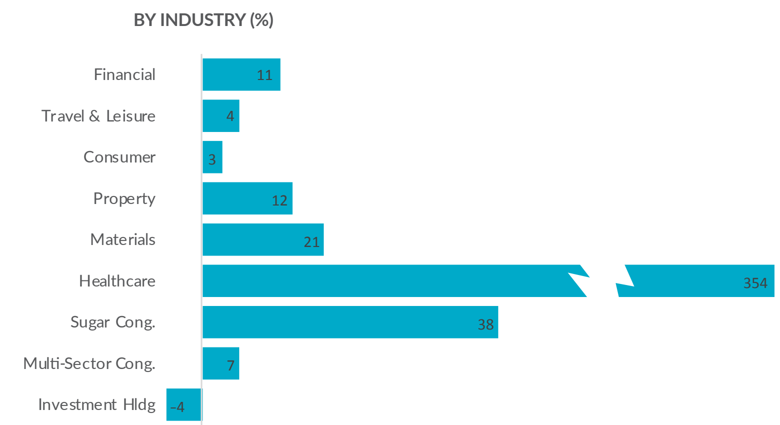
It is with great relief that we have seen Mauritius' borders re-open fully on October 1st 2021; and even more encouraging that the national hotel occupancy rate, at the time of writing this letter, seems to be north of 40% in October 2021 and even higher in November. This is good news for our sole tenant who will see a return to some kind of normality. Should this situation continue, we should be in a position to claim the outstanding rentals and thereafter resume the payment of dividends. The length of the Pandemic having been longer than some pessimistic predictions, left us with no other choice but to support our tenant over the past 18 months, given the exceptional extent of the Pandemic's impact on the hotel industry.

For the year to June 2021, your Company did not record any impairments thanks to two main reasons. Firstly, our hotels have been booked at sensible values in our balance sheet thereby reducing the risk of value erosion; and, secondly, we have a tenant with a proven track record in the industry whose ability to resume operations once borders reopened were never in doubt. Consequently, we finished the year with a profit of Rs135M during FY-2021 (FY-2020: Rs124M) and total assets of Rs3.3bn in FY-2021 up from Rs3.2bn the year before.

Market performance

Mauritius was among the worst affected countries by the pandemic therein recording its first recession in a generation which was also its worst ever. The performance of the Mauritian bourse reflected that by being among the worst performing market globally in 2020. The Stock Exchange of Mauritius bottomed-out in early November 2020 with Pfizer's vaccine announcement being a key turning point for market sentiment. While the early optimism faltered during CY Q1-2021, the market was boosted by optimism of the return of quarantine-free travel to Mauritius when the national vaccination campaign began to gain traction, and further fueled by the National Budget during which the Minister gave dates for the re-opening of our borders.





Attitude Property Ltd (APL) being the owner of resort hotels which have effectively been shut throughout FY-2021 performed underwhelmingly compared to the rest of the market. The hospitality sector gained a modest 4% between 30th June 2020 and 30th June 2021, as did Mauritian Property stocks – excluding Ascencia (+79%) – which improved by 1.7% on a year on year (YoY) basis. During that period, APL lost an additional 4% from Rs11.45 at the end of June 2020 to close at Rs11 at the end of June 2021; and our closest listed peer, Compagnie des Villages de Vacances de l'isle de France Ltee, was unmoved at Rs20.50. Although this performance pales in comparison to the markets' 10% to 20% rebound – excluding of course the DEMEX (+38%) whose performance was essentially driven by mega-Caps Ascencia (+79%) and C-Care (+354%) – during FY 2021, the Mauritian bourse has seen fresh momentum boosts being offered by resumption of dividend payments by some companies at the publication of FY-2021 results. Once your Company is in a position to resume dividend payments, we would expect APL to catch up to the rest of the market.

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.

nimero
dan tablo

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 which includes a whistle-blowing process and it is available for consultation on its website.

Key Governance Positions

Chairman of the Board

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

- To provide leadership to the Board in order to ensure it functions effectively;
- To plan the Board's annual schedule of meetings and agendas, in consultation with 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 15.

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 was Mr Maxime Jean Francois Desvaux De Marigny until June 30, 2021 and a brief profile is found on page 15.

APL does not have any employees at senior governance position. Messrs Jean Michel Pitot and Deenesh Seedoyal who are employed by Attitude Hospitality Management Ltd ('AHML') as Group Chief Executive Officer and Group Chief Financial Officer respectively sit on the Board of APL as Executive Directors. A Service Agreement between APL and AHML, with effective date July 01, 2021, on a cost basis will be ratified by the Board.

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.

The independent status of Mr Maxime Jean Francois Desvaux De Marigny has been reviewed, in line with the amended Companies Act 2001, in view of his directorships in AHL and AHML. The appointment process of additional independent directors is ongoing.

The Company is currently managed by a unitary Board of six members, residents of Mauritius, out of whom two (2) are Executive Directors, three (3) are Non-Executive and one (1) is Independent Non-Executive Director.

Members of the Board at June 30, 2021 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 July 01, 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
(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 Seff Properties Ltd in Mauritius on December 31, 2010.

Principle 2: The structure of the Board and its Committees (continued)

Board (cont'd)

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 1000 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 effective from June 2018. His tenure as President has been extended till June 2021.

Deenesh Seedoyal
(Executive Director)

Deenesh Seedoyal is the Chief Financial Officer of the Attitude Group. He joined Attitude in July 2008 and was appointed Executive Director in 2010. 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 the Mauritius Institute of Directors.

Armelle Bourgault du Coudray
(Non-Executive Director)

Armelle Bourgault du Coudray graduated with a "Brevet de Technicien Superieur." She was appointed as director of the Company on February 04, 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, 2021

Directors	Direct Shareholding		Indirect Shareholding
	Number of shares	Percentage (%)	Percentage (%)
Michel Guy Rivalland	-	-	1.67
Maxime Jean Francois Desvaux De Marigny	-	-	-
Marie Joseph Bernard Piat Dalais	-	-	-
Jean Michel Pitot	-	-	9.30
Deenesh Seedoyal	20,000	0.012	0.14
Armelle Bourgault Du Coudray	-	-	5.81

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. All corporate governance matters are addressed at Board level and should the need arise, the Board would set up a corporate governance committee.

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.

During the year under review, the ARC met on 3 occasions and did not meet the external auditors without management's presence.

The ARC comprises of three directors as follows:

Members	Category
Maxime Jean Francois Desvaux De Marigny (Chairman until June 30, 2021)	Non-Executive
Marie Joseph Bernard Piat Dalais	Independent
Deenesh Seedoyal	Executive

* A new independent director will be appointed as Chairperson of the ARC following the change of status of Mr Maxime Jean Francois Desvaux De Marigny from Independent Non-Executive to Non-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.

Principle 2: The structure of the Board and its Committees (continued)

Board and Committee Meetings Attendance

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

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 Company's 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

The Board is responsible in appointing Directors and 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.

As long as Attitude Hospitality Ltd holds at least twenty percent of the share capital of the Company, it will have the right to appoint half the number of directors ('Nominated Directors'). The Nominated Directors on the Board are Messrs Jean Michel Pitot and Deenesh Seedoyal. At each Annual Meeting of Shareholders two directors, other than the Nominated Directors, who have been longest in office since their last election are required to retire and offer themselves for re-election.

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.

In view of the Covid-19 pandemic no board appraisal was carried out during the financial year 2021. The next Board appraisal will be carried out during the financial year 2022.

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

No fees were paid to the Executive Directors during the financial year. The Non-Executive Directors have not received remuneration in the form of share options or bonuses associated with organisational performance. A gross total fee of Rs 88,750 were paid during the financial year as shown in the below table:

Members	Total fees per Director (Rs)
Maxime Jean Francois Desvaux De Marigny	38,750
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 remain 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 its' approach to information and work. Thus, an effective IT security policy is a unique document for each company, cultivated from its perspectives on risk tolerance, how the company sees and values their information, and the resulting availability that it maintains of that information.

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

Core principles for information security management, as defined in ISO/IEC 27002, 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 to identify and manage potential conflict of interest. The board noted no conflict of interest during the year.

Principle 5: Risk governance and internal control (continued)

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 38 of the financial statements for details of the financial risks of APL and how these are managed.

Operational Risks

Operational risk 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.

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.

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 eco practices 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 for the local community.

The movement launched on July 06, 2020. It sets out a sustainable development strategy for all eight Attitude Hotels and Paradise Cove Boutique Hotel in Mauritius.

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 group's hotels include the eco-committed Lagoon Attitude, which has acted as a prototype for the future vision of the company. The hotel has eliminated all single-use plastic from the guest experience, offering a help-yourself Bulk Shop where customers can stock up on tea, coffee, sugar and water for their rooms. A zero single-use plastic policy was rolled out to the remaining eight hotels by November 01, 2020.

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.

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 the wider tourism industry to follow a model for sustainable development."

Principle 6: Reporting with integrity (continued)

Attitude focuses on three key goals:

PROTECTING THE ENVIRONMENT

- Funding the Marine Discovery Centre at Lagoon Attitude, employing two full-time scientist program coordinators to study and preserve the lagoon's mangroves, fishes, seagrass beds and corals, with the mission to protect the fragile biodiversity. The centre educates also the community and hotel guests to ensure good practices.
- Encouraging suppliers to consider a better environmental footprint by reducing packaging, banning single use plastic, and also by studying product lifecycle.
- 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. This charter was rolled out to all hotels in 2020.
- A zero single-use plastic commitment in the guest experience was rolled out to all hotels by November 01, 2020.
- Reducing chemical use with 95% natural products in room and biodegradable cleaning products, reducing energy consumption thanks to solar energy devices but also natural ventilation, flow restrictors and also reducing waste through efficient waste management thanks to recycling, upcycling and composting.

SUPPORTING THE LOCAL ECONOMY

- Funding small local businesses if they align with Attitude's sustainable 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. For example, farmers Mr and Mrs Mayaven grow the hotels' salad and vegetables, supporting jobs for 20 people in a small Mauritian village; and Mr and Mrs Chetty prepare all of the traditional dholl puris offered in the hotels' street food vans, giving guests an authentic taste of Mauritian home cooking.
- 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' label.

CARING FOR 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, but also handcraft markets with 100% local artisans' products in the hotels with no profit for the group.
- 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.

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. No internal audit was carried out during the year under review due to Covid-19.

External Audit

The current auditors are BDO & Co Ltd and have been appointed on November 09, 2020 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		
	2021	2021	2020
	Rs'000	Rs'000	Rs'000
	BDO & CO	Ernst & Young	Ernst & Young
Audit services	400	-	386
Tax services	-	40	40
Other services	-	-	25
Total	400	40	451

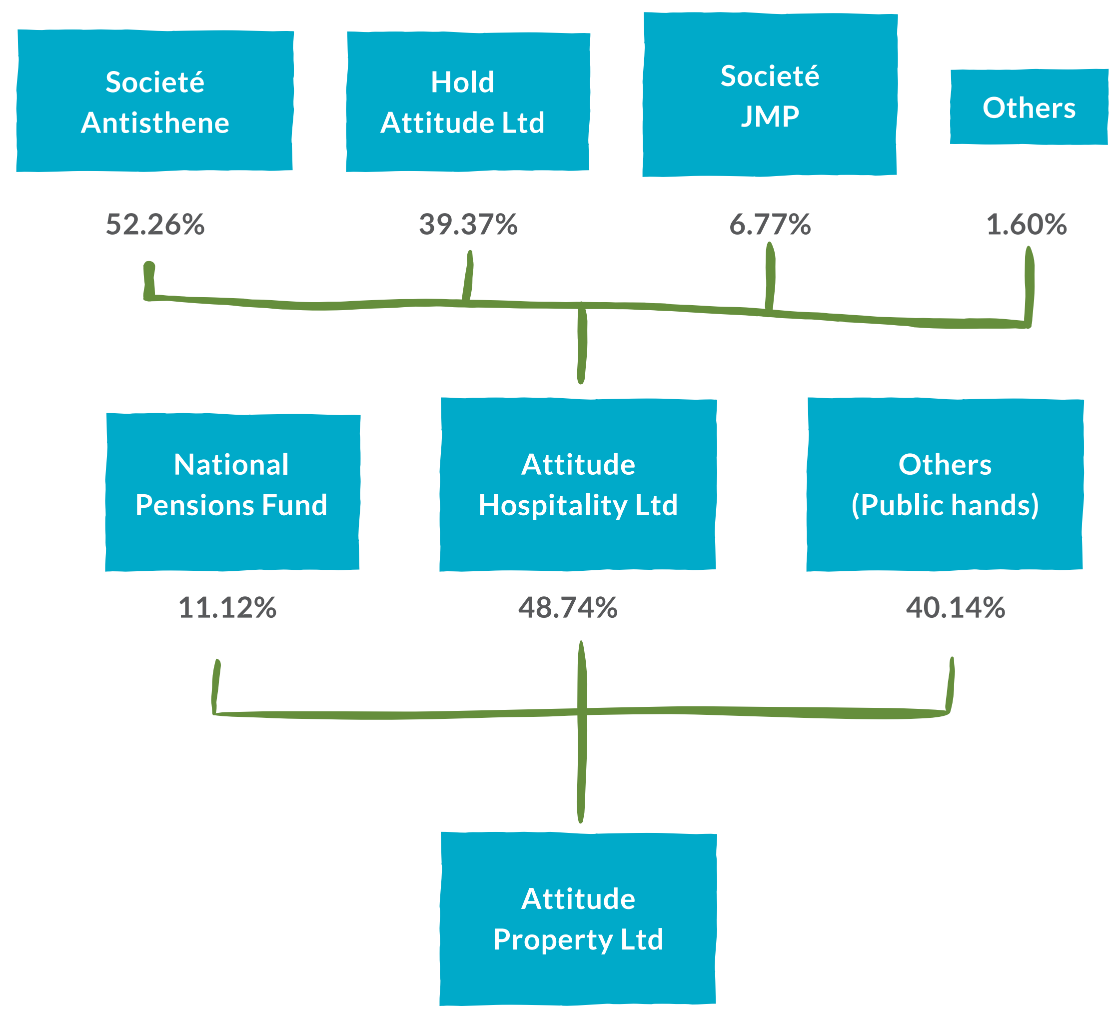
Principle 8: Relations with shareholders and other key stakeholders

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, 2021 was as follows:

<u>Group Structure</u>



Principle 8: Relations with shareholders and other key stakeholders (continued)

The following shareholders held 5% or more of the shareholding of the Company as at June 30, 2021

Shareholders	% Holding
Attitude Hospitality Ltd	48.74%
National Pensions Fund	11.12%
Multiconsult Trustees Ltd - Trustee (A/C MCB Yield Fund)	5.22%

Shareholders' information and Calendar of Events

Publication of 1st quarter results	November 2021
Annual Meeting of Shareholders	December 2021
Publication of 2nd quarter results	February 2022
Publication of 3rd quarter results	May 2022
Publication of audited financial statements for the year ended June 30, 2022	September 2022

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 Rs10 improved to about 7.5%, i.e. up by about 100bps from an initial commitment to deliver 6.5% in annualized dividend yield and which APL has consistently delivered upon.

Donations

The Company made no social or political donations during the year under review (2020: Nil).

Principle 8: Relations with shareholders and other key stakeholders (continued)

Statement of Directors' Responsibilities in Respect of the Financial Statements at June 30 2021

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, 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and statement of cash flows, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001 and Financial Reporting Act 2004.

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

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

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

The directors confirm that

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

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

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

The directors confirm that the Code of Corporate Governance has been adhered to, except to those disclosed in the Statement of Compliance on page 28.

Statement of compliance

Name of PIE: Attitude Property Ltd

Reporting Period: June 30, 2021

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: 29 September 2021	

we design local

Part of our Positive Impact movement is to support the local community. This means sharing local know-how and skills, and putting talented craftspeople and artists in the spotlight so they can really shine. Wherever possible, our furniture is handcrafted right here in Mauritius. We also choose works created by local artists and photographers to decorate our hotels.

Directors' report

for the year ended June 30, 2021

The Directors have the pleasure in submitting their report together with the audited financial statements of Attitude Property Ltd for the year ended June 30, 2021.

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, 2021 is shown on page 39.

DIVIDENDS

No dividend was declared and paid during the year (2020: Rs 0.37 per share).

BOARD OF DIRECTORS

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

Mr. Maxime Jean Francois Desvaux De Marigny - Non-Executive Director - Appointed on September 18, 2015

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

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

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

Mrs. Armelle Bourgault du Coudray - Non-Executive Director - Appointed on February 4, 2020

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 (2020: Nil).

DIRECTORS REMUNERATION & BENEFITS

The Independent Non-Executive Directors were entitled to fees of Rs 88.75k in total (2020: Rs 93.75k in total).

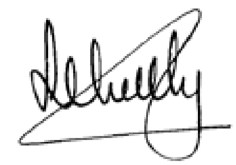
DONATIONS

No donations were made during the year (2020: Nil).

Certificate from the Company Secretary

for the year ended June 30, 2021

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, 2021.



NWT Secretarial Services Ltd

Company Secretary

Date: 29 September 2021

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), on page 38 to 76 which comprise the statement of financial position at June 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of 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, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001 and Financial Reporting Act.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). 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.

Key Audit Matters (cont'd)

Valuation of investment properties

Refer to the significant accounting policies note 2.4 and note 2.5 and 3(a) to the financial statements

KEY AUDIT MATTER	AUDIT RESPONSE
Investment Properties amounted to Rs.2.779m on the Company's Statement of Financial Position at June 30, 2021 (2020: Rs.2.767m). Investment properties are revalued every 3 years by external independent valuer, unless there is evidence that the fair value of an asset differs materially from the carrying amount. The last valuation was carried at June 30, 2018. The fair value of Investment properties at June 30, 2021 has been determined by management on the same basis as at June 30, 2018, using the income approach. This matter was considered to be one of most significance in the audit of the Company financial statements due to the material balance of investment properties in the Company's financial statements and significant judgements and estimates involved in arriving at the fair value.	Our audit procedures in respect of this key audit matter included, amongst other: - Assessing the design and implementation of the key controls relating to the valuation of investment properties. - Obtaining the valuation working prepared by management and assessing for reasonability by assessing key assumptions used and comparing with available market data. - Testing the mathematical accuracy of the underlying conditions used in the valuation models. - Ensuring that the measurement basis for the valuation and valuation methods used were in accordance with International Financial Reporting Standards. - Satisfying ourselves that the techniques used in the income based approach value models by management are appropriate in the circumstances and have been applied consistently. - Making enquiries with management with regards to the input to the valuation and requested management representation. - Reviewing the completeness and adequacy of the disclosure in the financial statements for compliance with International Financial Reporting Standards, including disclosure on significant inputs and sensitivity analysis.

Other Matter relating to comparative information

The financial statements of Attitude Property Ltd for the year ended June 30, 2020, were audited by another firm of auditors who expressed an unmodified opinion on those statements on November 30, 2020.

We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended June 30, 2020. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole.

Independent auditor's report (cont'd)

to the members of Attitude Property Ltd

Other Information

The Directors are responsible for the other information. The other information comprises mainly of information contained in the Annual Report 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 an audit opinion or 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 that we obtained prior to the date of this auditors' report, we conclude that there is no material misstatement of this other information, we are required to report that fact.

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance 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 public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of Directors and Those Charged with Governance 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 in compliance with the requirements of the Companies Act 2001, and for such internal control as the Directors determine is necessary to enable the preparation of the 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent auditor's report (cont'd)

to the members of Attitude Property Ltd

Auditors' 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 auditors' 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 the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 Directors' 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 auditors' 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 auditors' 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 consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

Independent auditor's report (cont'd)

to the members of Attitude Property Ltd

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with those charged with governance, 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.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors 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.

Other Matters

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, as a body, those matters that we are required to state to them in an auditors' 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.

BDO & CO
Chartered Accountants
Port Louis,
Mauritius.

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

September 30, 2021

we eat local

Whenever possible, we source products that have been grown and harvested on the island. In addition to supporting local jobs and boosting the local economy, it helps us know where and how products are made. Buying locally also allows us to respect local know-how and help champion traditional Mauritian ingredients and recipes. And buying local, seasonal produce lowers our carbon footprint.

Statement of Financial Position

as at June 30, 2021

	Notes	2021 Rs.	2020 Rs.
ASSETS			
Non-current assets			
Investment properties	3(a)	2,779,176,372	2,767,362,441
Intangible assets	3(b)	128,750	110,750
Net investment in lease receivables	3(c)(ii)	206,858,870	207,580,413
Deferred tax assets	8(a)	54,915,888	70,674,245
		3,041,079,880	3,045,727,849
Current assets			
Trade and other receivables	4	241,039,009	150,733,631
Cash and short-term deposits	5	45,795,102	334,360
		286,834,111	151,067,991
TOTAL ASSETS		3,327,913,991	3,196,795,840
EQUITY AND LIABILITIES			
Issued share capital	6	1,600,170,920	1,600,170,920
Retained earnings		388,405,072	253,227,905
TOTAL EQUITY		1,988,575,992	1,853,398,825
Non-current liabilities			
Interest-bearing loans and borrowings	7	910,000,000	910,000,000
Lease liabilities	3(c)(i)	195,862,905	208,301,958
Deferred tax liabilities	8(a)	202,924,508	190,748,272
		1,308,787,413	1,309,050,230
Current liabilities			
Interest-bearing loans and borrowings	7	-	4,305,433
Lease liabilities	3(c)(i)	11,717,509	-
Trade and other payables	9	18,833,077	30,041,352
		30,550,586	34,346,785
TOTAL LIABILITIES		1,339,337,999	1,343,397,015
TOTAL EQUITY AND LIABILITIES		3,327,913,991	3,196,795,840

These financial statements have been approved for issue by the board of directors on September 29, 2021

Name of directors

MICHEL GUY RIVALLAND **JEAN MICHEL PITOT**

The notes set out on pages 42 to 76 form an integral part of these financial statements.
Independent auditors' report on pages 32 to 36.

Statement of Profit or Loss and Other Comprehensive Income

year ended June 30, 2021

	Notes	2021 Rs.	2020 Rs.
Rental income	3(a)/10	208,450,924	206,400,898
Recoveries	3(a)/11	1,713,491	2,011,762
Operating expenses	3(a)/12	(1,713,491)	(2,011,762)
Profit arising on rental of investment properties		208,450,924	206,400,898
Administrative expenses	12	(2,182,170)	(2,345,372)
Operating profit		206,268,754	204,055,526
Interest income on lease receivables	3(c)(ii)	10,995,966	11,034,187
Finance costs	13	(54,152,960)	(63,171,855)
Impairment loss on lease receivables	3(c)(ii)	-	(721,543)
Profit before taxation		163,111,760	151,196,315
Income tax expense	8(a)	(27,934,593)	(26,296,274)
Total comprehensive income for the year		135,177,167	124,900,041
Earnings per share:			
Basic and diluted earning per share (Rs).	21	0.84	0.78

The notes set out on pages 42 to 76 form an integral part of these financial statements.
Independent auditors' report on pages 32 to 36.

Statement of Changes in Equity

year ended June 30, 2021

	Issued share capital	Retained earnings	Total
	Rs.	Rs.	Rs.
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
At July 1, 2020	1,600,170,920	253,227,905	1,853,398,825
Total comprehensive income for the year	-	135,177,167	135,177,167
At June 30, 2021	1,600,170,920	388,405,072	1,988,575,992

The notes set out on pages 42 to 76 form an integral part of these financial statements.

Independent auditors' report on pages 32 to 36.

Statement of Cash Flows

year ended June 30, 2021

	Notes	2021	2020
		Rs.	Rs.
Cash flows from operating activities			
Profit before taxation		163,111,760	151,196,315
Adjustments for:			
- Impairment loss	3(c)(ii)	-	721,543
- Interest income on net investment in lease	3(c)(ii)	(10,995,966)	(11,034,187)
- Finance costs	13	54,152,960	63,171,855
Working capital adjustments			
Increase in trade and other receivables		(90,305,378)	(23,779,733)
Decrease in trade and other payables		(11,208,276)	(34,105,659)
Net cash flows generated from operating activities		104,755,100	146,170,134
Cash flows from investing activities			
Additions to investment properties	3(a)	(11,831,931)	(50,577,781)
Disposals of investment properties	3(a)	-	15,800
Receipts on net Investment in lease receivables	3(c)(ii)	-	11,717,509
Interest received on net investment in lease receivables	3(c)(ii)	10,995,966	11,034,187
Net cash flows used in investing activities		(835,965)	(27,810,285)
Cash flows from financing activities			
Proceeds from borrowings	7(d)	-	70,000,000
Dividends paid	19	-	(120,012,819)
Payment of lease liabilities	3(c)(i)	-	(11,717,509)
Interest paid	13	(54,152,960)	(63,171,855)
Net cash flows used in financing activities		(54,152,960)	(124,902,183)
Net increase/(decrease) in cash and cash equivalents		49,766,175	(6,542,334)
Cash and cash equivalents as at July 1,		(3,971,073)	2,571,261
Cash and cash equivalents as at June 30,	5	45,795,102	(3,971,073)

The notes set out on pages 42 to 76 form an integral part of these financial statements.

Independent auditors' report on pages 32 to 36.

Notes to the financial statements

year ended June 30, 2021

1. CORPORATE INFORMATION

The financial statements of Attitude Property Ltd (the "Company" or "APL") for the year ended June 30, 2021 were authorised for issue in accordance with a board meeting of the Directors on September 29, 2021 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"), and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

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.

2. ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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.

2.2 Changes in accounting policies

Amendments to published Standards effective in the reporting period

Definition of a Business (Amendments to IFRS 3) clarifies the definition of a business to help determine whether a transaction should be accounted for as a business combination or an asset acquisition and permits, in certain circumstances, a simplified assessment that an acquired set of activities and assets is not a business. The amendments have no impact on the Company's financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8) clarifies the definition of material and aligns the definitions used across IFRSs and other IASB publications. The amendments have no impact on the Company's financial statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period before the replacement of an existing interest rate benchmark with an alternative interest rate. The amendments have no impact on the Company's financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards relate to minor amendments to various standards to reflect the revised Conceptual Framework for Financial Reporting. The amendments have no impact on the Company's financial statements.

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.

2. ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Amendments to published Standards effective in the reporting period (cont'd)

Covid-19-Related Rent Concessions - Amendment to IFRS 16 (cont'd)

Key requirements (cont'd)

- Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before June 30, 2021 and increased lease payments that extend beyond June 30, 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 June 1, 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at May 28, 2020.

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 will not have to pay for 1 year for FY 20/21. The Company has avail itself from the Budget Speech to waive their rental payment amounting to Rs.11,717,509 for the year ended June 30, 2021. Refer to note 3(c)(i) and 3(c)(ii).

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) extends the temporary exemption to accounting periods beginning before January 1, 2023. The amendments have no impact on the Company's financial statements.

2. ACCOUNTING POLICIES (CONT'D)

2.3 Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2021 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 17 Insurance Contracts

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Annual Improvements 2018-2020

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

Reference to the Conceptual Framework (Amendments to IFRS 3)

Amendments to IFRS 17

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Definition of accounting estimates (Amendments to IAS 8)

Disclosure of accounting policies (Amendments to IAS 1)

Deferred tax related to assets and liabilities arising from a single transaction (IAS 12)

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.4.

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.

2. ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting judgements, estimates and assumptions (cont'd)

Judgements (cont'd)

Operating lease (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:

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 by external independent valuer 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, 2021.

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").

Notes to the financial statements
year ended June 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

(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.

Subsequent to initial recognition, investment property is 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).

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.

Notes to the financial statements

year ended June 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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)

(ii) Initial recognition and measurement

At initial recognition, financial assets are 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.

Notes to the financial statements

year ended June 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial assets (cont'd)

(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' arrangements ; 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.

(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.

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

(d) Impairment of financial assets (cont'd)

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 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 lease liabilities, trade and other payables, interest-bearing loans and borrowings.

(ii) *Subsequent measurement*

The measurement of financial liabilities is described below:

<u>Financial liabilities at amortised cost</u>

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.

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

(f) Leases

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a head lease of land and immediately derecognises it with a corresponding recognition of a net investment in lease.

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.

(g) 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.

(h) 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 is calculated using tax rates that have been enacted or substantively enacted at year end.

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

(h) Taxation (cont'd)

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 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.

The carrying amount of deferred 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 tax asset to be utilised. Unrecognised deferred 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.

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 (cont'd)

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

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

Value Added Tax

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

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

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

Corporate Social Responsibility

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

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

(i) Revenue recognition

(a) *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.

Notes to the financial statements

year ended June 30, 2021

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

(i) Revenue recognition

(a) *Rental income (cont'd)*

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.

(b) *Recoveries*

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.

(j) Intangible assets

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

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

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

(k) 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.

3(a). INVESTMENT PROPERTIES

	2021	2020
	Rs.	Rs.
At July 1,	2,767,362,441	2,716,800,460
Additions *	11,831,931	50,577,781
Transfer **	(18,000)	-
Disposals ***	-	(15,800)
At June 30,	2,779,176,372	2,767,362,441

* Additions during the financial year 2021 relate to beach restoration works at the Ravenala Attitude for an amount of MUR 9.1 mn and various works at Tropical Villas at an amount of MUR 2.7 mn.

** An amount of MUR 18,000 relating to website development cost has been transferred out of investment properties into Intangible Assets.

*** During financial year 2020, 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 MUR 15,800 and the total net carrying amount of the tables were at MUR 15,800. No gain/(loss) was recorded.

	2021	2020
	Rs.	Rs.
Rental income derived from investment properties	208,450,924	206,400,898
Recoveries	1,713,491	2,011,762
Operating expenses (Refer to Note 12)	(1,713,491)	(2,011,762)
Profit arising from investment properties carried at fair value	208,450,924	206,400,898

(i) Investment properties consist of furnished buildings on leasehold land rented as hotel complex. Additions during the year relate mainly to beach restoration works at the Ravenala Attitude and various works at 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 has been determined using the income approach.

The Directors have reassessed the fair value of the investment properties as at June 30, 2021 as follows:

- took into consideration current market conditions;
- rolled forward the income approach computation provided last year by the independent valuation specialist.

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

(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 use of the income approach requires Directors to make assumptions in respect of the rental receivable, the discount factor and a growth rate.

3(a). INVESTMENT PROPERTIES (CONT'D)

(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 room per month - Rent growth p.a. - 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 of MUR 910 mn are secured on the hotel properties and all assets of the Company (Note 7).

3(b). INTANGIBLE ASSETS

	Website development cost	
	2021	2020
	Rs.	Rs.
At July 1,	110,750	110,750
Transfer *	18,000	-
At June 30,	128,750	110,750

The intangibles relate to costs for website development at an amount of MUR 128,750.

* An amount of MUR 18,000 relating to website development cost has been transferred out of investment properties into Intangible Assets.

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

(i) Lease liabilities

	2021	2020
	Rs.	Rs.
Non-current		
Lease liabilities	195,862,905	208,301,958
Current		
Lease liabilities	11,717,509	-
Total lease liabilities	207,580,414	208,301,958

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

(i) Lease liabilities (cont'd)

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 MUR 10,995,966 for the financial year ended June 30, 2021 (2020: MUR 11,034,187), matched with an interest expense on the lease liabilities for the said amount.

	Minimum lease payments	
	2021	2020
	Rs.	Rs.
Within one year	11,717,509	-
After one year and before five years	46,870,035	58,587,544
More than five years	543,325,023	555,042,529
	601,912,567	613,630,073
Future finance charges on lease liabilities	(394,332,153)	(405,328,115)
Present value of lease liabilities	207,580,414	208,301,958

The present value of lease liabilities is analysed as follows:	2021	2020
	Rs.	Rs.
Within one year	761,903	-
After one year and before five years	3,498,293	4,034,525
More than five years	203,320,218	204,267,433
	207,580,414	208,301,958

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

	2021	2020
	Rs.	Rs.
At July 1,	208,301,958	208,985,280
Interest expense	10,995,966	11,034,187
Payments	-	(11,717,509)
Waiver *	(11,717,509)	-
At June 30,	207,580,414	208,301,958
Current	11,717,509	-
Non-current	195,862,905	208,301,958
	207,580,414	208,301,958

Notes to the financial statements

year ended June 30, 2021

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

(i) Lease liabilities (cont'd)

The following table sets out a maturity analysis of lease liabilities, showing the undiscounted lease payments after the reporting date:

	2021	2020
	Rs.	Rs.
Less than one year	11,717,509	11,717,509
One to two years	11,717,509	11,717,509
Two to three years	11,717,509	11,717,509
Three to four years	11,717,509	11,717,509
More than five years	555,042,531	566,760,039
Total undiscounted lease payments	601,912,567	613,630,075
Unearned finance costs	(394,332,153)	(405,328,117)
Present value of lease liabilities	207,580,414	208,301,958

The following are the amounts recognised in profit or loss:	2021	2020
	Rs.	Rs.
Interest expense on lease liabilities	10,995,966	11,034,187
Amount recognised in profit or loss	10,995,966	11,034,187

The Company had no cash outflows for leases for 2021 (2020: MUR 11,717,509).

(ii) Net Investment in lease receivables

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

	2021	2020
	Rs.	Rs.
At July 1,	207,580,413	208,985,278
Interest income	10,995,966	11,034,187
Receipt of rental income for leasehold land	-	(11,717,509)
Impairment	-	(721,543)
Waiver *	(11,717,509)	-
At June 30,	206,858,870	207,580,413

The following table sets out a maturity analysis if lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2021	2020
	Rs.	Rs.
Less than one year	11,717,509	11,717,509
One to two years	11,717,509	11,717,509
Two to three years	11,717,509	11,717,509
Three to four years	11,717,509	11,717,509
Four to five years	11,717,509	11,717,509
More than five years	543,325,021	555,042,528
Total undiscounted lease payments receivable	601,912,566	613,630,073
Unearned finance income	(394,332,153)	(405,328,117)
Cummulative impairment losses on lease receivables	(721,543)	(721,543)
Net investment in lease receivable	206,858,870	207,580,413

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

(ii) Net Investment in lease receivables (cont'd)

* Owing to the waiver for rental of leasehold land from the Government of Mauritius (GOM) for July 2020, an amount of MUR 11.7 mn was accounted as a waiver in Net investment in lease receivables and Lease liabilities towards the GOM.

4. TRADE AND OTHER RECEIVABLES

	2021	2020
	Rs.	Rs.
Amount owed by related parties (Note 14)		
- Trade receivables (Note (a))	229,296,006	93,009,306
- Owed by holding Company (Note (b))	-	47,143,288
- Owed by fellow subsidiaries (Note (b))	1,262,091	182,900
	230,558,097	140,335,494
Other receivables and prepayments (Note (c))	10,480,912	10,398,137
	241,039,009	150,733,631

(a) 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 (AHL). 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.

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

As at June 30, 2021 and 2020, the ageing analysis of trade receivables were as follows:

	Days past due		
	< 30 days	30-90 days	>90 days
2021			
Expected credit loss rate	0%	0%	0%
Estimated total gross carrying amount at default (Rs)	-	-	229,296,006

	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

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

AHL has secured financing from MCB (MUR 475 mn) and MIC (MUR 500 mn) and shall have enough liquidity to support the three tenants.

4. TRADE AND OTHER RECEIVABLES (CONT'D)

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

The amount due from the fellow subsidiaries is interest free and repayable on demand.

(c) 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.

5. CASH AND SHORT-TERM DEPOSITS

	2021	2020
	Rs.	Rs.
Cash at bank	45,795,102	334,360

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

	2021	2020
	Rs.	Rs.
Cash in hand and at bank	45,795,102	334,360
Bank overdrafts (Note 7)	-	(4,305,433)
	45,795,102	(3,971,073)

Cash and short-term deposits are interest-free and held with State Bank of Mauritius Ltd and Mauritius Commercial Bank Ltd. While cash and short-term deposits are also subject to impairment requirements of IFRS 9, the identified impairment loss was immaterial.

6. ISSUED SHARE CAPITAL

	Number of shares	2021	2020
	Rs.	Rs.	Rs.
Authorised shares	178,000,000		
Ordinary shares at no par value, issued and fully paid			
Ordinary shares of Rs.10 each	160,017,092	1,600,170,920	1,600,170,920

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

7. INTEREST-BEARING LOANS AND BORROWINGS

	2021	2020
	Rs.	Rs.
Non-current		
Bank loans (note (a))	910,000,000	910,000,000
Current		
Bank overdraft (note (b))	-	4,305,433
Total interest bearing loans and borrowings	910,000,000	914,305,433

7. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(a) Bank loans can be analysed as follows:

	2021	2020
	Rs.	Rs.
After one year and before five years	910,000,000	910,000,000

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

	Loan amount		Maturity	Loan period	2021.	2020
					Rs.	Rs.
	MUR 25,000,000	PLR+0.5%	Oct-22	5 years	25,000,000	25,000,000
*	MUR 755,000,000	PLR+0.5%	Sep-22	5 years	755,000,000	755,000,000
**	MUR 60,000,000	PLR+0.5%	Sep-22	5 years	60,000,000	60,000,000
	MUR 70,000,000	PLR	Jul-24	5 years	70,000,000	70,000,000
					910,000,000	910,000,000

The terms and conditions were amended to reflect the following :

* The maturity date for the term loan of original amount MUR 755,000,000 was extended from 30.04.2022 to 30.09.2022.

** The maturity date for the term loan of original amount MUR 60,000,000 was extended from 31.05.2022 to 30.09.2022.

(i) During the financial year ended June 30, 2021, the SBM PLR was on average 4.25% (2020: 5.59%) and at the year end, the SBM PLR was 4.25% (2020: 4.25%).

The financial covenants attached to the loan are as follows:

- The debt to equity ratio of not exceeding 1.5:1 to be maintained over the whole tenor of the banking facilities.
- The Company should produce to the Bank within a period of six months after the year end, its duly audited financial statements and the Bank may at its discretion appoint any auditor of its choice to carry out an audit of the Company's accounts should the Bank so think fit.
- Future capital expenditure of MUR 50m and above should be mutually agreed.
- 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.

7. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(a) Bank loans can be analysed as follows: (cont'd)

In addition to the above, the Company should notify the Bank prior to the declaration and payment of dividend or any other payments to the Shareholders or their related parties and submit a signed certificate by its Chief Finance Officer stating level of reserves, cash-flow and also certifying that the Company has met its solvency test based on forecasts for the full financial year in which the dividend declaration/payment is being requested.

There were no breach of above financial covenants during the year.

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

(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, 2021 was SBM PLR+ 0.5% (2020: 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.

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

	2021	2020
	Rs.	Rs.
At July 1, (excluding bank overdraft)	910,000,000	840,000,000
Proceeds from borrowings	-	70,000,000
At June 30,	910,000,000	910,000,000

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	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Deferred tax liability				
Accelerated depreciation for tax purposes	202,924,508	190,748,272	12,176,236	15,123,070
Deferred tax asset				
Tax loss	(54,915,888)	(70,674,245)	15,758,357	11,173,204
Deferred tax expense			27,934,593	26,296,274
Net deferred tax liability	148,008,620	120,074,027		

8. TAXATION (CONT'D)

(b) Reconciliation of net deferred tax liabilities:

	2021	2020
	Rs.	Rs.
At July 1,	120,074,027	93,777,753
Tax expense recognised in statement of profit or loss and other comprehensive income	27,934,593	26,296,274
At June 30,	148,008,620	120,074,027

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

	2021	2020
	Rs.	Rs.
Disclosed as:		
Deferred tax asset	(54,915,888)	(70,674,245)
Deferred tax liabilities	202,924,508	190,748,272
	148,008,620	120,074,027

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

	2021	2020
	Rs.	Rs.
Income tax expense reported in the statement of profit or loss and other comprehensive income	27,934,593	26,296,274

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

	2021	2020
	Rs.	Rs.
Accounting profit before taxation	163,111,760	151,196,315
Tax calculated at a rate of 15% (2020: 15%)	24,466,764	22,679,447
Income not subject to tax	122,882	455,757
Over provision of deferred tax	-	-
Non deductible expenses	82,712	137,144
Corporate social responsibility at a rate of 2%	3,262,235	3,023,926
At the effective income tax rate of 17% (2020: 17%)	27,934,593	26,296,274

The deferred tax asset relates to tax loss brought forward at the current tax rate of 17% (2020: 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

	2021	2020
	Rs.	Rs.
Trade payables	1,789,232	722,463
Value added tax payables	15,369,126	14,975,017
Other payables and accruals	1,674,719	14,343,872
	18,833,077	30,041,352

9. TRADE AND OTHER PAYABLES (CONT'D)

- 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 explanations on the Company's liquidity risk management processes, refer to Note 15(iii).

10. RENTAL INCOME

	2021	2020
	Rs.	Rs.
Rental income	208,450,924	206,400,898

The Company's main activity is the rental of investment properties. APL has rented 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 Ltée, Pointe aux Piments Hotel Ltd and Tropical Hotel Ltd.

The Company has a 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 tenants of APL shall make a provision into their 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.
- 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 withhold 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.

11. RECOVERIES

	2021	2020
	Rs.	Rs.
Recharged insurance	1,713,491	2,011,762

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

12. EXPENSES

	2021	2020
	Rs.	Rs.
Legal and professional fees	522,140	446,850
Insurance	1,713,491	2,011,762
Consultancy fees	1,262,733	931,128
Other expenses	397,297	967,394
	3,895,661	4,357,134
Operating expenses (Refer to Note 3(a))	1,713,491	2,011,762
Administrative expenses	2,182,170	2,345,372
	3,895,661	4,357,134

13. FINANCE COSTS

	2021	2020
	Rs.	Rs.
Interest expense on:		
- Bank overdrafts	324,077	114,952
- Bank loans	42,832,917	52,022,716
- GOM leasehold land	10,995,966	11,034,187
	54,152,960	63,171,855

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.

2021	Recoveries of insurance from related parties	Rental income from	Amount owed by related parties
	Rs.	Rs.	Rs.
Fellow subsidiaries:			
Riviere Citron Ltée	1,051,075	147,269,098	162,769,072
Tropical Hotel Ltd	341,604	31,976,983	35,426,793
Pointe Aux Piments Hotel Ltd	320,812	29,204,843	32,362,232
	1,713,491	208,450,924	230,558,097

2020	Recoveries of insurance from related parties	Rental income from	Amount owed by related parties
	Rs.	Rs.	Rs.
Holding company-Attitude Hospitality Ltd	-	-	47,143,288
Fellow subsidiaries:			
Riviere Citron Ltée	1,272,930	147,269,098	59,017,528
Tropical Hotel Ltd	378,204	29,926,957	17,079,888
Pointe Aux Piments Hotel Ltd	360,628	29,204,843	16,911,889
Attitude Hospitality Management Ltd	-	-	182,901
	2,011,762	206,400,898	140,335,494

Notes to the financial statements

year ended June 30, 2021

14. RELATED PARTY TRANSACTIONS (CONT'D)

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, 2021, the Company has not made any provision for impairment of receivables relating to amounts owned by related parties (2020: 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.

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 (MUR 475 mn) and MIC (MUR 500 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.

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 June 30, 2021, the Executive Directors did not receive any remuneration and benefits. The Independent Non-Executive Directors were entitled to fees of MUR 88,750 in total.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise lease liabilities, 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.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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. The Company analyses the interest rate exposure on a quarterly basis. A sensitivity analysis is performed by applying the simulation technique to the liabilities that represent major interest bearing positions.

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).

Effect on profit before tax	Decrease in basis points	2021	2020
		Rs.	Rs.
Interest-bearing loans and borrowings	**-50**	5,587,902	5,613,037

Effect on profit before tax	Increase in basis points	2021	2020
		Rs.	Rs.
Interest-bearing loans and borrowings	**+50**	(5,587,902)	(5,613,037)

(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.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(ii) Credit risk (cont'd)

The Company measures credit risk and expected 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 (MUR 475 mn) and MIC (MUR 500 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 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 COVID-19 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 COVID-19 to have had minimal impact on its remaining financial assets.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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, 2021	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	-	10,806,849	25,840,445	916,606,272	-	953,253,566
Lease liabilities	-	-	761,903	3,498,293	203,320,218	207,580,414
Trade and other payables	-	1,789,232	-	-	-	1,789,232
	-	12,596,081	26,602,348	920,104,565	203,320,218	1,162,623,212

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	204,267,434	208,301,958
Trade and other payables	-	27,523	694,940	-	-	722,463
	4,305,433	13,435,392	44,318,511	968,524,642	204,267,434	1,234,851,412

Interest-bearing loans and borrowings include all future interest cost and trade and other payables exclude Value added tax payables and accruals of **Rs.17,043,844** (2020:Rs.29,318,889).

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year ended June 30, 2021

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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, lease liabilities 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 Company considers the gearing ratio computed below to be reasonable and in line with its repayment capacity. The gearing ratios at June 30, 2021 and 2020 were as follows:

	2021	2020
	Rs.	Rs.
Interest-bearing loans and borrowings	910,000,000	914,305,433
Lease liabilities	207,580,414	208,301,958
Cash and short term deposits	(45,795,102)	(334,360)
Net debt	1,071,785,312	1,122,273,031
Equity	1,988,575,992	1,853,398,825
Equity and net debt	3,060,361,304	2,975,671,856
Gearing ratio	35%	38%

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

There are no capital commitments for financial year 2021 and 2020.

18. OPERATING LEASE - COMPANY AS LESSOR

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

18. OPERATING LEASE - COMPANY AS LESSOR (CONT'D)

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

	2021	2020
	Rs.	Rs.
Within one year	220,291,579	208,450,898
One to two years	220,291,579	220,291,579
Two to three years	220,291,579	220,291,579
Three to four years	232,998,919	220,291,579
Four to five years	232,998,919	232,998,919
After five years	2,351,611,078	2,508,835,570
	3,478,483,653	3,611,160,124

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:

	2021	2020
	Rs.	Rs.
Within one year	11,717,509	-
After one year but before five years	46,870,035	58,587,544
After five years	543,325,018	555,042,526
	601,912,562	613,630,070

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

	2021	2020
	Rs.	Rs.
Finance income on Net investment in lease receivable	10,995,966	11,034,187
Impairment loss on Net investment in lease receivable	-	(721,543)
	10,995,966	10,312,644

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

	2021	2020
	Rs.	Rs.
Undiscounted lease payments	601,912,566	613,630,073
Unearned finance income	(394,332,153)	(405,328,117)
Impairment loss on Net investment in lease receivable	(721,543)	(721,543)
Net investment in lease receivable	206,858,870	207,580,413

Notes to the financial statements
year ended June 30, 2021

19. DIVIDENDS

	2021	2020
	Rs.	Rs.
Dividends	-	120,012,819

No dividends was declared or paid during the financial year 2021 (2020: Dividend per share of Rs 0.37).

20. FAIR VALUE MEASUREMENT

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

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Rs.	Rs.	Rs.	Rs.
Assets measured at fair value:					
Investment properties (Note 3)	June 30, 2021	2,779,176,372	-	-	2,779,176,372
	June 30, 2020	2,767,362,441	-	-	2,767,362,441
Interest bearing loans and borrowings	June 30, 2021	910,000,000	-	910,000,000	-
	June 30, 2020	914,305,433	-	914,305,433	-

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) 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, 2021	Valuation approach	Key unobservable inputs	Range of unobservable inputs (weighted average)
Investment properties	2,779,176,372	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 MUR 74.6 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 MUR 130.9 mn.

21. BASIC AND DILUTED EARNING PER SHARE

	2021	2020
	Rs.	Rs.
Profit attributable to owners	135,177,167	124,900,041
Number of equity shares in issue	160,017,092	160,017,092
Earnings per share	0.84	0.78

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 MUR 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, there is no certainty on payment and no reliable estimate can be made. Hence, no provision has been made in the accounts.

24. COVID-19 PANDEMIC

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.

In response to the resurgence of local COVID-19 cases in Mauritius in February 2021, the Minister of Health and Safety announced a national lockdown on March 10, 2021 and this lasted until April 30, 2021 with a first phase of re-opening.

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 MUR 50,000 during the lockdown period and post lockdown period until September 2021.

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

(c) Setting up of a solidarity fund.

(d) Equity participation scheme by the Mauritius Investment Corporation (MIC).

24. COVID-19 PANDEMIC (CONT'D)

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

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

The Mauritian Hotel industry was grounded since March 2021, following the outbreak of the Covid-19, and partially resumed its operations as from 16th July 2021 where the Mauritian borders re-opened and vaccinated travellers were being welcomed to the hotels. 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.

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 secured a loan of MUR 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 MUR 500mn, out of which MUR 200 mn was disbursed in June 2021;

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

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

(e) Frequent communication with authorities (BOM, MTPA and AHRIM) on industrial measures for the hotel industry.

Moreover, the management of APL embarked on the following programmes to contain costs and ensure cash inflows from rental dues to avoid negative impact on its yield:

(a) Discussion with various partners on freezing fixed costs such as consultancy fees (Audit, tax and secretarial fees), annual report printing fees and insurance covers.

(b) Regular discussion with AHL to ensure that the rental dues shall be settled in time, as well as discussion at board level.

Management is continuously assessing the situation on a daily basis with respect to the second phase re-opening of the Mauritian borders and are confident that the third and final phase re-opening of the hotel sector is not too far.

On that basis and taking into consideration the series of measures taken, management is satisfied that the impact of COVID-19 on the business of APL has been limited and 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.

Notes to the financial statements

year ended June 30, 2021

24. COVID-19 PANDEMIC (CONT'D)

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, 2021.

we craft local

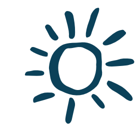
For the last 10 years, Attitude has been supporting local artisans. We are now partnering with My Pop Up Store to ensure that local craftsmanship and know-how are featured even more in the Otentik Bazar at each of our Attitude Hotels. My Pop Up Store is a collaborative platform of Mauritian designers. This great team works with us to develop unique, upcoming collections for our shops. This is 100% Made in Mauritius shopping, sustainable and without the need for single-use plastic.

Otentik experiences
Mauritian hotels

Make your own Positive Impact

Stop buying single-use plastics, such as plastic bottles, cutlery and straws, and over-packaged items

Start having a responsible lunch break. Pop food in reusable containers and buy seasonal and local food

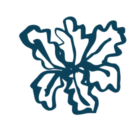


Reduce your energy consumption, from turning off air-conditioning and lights to setting your own reduction goals

If you need to use paper, choose recycled paper or from certified suppliers such as FSC and PEFC

Replace the products you use daily, such as cosmetics and cleaning products, with non-polluting and natural alternatives

Buy in bulk to eliminate individual packaging



Buy seasonal and local fresh fruit and vegetables

Regularly sort out your belongings and give anything you don't need to local charities and NGOs

Help participate in clean-up campaigns or organise your own

Otentik experiences • Mauritian hotels

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