OUR BUSINESS MODEL

OUR PILLARS OF VALUE

Financial capital
Strong financial assets, invested to generate good returns on investments for our shareholders.

Manufactured capital
Investing in and developing a selection of properties for different projects, including renovation of historical sites.

Intellectual capital
Expertise in the property sector, agility to tackle opportunistic acquisitions, deep knowledge of the processes & requirements of the different authorities issuing permits. Experienced property developer with expertise in managing complex projects.

Natural capital
Using our land to develop our projects, adopting the 3Rs approach in all our endeavours:
Reducing, Recycling, Reusing.

Social capital
In all our endeavours, making a positive impact on, and building mutually beneficial relationships with, our stakeholders, including the communities within which we operate.

Human capital
A homogenous workforce composed of experts in the property sector.

OUR OPERATIONAL EXPERTISE

Providing real estate solutions that align with our tenants' business strategies.

1. Investment and development
We source and create opportunities for our tenants, and allocate capital to help grow existing businesses and deliver a good return on investment to our customers.
To this end, we develop modern, more sustainable buildings, and renovate existing properties to increase their value.

2. Property management
We evaluate and respond to our tenants' changing needs, providing efficient property management. Consequently, we adopt Green by Design principles and increase the use of smart technology across all our developments.

3. Portfolio management
We actively manage our properties portfolio and are always on the lookout for new acquisition opportunities. To this end, we regularly review our buildings and identify the ones that can be disposed using the capital to invest into sites that have better long-term yields and capital growth prospects.

OUR STRATEGIC FOCUS AREAS

Customer service

Creation of value for shareholders

Sustainability

Engagement of our Human Capital

Operational excellence

OUR RISKS AND OPPORTUNITIES

- (A) Changes in economic conditions.
- (B) Illiquidity due to properties' location, age, quality and specification.
- (C) Accurate valuation of property assets.
- (D) Changes in accounting standards or regulations.
- (E) Fall of the rental income of the property portfolio.
- (F) Tenants being unable to pay their contractual debt obligations.
- (G) Non-renewal of key tenants' rental contracts and inability of the company to find suitable replacement.
- (H) Relocation of existing and prospective tenants outside of Port Louis.
- (I) Failure of related and third-party contractors to fulfil their contractual responsibilities and obligations.
- (J) Competition in the local real estate market.
- (K) Changes in rental rates and/or occupancy due to competition.
- (L) Less favourable terms for the renewal of rental contracts.
- (M) Increases in fees paid to third-party contractors.
- (N) Unforeseen capital expenditures.
- (O) Unexpected events resulting in damage or injury to individuals or property.
- (P) Accidents impacting both people and property.
- (Q) Impact of company activities on the environment and communities within which the company operates.
- (R) Delays in project delivery and/or poor delivery from service providers.
- (S) Slow obtention of permit approvals from local authority, leading to increases in construction costs and possible loss of tenants.

More information on our risks and opportunities can be found on pages 46 to 49.

OUR RELATIONSHIPS

We aim to create value for all our stakeholders...

Shareholders
We create value by delivering sustainable growth and responsible long-term income.

Employees
Our employees are our greatest assets, which is why we seek to foster a family spirit within the company and provide them all with a supportive and inclusive culture that empowers our people to develop their full potential.

Customers and tenants
We want to enable individuals and businesses to thrive. To this end, we provide quality environments to contribute to their success and/or to help them attract and retain the best talents.

Partners
We work and build mutually beneficial relationships with highly reputable banks, building and maintenance contractors and consultants, providing excellent service and delivering quality projects.

Communities
We strive to create opportunities for, and make a positive impact on the lives of, the communities within which we operate. We do so by developing and/or renovating key sites, turning them into inclusive places.

OUR BUSINESS MODEL

INPUTS

Financial capital
- Rs 1,27Bn invested in the Company
- Listing of the Company on the DEM
- Rs 222M undrawn facility in the bank
- Rs 323M invested in 246 Edith Cavell Court
- Approx. Rs 500M to be invested in the hotel in Belle Mare for Attitude Hotels
- Approx. Rs 315M to be invested in CVL
- Rs 150M invested in the Victoria Urban Terminal

Manufactured capital
- 13,891 m² office spaces
- 22,673 m² industrial spaces
- 4,351 m² retail spaces
- 3,351 m² hotels
- 4 projects under development

Intellectual capital
- Restructuring of Cim property cluster and rebranding into Lavastone Properties
- Elaboration of a clear strategy for the Group
- Adherence to the DEM's requirements
- Adherence to the New Code of Corporate Governance
- Implementation of smart-metering technology
- Financial modelling and negotiation skills

Natural capital
- 2125 arpents of bare land
- Adherence to the Green by Design principles
- Recycling processes put in place at 3 multi-tenancy sites

Social capital
- Strong partnership with Lochiel
- Rs 1.3M of CSR tax payable for FY18, of which 50% goes to the Cim CSR programme, as well as direct involvement through directorship of Lavastone Ltd's MD

Human capital
- 10 employees
- Average 33.6 training hours per employee
- 3 strategic sessions with third-party consultants for Lavastone and Lochiel employees
- Equal opportunity policy

VALUE CREATION

OUR OPERATIONAL EXPERTISE

OUR STRATEGIC FOCUS AREAS

ENRICHING PLACES

OUR RISKS AND OPPORTUNITIES

OUR RELATIONSHIPS

OUTPUTS

Financial capital
- Market capitalisation: Rs 1.5Bn
- Revenue: Rs 162M
- Profit before tax: Rs 186M
- NAV per share: Rs 4.20
- Gearing: 2.6%
- Dividends declared per share: Rs 0.04 (includes final dividend per share of Rs 0.02)
- Earnings per share: Rs 0.35

Manufactured capital
- Property assets: Rs 2.85Bn
- Total assets: Rs 3.1Bn
- Occupancy rate: 98.3%
- Opening of 246 Edith Cavell Court

Intellectual capital
- Set up and enhancement of Corporate Governance, Risk Management, and Internal Audit frameworks and processes
- Acquisition of Mourouk Ebony Hotel, in collaboration with Trimetys Hotels, in line with our diversification strategy
- Grade A credit rating from Care Ratings Africa
- Development of Hotel at Belle Mare leased to Attitude Hotels
- Renewal of long-term leases with IQ-EQ, Cim Financial Services and Scott & Co

Natural capital
- Replacement of incandescent lights by LED lights
- Installation of VRV within 3 of our premises
- Replacement of aircons with inverters within 2 of our premises
- Renovation of 4 buildings of historical importance
- 27.4 tonnes of waste collected at Riche Terre

Social capital
- 139 beneficiaries of our contributions at "Abri de nuit" and "Noyau Social Cité la Cure"
- 75 retained clients
- 8 new clients
- 246 Edith Cavell Court, an engaging place for Mauritians to work and spend time

Human capital
- 45% women / 55% men employed
- 4 main appointments: CFO, Risk Officer, Assistant Accountant and Property Lead

Shareholders

Employees

Customers and tenants

Partners

Communities