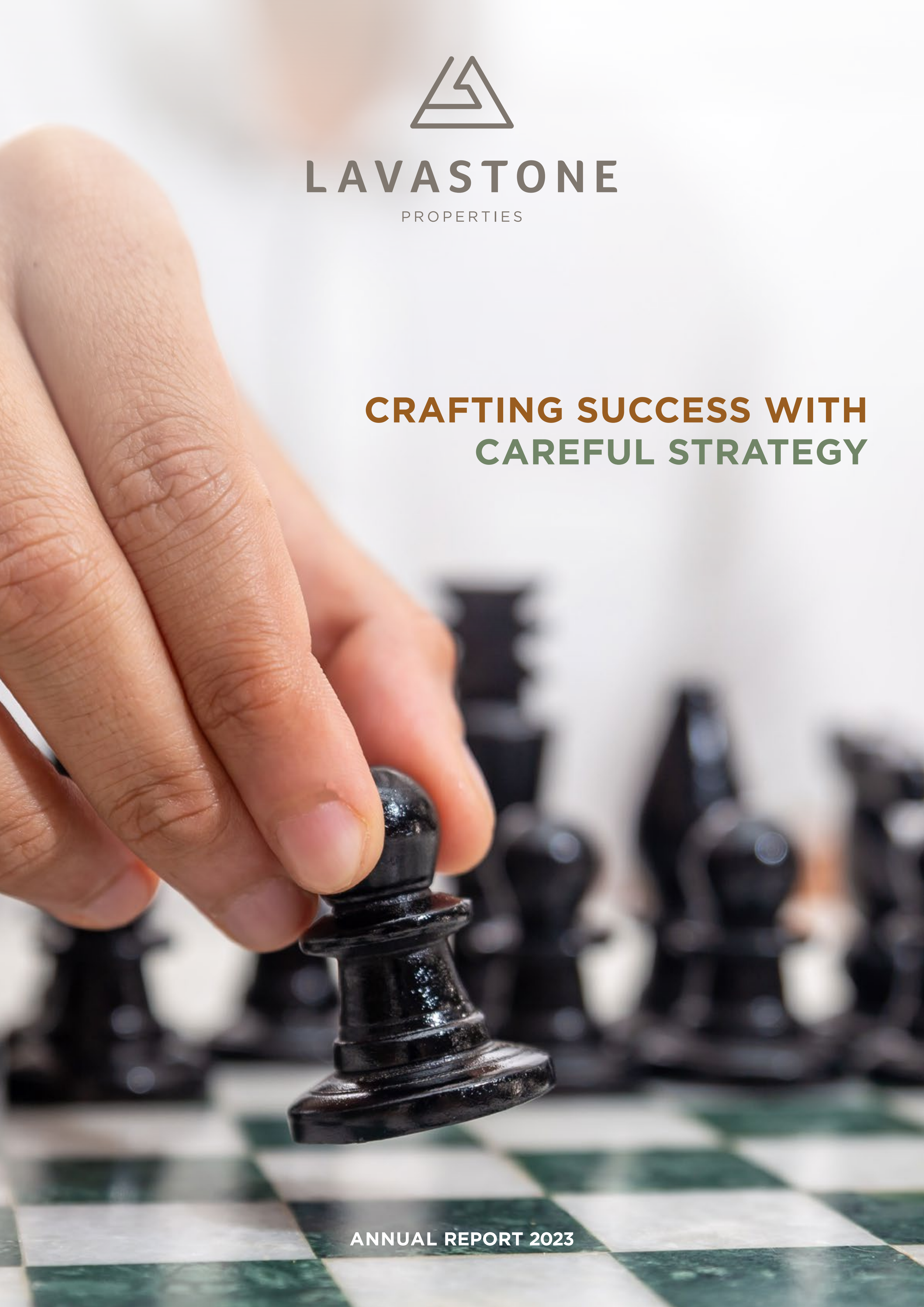


LAVASTONE
PROPERTIES

CRAFTING SUCCESS WITH CAREFUL STRATEGY

ANNUAL REPORT 2023

Reporting scope and boundary

This integrated report of Lavastone Ltd ("Lavastone" or the "Company") communicates information relating to its strategy, business model, operating context, operational performance, material risks and opportunities and governance practices for the period 01 October 2022 to 30 September 2023. The report aims to provide all stakeholders with sufficient and relevant information to help them assess the strength of the Group over the short, medium and long term.

This report covers the activities of Lavastone, its subsidiaries and associate (collectively referred to as "Lavastone Properties" or the "Group").

Applications frameworks and guidelines

- The International Financial Reporting Standards ("IFRS")
- The guidelines contained within the Integrated Reporting Framework provided by the International Integrated Reporting Council ("IIRC")
- The National Code on Corporate Governance 2016 ("the Code")
- The DEM Rules
- The Companies Act 2001
- The Securities Act 2005

Our approach to materiality

This report covers information and matters we believe to be material. A matter is considered material if Lavastone Properties' senior management and those responsible for the governance of the organisation believe it could significantly impact the value created and delivered in the short, medium and long term.

Board's responsibility statement

The Board of Directors of Lavastone Properties acknowledges its responsibility for ensuring the integrity of this report. The Board considers that this report offers a fair representation of the Group's integrated performance.

Further reading and feedback

The digital version of this integrated report is available on our website: https://lavastone.mu/annual-report-2023

We are committed to improving our reporting practices each year for the benefit of all our stakeholders. We encourage you to share your views and comments on our integrated report by emailing us on info@lavastone.mu.

Our Mission

Partnering with our stakeholders to deliver superior value in design, quality, sustainability and services.

Our Vision

To be the preferred partner for commercial real estate solutions, while delivering optimum returns, to our shareholders.

Our Values

Agility

We seek to unleash our capacity to quickly and best understand opportunities and threats so we can adapt accordingly, choosing the most appropriate course of action and energetically implementing it.

Care

We foster a family spirit built on integrity to encourage sustainable communities.

Humility

We understand we are not perfect and aim to learn from others through each encounter, in order to keep improving.

Passion

We constantly push beyond our limits, challenging the status quo with innovative solutions.

CONTENTS

CRITICAL POSITIONS
ABOUT LAVASTONE

Where precision meets passion

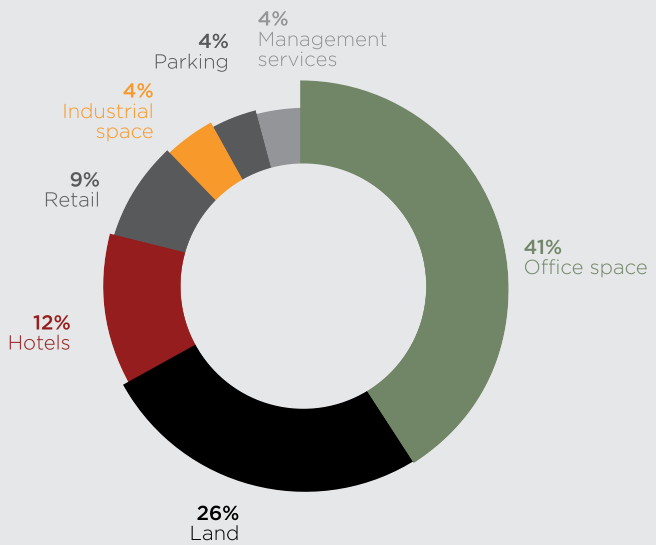
AT A GLANCE

97%
Occupancy rate

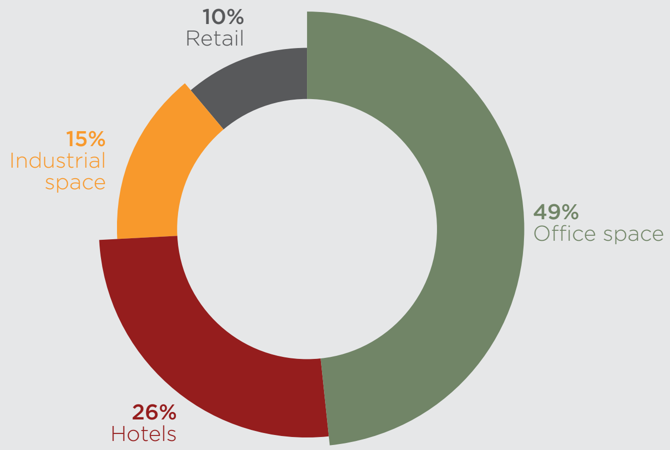
45,700 m²
Floor space available for rental

6.71 years
Weighted Average Lease Expiry (WALE)

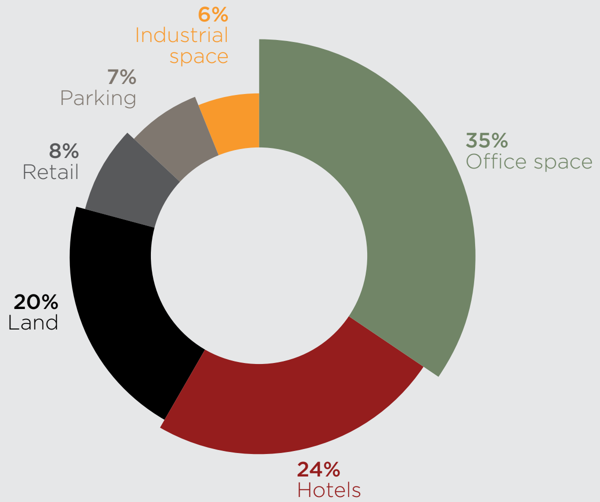
Sector split by revenue



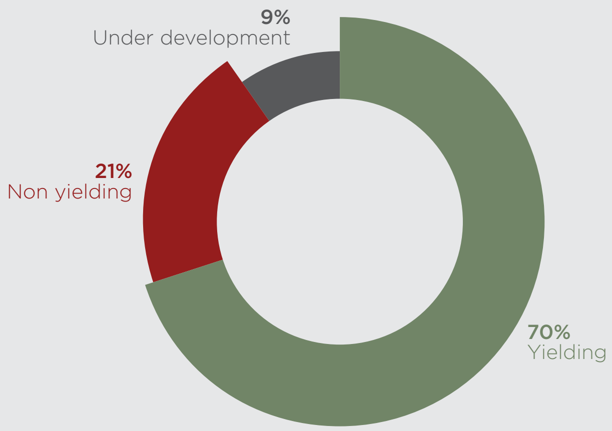
Sector split by GLA



Sector split by value

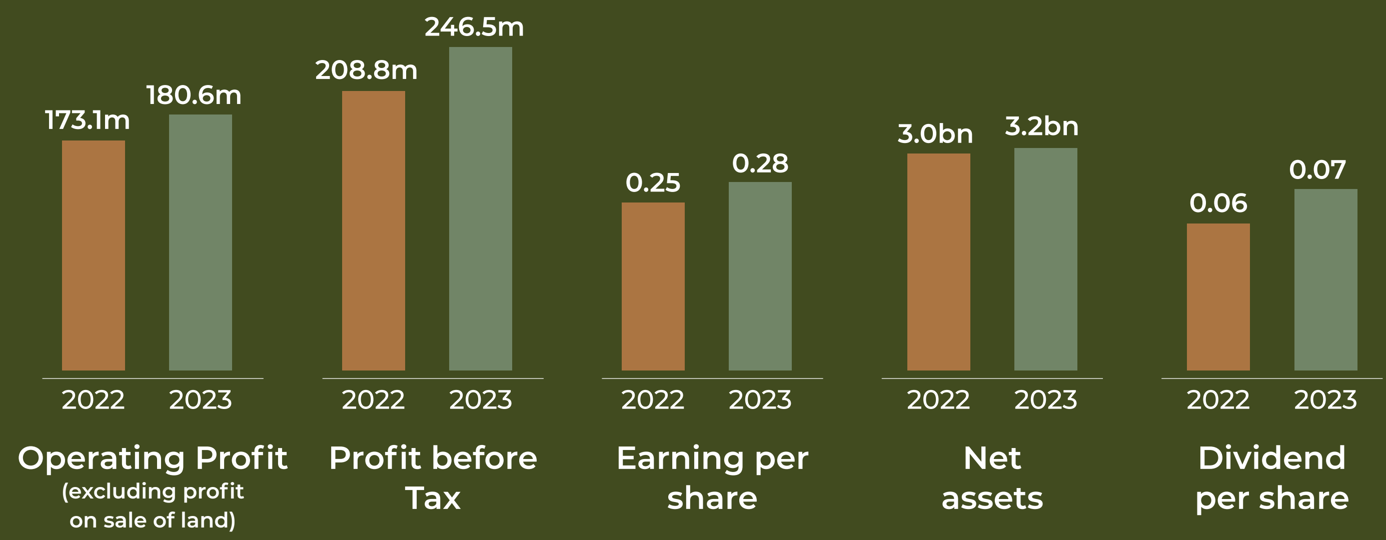


Yielding v/s non yielding



HIGHLIGHTS

Financial highlights (Rs)

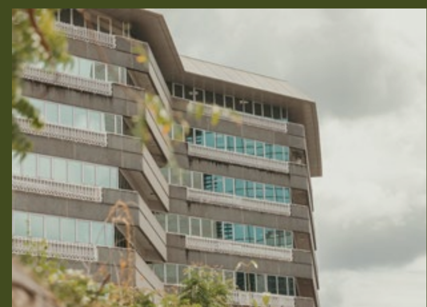


Non-financial highlights

3,215
Shareholders

50
Employees

Assets categories



21,532 m²
Office space

7,969 m²
Industrial space

6,714 m²
Hotels

4,830 m²
Projects under development

4,655 m²
Retail s pace

1,374
Arpents of bare land

OUR MILESTONES

December 2018
Listing of Lavastone Ltd on the Development & Enterprise Market (DEM)

December 2018
Acquisition of Compagnie Valome Ltd (CVL/Owner of Mourouk Ebony Hotel in Rodrigues)

December 2019
Opening of 246 Edith Cavell Court in Port Louis

June 2020
Integration of Lochiel Property Services Ltd into Lavastone Ltd

April 2021
Start of renovations and extension of Mourouk Ebony Hotel

October 2021
Opening of Sunrise Attitude hotel

April 2022:
Rebranding of EDITH

June 2022
Acquisition of Absa House in Ébène

July 2022
Inauguration of Victoria Urban Terminal

June 2023
Integration of House of Digital Art at EDITH

November 2023
Opening of PLAY Mourouk Hotel in Rodrigues

THE PLAYERS
LEADERSHIP TEAM

Considering every move wisely

BOARD OF DIRECTORS

Colin Taylor
Non-Executive Director and Chairman

Colin holds an MSc in Management from Imperial College, London, and a BSc (Hons) in Engineering with Business Studies from Portsmouth Polytechnic. He is the Chairman and CEO of Taylor Smith Investment Ltd, a diversified group of companies operating in marine services, logistics & distribution, cement importation and distribution, manufacturing and property.

Directorship in other companies: CIM Financial Services Ltd

Ann Charlotte Vallet
Non-Executive Director

Ann Charlotte holds a BTEC National Diploma in Travel & Tourism from the College for the Distributive Trades in London. Throughout her career, she has held various roles, such as commercial coordinator for Mautourco Ltd, assistant to the manager for L'Ile Aux Images, sales coordinator at Air Mauritius and manager of ACV Ltd.

She is currently the Chairperson and Manager of the Taylor Smith Foundation, an entity created in 2010 through the Taylor Smith Group, and whose aim is to promote education and youth development, the empowerment of women and families, sports and the protection of the environment.

Directorship in other listed companies: None

Gaetan Ah Kang
Non-Executive Director

Gaetan spent the first six years of his career working in an audit firm in the UK, before returning to Mauritius in 1992 to join De Chazal Du Mée in an Audit role. He subsequently moved to the Risk and Audit Team of the Rogers Group in 1994, before becoming the Finance Manager of the Rogers Group's Engineering Cluster in 1999. Since 2004, Gaetan has been the Group Finance Director and a member of the Audit and Risk Committee of the Taylor Smith Group. In 2021, he headed the financial aspect and due diligence process of the Group's acquisition of Lafarge Holcim Indian Ocean, now known as Cementis. Gaetan is a member of the Institute of Chartered Accountants in England and Wales (ICAEW).

Directorship in other listed companies: None

Nicolas Vaudin
Executive Director and Managing Director

Nicolas holds a Bachelor of Applied Science in Hospitality Administration from Southern New Hampshire University, Manchester, USA, and an MBA from Surrey European Management School, University of Surrey, Guildford, UK.

In February 2017, Nicolas joined Cim Group as the Managing Director for the Cim Property cluster. He played a significant role in the rebranding and restructuring of the cluster, which led to the listing of Lavastone Ltd on the DEM in December 2018. Following this, Nicolas was appointed as the Managing Director of the entire Lavastone Group.

Prior to his tenure with Cim Group, Nicolas amassed significant experience in real estate. He spent over six years at Ciel Properties Ltd, where he played a pivotal role in the development of Anahita. Thereafter, he spent another six years at PricewaterhouseCoopers Ltd, leading the real estate advisory practice.

Directorship in other listed companies: None

Jose Arunasalom
Independent Director

Jose obtained a Bachelor's degree in Economics and a Master's degree in International Relations. He has held various senior executive positions within the private sector in Mauritius, after which he filled significant governmental roles over a remarkable 23 year period, including a tenure as Minister of Tourism. Jose's expertise extends beyond his domestic involvement, as he serves as a Director on the Board of two Equity Funds. and has advised governments in Madagascar and Africa. Additionally, he has been elected as a Member of the National Assembly for five consecutive terms.

He is the Economic Adviser of the Rodrigues Regional Assembly and a fellow member of the Mauritius Institute of Directors.

Directorship in other listed companies: None

Philip Simon Taylor
Non-Executive Director

After obtaining a BSC in Hotel Management at the University of Surrey (England) in 1989 and an MBA in Corporate Finance in 1994 also at the University of Surrey, Philip relocated to Mauritius and assumed a leadership role in the international development division of the Rogers Group. In 2010, Philip established his own business development advisory firm, which undertakes diverse projects including property development, energy, logistics, financial services, hospitality, and tourism.

Currently, Philip is at the helm of an innovative hospitality digital services and travel & tourism intelligence company called www.hospitality-plus.travel. Furthermore, he is a Non-Executive Director on the Board of CIM Financial Services, Lavastone Property, and several other non-listed companies. He serves as a member of the Corporate Governance and Conduct Review Committee of CIM Financial Services Ltd. Philip is also the Honorary Consul of Finland in Mauritius.

Directorship in other listed companies: CIM Financial Services Ltd

BOARD OF DIRECTORS

Vijaya Lakshmi Anna (Ruby) Saha
Independent Director

Vijaya holds an LLB (Hons) from the University of London and a Diploma in Code Civil Mauricien from Université de La Réunion. She also holds a BA (Hons) degree in Geography and an MSC in Town Planning from the University of Wales.

Vijaya is a Barrister at Law, specialising in private legal practice, with an impressive 16 years of experience at the bar. While this is, in fact, her second career, her first career was in the planning practice, which she started in the United Kingdom following her professional training. Fueled by a desire to serve her country, she returned to Mauritius to pursue her planning career, where she held the esteemed position of Chief Technical Officer at the Ministry of Housing and Land Use Planning in Mauritius.

Vijaya's professional journey includes serving as a consultant for the European Union's Decentralised Cooperation Programme and the United Nations Development Programme in Mauritius. Her expertise also extends to the global stage, as she has assumed the role of Lead Author for the Review of Impacts of Climate Change at the Intergovernmental Panel on Climate Change (IPCC) based in Geneva. Her active involvement in various climate change initiatives is a testament to her dedication, which has also led to her being invited, since the 1990s, to speak on the effects of climate change on small island nations.

Vijaya's latest venture is the recent launch of "44, Rue du Pouce" at Caudan Arts Centre on 16 October 2023, authored under her maiden name Annaruby Soopramanien. The book is a deep dive into the pre-independence era of Port Louis, in particular, the almost arcadian Ward IV region of the capital where she grew up in the 1950s.

Directorship in other listed companies: None

Vedanand Singh (Shyam) Mohadeb
Independent Director

Shyam, Chartered Accountant and former Senior Assurance Partner at PWC (Mauritius), is a financial consultant specialising in the financial and realty sectors. He qualified as a Chartered Accountant in Belfast , Northern Ireland, with the local representative of Touche Ross.

Upon his return to Mauritius, he joined Kemp Chatteris as an audit senior, until he was made a partner in January 1985. He managed a varied audit portfolio of companies operating in the banking, sugar, manufacturing and commercial sectors, enabling him to garner deep industry knowledge.

In 1987, Shyam left Kemp Chatteris to form Price Waterhouse, alongside other founder partners. Between 1988 and his retirement as a senior assurance partner, he continued to serve several companies in different sectors of the economy, including acting as a financial advisor to two major textile companies and helping to turn them around. During his tenure at PwC, and also at Kemp Chatteris, he carried out several insolvency assignments.

Since July 2015 , Shyam has been serving as an Independent Director and financial consultant serving the reality and financial sectors.

Directorship in other listed companies: None

PROFILES OF KEY SENIOR OFFICERS AND EXECUTIVES

Jessica Sumputh
HR Manager

Jessica is a qualified HR professional, with 10 years of extensive HR experience spanning the hospitality, manufacturing, services and real estate sectors. She earned her Diploma in Management, with a specialisation in Human Resource Management, from the University of Mauritius in 2014, and a Master's Certification in Neuro-Linguistic Programming, equipping her to effectively manage and guide teams.

Employed by Taylor Smith, Jessica joined Lavastone Properties as the outsourced HR Operations Manager in October 2020. She provides hands-on HR solutions, bringing her problem-solving skills, coaching skills and empathetic nature to create a positive work environment at Lavastone Properties, where employees feel empowered to thrive in their roles.

Alex Lan Pak Kee
Financial Controller

Alex holds a BA (Hons) in Accounting and Finance from the University of Manchester. He joined Lavastone Properties as a Finance Manager in March 2020 and subsequently became the Financial Controller of the Group in October 2021. Before joining Lavastone Properties, he worked as an Accountant within Medine Limited's property cluster from May 2017 to March 2020. Prior to that, from August 2013 to April 2017, Alex was a Senior Associate within the assurance department at PwC Mauritius, where he was in charge of external audit assignments in sectors ranging from property and hospitality to textile, life insurance and petroleum.

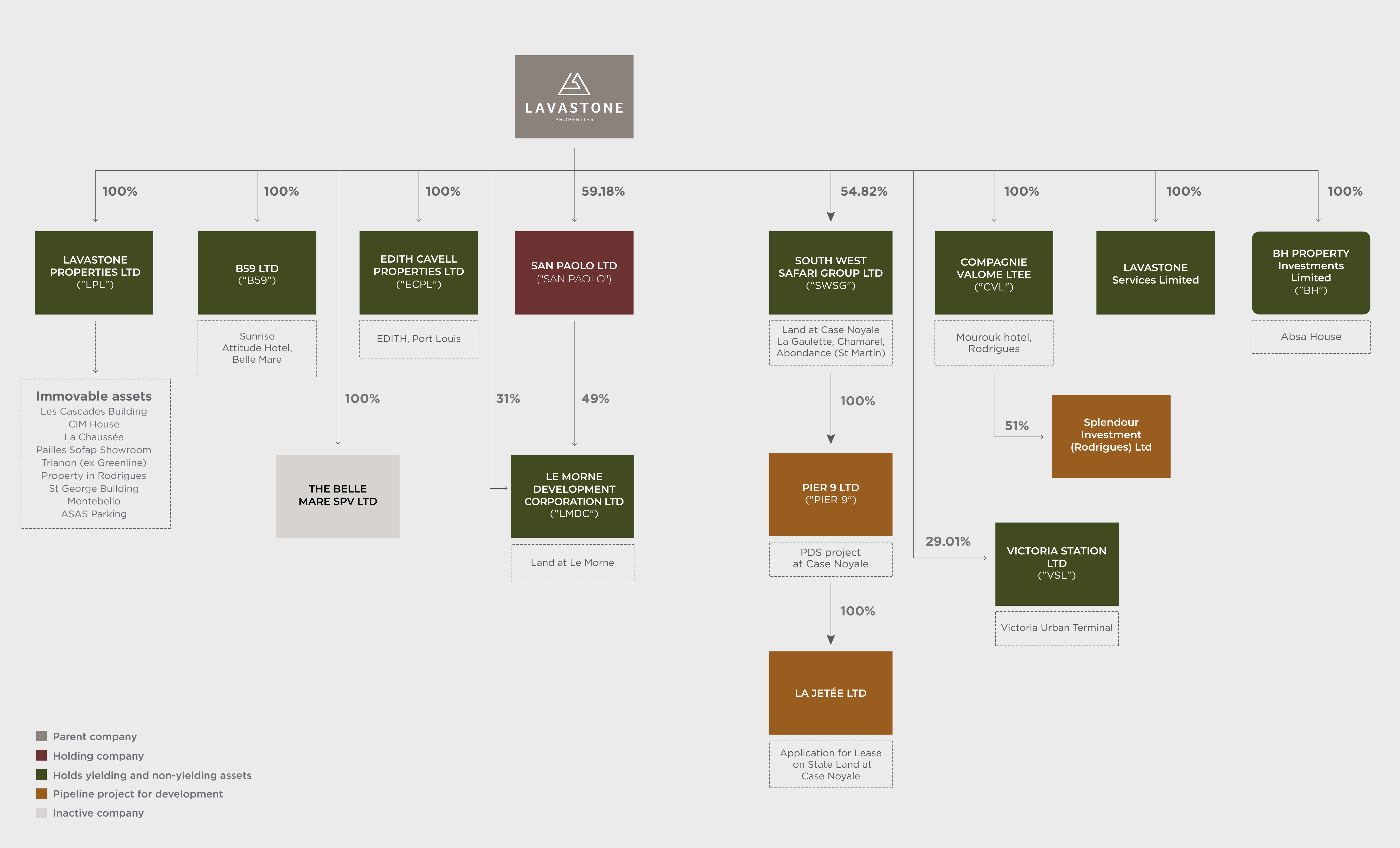
Alex is a member of the Institute of Chartered Accountants of England & Wales (ICAEW).

François Audibert
Operations Manager

François holds a Master's degree in Engineering Management from Curtin University, Australia, and a Civil Engineering Degree from Université Paul Sabatier in France. He has recently completed an Executive MBA from the Analysis Institute of Management in partnership with Université Paris-Dauphine.

François joined the Taylor Smith Group in 2013, acquiring experience in property and facilities management. In 2017, he was promoted to General Manager of Lochiel Properties (which was integrated into Lavastone Properties in 2019), and once again promoted to Operations Manager of Lavastone Properties in October 2022. In his current role, he leads the property and facilities management activities.

GROUP STRUCTURE
AS AT 30 SEPTEMBER 2023



SETTING THE BOARD
STRATEGIC REPORT

Developing strategic skills
with a chess master's drills

OUR STAKEHOLDERS

	Their importance for us	Key matters and expectations	Value created
Shareholders	As providers of capital, our shareholders provide the financial resources to fund our growth and expansion plans.	• Solid financial controls • A clearly-articulated long-term strategy • Sustained and consistent returns • High standards of business conduct • Transparent communication on the Group's performance	• Prudent financial controls • A clear diversification strategy for long-term growth • A portfolio of yielding properties in key locations around the island • Ethical leadership and business practices • Periodic communication on financial results • Quality tenants with strong lease covenants
Employees	Their individual and collective skills and capabilities underpin our success. They embody our values, deliver high-quality services to our customers and drive our growth plans.	• A caring employer • A positive work environment where they can thrive • Opportunities for mentorship, career growth and personal development • Reward and recognition	• Clear performance metrics • One-on-one feedback sessions • Team-building activities and town hall meetings to foster a strong team spirit and ensure all have a clear understanding of the Group's objectives • Training and development
Customers	As direct users of our products and services, our customers inform the relevance of our offerings and brand reputation.	• A good understanding of their changing needs • Quality infrastructure, facilities and services that enhance their wellbeing	• Activities and events that spark life into our buildings and city centres, and bring people together • The creation of enriching spaces that attract shoppers and keep up with consumer trends
Tenants	They are the occupiers of our spaces and provide the cash flow needed to operate our properties.	• A good understanding of their business objectives • Safe, cost-efficient and sustainable properties that enhance their working and leisure experiences • A responsible landlord, providing quality amenities and services • Competitive and market-aligned rentals • Prompt resolution of issues	• Participation in the fit-out of buildings to make the spaces suitable for tenants • Renovations, maintenance and repairs to ensure our properties are of high standing and enable our tenants to attract and retain their talents • Proactive communication plan and feedback mechanisms • Engagement in ambitious environmental goals
Partners	Our partners and suppliers provide us with the inputs and raw materials that are critical to our ability to develop and maintain high-quality properties.	• Fair tender processes and Service Level Agreements (SLAs) • Fair procurement practices • Timely settlement of accounts	• Transparent tender processes • Clear terms of contracts in SLAs • Timely payments through well-controlled processes • Opportunities for local suppliers
Communities	Our partners are critical to our ability to develop and maintain high-quality properties.	• Harmonious relationships with communities • Contribution to the vilitatity of the areas where we operate • Participation in socioeconomic development • Job opportunities • Sustainable use of resources	• CSR interventions through the Taylor Smith Foundation • Transformation of heritage buildings and urban centres into enriching spaces • Adherence to LEED principles to enhance the resilience of buildings and reduce the carbon footprint of our activities

OUR BUSINESS MODEL

Our capitals and inputs

Financial
The debt instruments, equity and funds we use to finance our development projects, future acquisitions and growth ambitions.

Manufactured
Investments in the upgrade and maintenance of equipment, infrastructure and processes to maximise the yielding potential and longevity of our portfolio of properties.

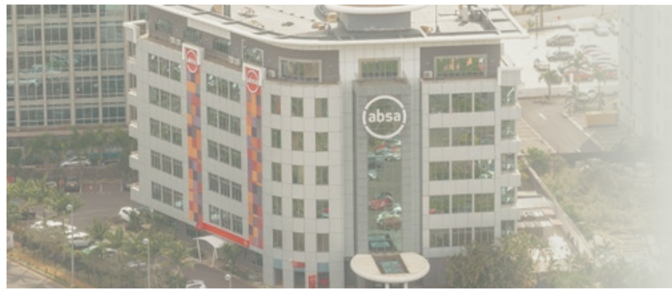
Intellectual
The intangible assets that lend us our competitive advantage: our values, reputation, brands, performance-driven culture, and expertise in the development and management of complex projects.

Natural
The responsible use of natural resources in the development and management of our properties, in pursuit of our vision to become carbon neutral.

Social
Continuous and meaningful engagement with our stakeholders to foster and maintain relationships built on shared values, goodwill and trust.

Human
Our people and their individual and collective skills, talent and experience gained through training and collaboration, enabling us to serve our customers and deliver on our strategy.

Our activities



Investment and development
We allocate capital towards the acquisition and development of new properties and the redevelopment of existing assets to attract quality tenants, participate in growing our existing tenants' businesses, and deliver good returns to our shareholders. To achieve this, we develop modern, sustainable and enriching properties to increase their yielding value.

Property management
Through Lavastone Services Ltd, we diligently evaluate and respond to our tenants' changing needs with respect to their day-to-day operations, security, maintenance, repairs and general upkeep. To facilitate this, and to become more energy-efficient, we invest in smart technologies across all our properties

Portfolio management
We actively manage our existing properties, whilst also investigating new acquisition opportunities that enable us to strengthen and diversify our portfolio. We regularly perform building surveys and asset reports to identify assets we can dispose of, using the capital to invest in sites with higher long-term yields and capital growth prospects.

Strategic objectives

Operational excellence	Customer service and retention	Sustainability	Maximise shareholder value	Employee engagement
1, 2	1, 2, 4	2, 3, 4	1, 3, 4	3, 4

1 Explore new investment opportunities

2 Implement development projects

3 Adopt 'Green by Design' principles across all projects

4 Maintain at least 95% occupancy across the portfolio

Strategic intent & vision

To be the preferred partner for commercial real estate solutions, while delivering optimum returns to our shareholders.

Always guided by our values

Agility, Humility, Care, Passion

Outputs and value created

Financial
Good market capitalisation, steady growth and sustainable returns delivered to our shareholders.

Financial statements pages 88 to 149
Performance review: Financial Capital pages 36

Manufactured
Well-maintained assets attracting a mix of quality tenants, resulting in high occupancy rates and increasing footfall.

Performance review: Manufactured Capital pages 37

Intellectual
Leaner and increasingly digitised processes, boosting innovation, operational efficiency, productivity and customer engagement.

Performance review: Intellectual Capital pages 38

Natural
The transformation of land and properties into enriched and energy-efficient places, all working to obtain the LEED certification and contributing to environmental stewardship.

Performance review: Intellectual Capital pages 38

Social
Mutually beneficial and long-term relationships with our stakeholders, including our people, suppliers, service providers, customers and communities, underpinning our success.

Performance review: Social Capital pages 40

Human
A dynamic and inclusive work environment offering opportunities for career advancement, personal development and mobility, and empowering our people to reach their full potential.

Performance review: Human Capital pages 41

CHAIRMAN'S MESSAGE

We made strides in rebalancing our investment portfolio and implemented effective measures to control our operating costs, resulting in Profit Before Tax standing at Rs 247m for the year.

Performance in context

Dear Stakeholders,

As anticipated, FY 2023 was characterised by rising inflation and subsequent interest rate hikes, impacting our business through higher finance costs. Despite the difficult global macroeconomic environment, Lavastone Properties delivered a respectable performance: Net Operating Income (excluding profit on sale of land) grew by 7.1% over the previous year, driven mainly by additional rental income derived from new tenants at Absa House and EDITH, and higher occupancy rates across all properties.

We made strides in rebalancing our investment portfolio, bringing us closer to our set risk appetite, and implemented effective measures to control our operating costs. Following the sale of our industrial land in Riche Terre last year, and having drawn down the remaining Rs 550m from our MCB bond facility, we have the necessary funding in place to pursue our ongoing development projects and finalise earmarked acquisitive opportunities. All of the above resulted in a sustained improvement in the Profit Before Tax, which stood at Rs 247m for the year, including revaluation adjustments.

I credit this performance to several factors: Lavastone Properties' conservative approach to managing our balance sheet; our ability to make the right investments at the right time; and the quality of our tenants, as well as the strength of our relationship with them, enabling us to generate a dependable flow of rental income and to comfortably service our debt obligations. Our gearing level stood at 33% as at September 2023, indicating that Lavastone Properties is in good financial health, and making it possible for us to maintain our A Grade CARE rating.

In light of these financial results for the year ended 30 September 2023, the Board declared and paid an interim dividend of Rs 0.025 per share, and approved a final dividend of Rs 0.045 per share.

Strategic and operational highlights

As previously stated, we delivered on one of our key strategic objectives to rebalance our portfolio in view of our increased exposure to the office segment at the end of 2022. Several acquisitions have been earmarked in the industrial asset class and are expected to materialise in early 2024, further optimising our portfolio.

Our focus during the year was squarely on preparing for the opening of the Mourouk hotel in November 2023, and in enhancing the yielding potential of our existing properties. All building upgrades and renovations we undertake are tailored to the occupier's individual needs and aim at enhancing the appeal of the property both for tenants, and for the markets they serve.

Victoria Urban Terminal has no doubt transformed the landscape of Port Louis and played an important role in easing the flow of people in and out of the capital city. In pursuit of our mission to rejuvenate Port Louis, we are undertaking a concerted drive with other stakeholders to reposition the capital as a focal point for recreational gatherings and experiences that enhance the lives of residents, businesses, visitors and the surrounding community alike.

Additionally, we completed the transfer of title deeds in the Morcellement at Case Noyale to their individual owners, with 91% of plots transferred, and the remaining scheduled for completion by the end of December 2023.

CHAIRMAN'S MESSAGE

Progress in our Environmental, Social and Governance (ESG) journey

ESG remains a cornerstone of Lavastone Properties' strategy, reflecting our commitment to create lasting value for all our stakeholders.

Lavastone Properties' governance and risk practices are reviewed regularly not only to ensure that we comply with regulatory standards, but also that we uphold high standards of transparency and accountability. A diverse Board contributes to enhanced decision-making as it encourages a wide range of perspectives and approaches to problem-solving, strengthening our capacity to address complex issues more effectively.

Members of the Risk and Management Committee (RMAC), a sub-committee of the Board, meet on a quarterly basis to provide insights into our governance, risk and internal control measures. This past year, they reassessed the risk landscape to cater for changes in the operating environment, and reviewed the Top 10 risks in our Business Risk Register (Risk Management Report on page 56.) As a result of this exercise, the Management team made it its priority to seek out investment opportunities to rebalance its portfolio in the industrial building segment.

Our environmental ambitions gathered momentum during the year. Recognising that real estate assets are big consumers of energy, Lavastone Properties is engaging closely with WillChange to delve deeper into our carbon footprint performance, including our Scope 3 emissions, and design a tangible action plan that aligns with the Group strategy.

EDITH's LEED Gold certification stands as a testament of the power of sustainable design, operations and maintenance practices. This achievement provided us with the impetus to start the process towards a green building certification for CIM House, Les Cascades Building and Absa House. We are now working closely with our tenants in those properties to gather sufficient data and demonstrate a continued or improved performance over a 12-month period, which is a prerequisite for a LEED certification. Ultimately, this is expected to yield benefits on many fronts, from enhancing the energy efficiency of these buildings and improving human health, to driving down the operating costs for our tenants.

Our social endeavours address the needs of our internal stakeholders, our employees, as well as those of our external stakeholders, including communities and society at large. We continued to invest in our people, whom we consider our most important assets. Our efforts were directed towards cultivating a sense of belonging and strengthening team cohesion through quarterly town hall meetings and team-building activities. We also advocate for the continuous development and upskilling of employees, offering training sessions and sponsorships to those who express a willingness to enhance their knowledge.

During the year, we made contributions to the Taylor Smith Foundation in support of its actions in education & youth development, the empowerment of women and families, sports, and the protection of the environment. In addition, we recycled 174 kgs of paper into pencils that have been partly shared among our employees and customers, and partly distributed to schools in the community, underscoring our commitment to Education and literacy as catalysts for social progress.

Outlook for the future

While there is a valid concern about the inflationary and high-interest-rate environment, it is heartening to see dynamic activity in the real estate sector. Given our prudent approach, we have a reasonably optimistic outlook on the prospects for FY 2024, with the highly anticipated opening of the Mourouk Hotel and the booming tourism industry in Mauritius and Rodrigues. We aim to finalise our acquisitive opportunities in early FY 2024, which will be financed by the cash drawdown from the MCB Bond Programme and further boost the profitability of the Group in the coming years. Lastly, the Management team is actively seeking out acquisitive opportunities, both locally and overseas, to further diversify Lavastone Properties investment portfolio.

Appreciation and acknowledgments

First and foremost, my sincere gratitude goes out to our Management team, guided by our Managing Director Nicolas Vaudin, for once again steering Lavastone Properties through a challenging period with conviction and purpose. I would also like to take this opportunity to thank François Audibert for his invaluable contributions and positive energy he brought to his role as Operations Manager. We wish him all the very best as he embarks on a new chapter in his professional journey.

All our achievements, big or small, are the outcome of the combined dedication of Lavastone Properties' 50 team members. I am thankful for your individual contributions and collaborative spirit that have shaped a positive and high-performing work culture.

To my fellow members on the Board of Directors, thank you for your constant guidance and counsel. In particular, I would like to thank Ruby Saha and Shyam Mohadeb, the Chairs of the Corporate Governance Committee and Audit Committee respectively, for elevating the governance standards at Lavastone Properties.

With deep appreciation, I thank our shareholders for their continued loyalty and trust in us, which will assuredly pave the way for the promising future that lies ahead.

Colin Taylor
Chairman

PRECISION PLAY PERFORMANCE REPORT

Paving the way,
one move at a time

MANAGING DIRECTOR'S
INTERVIEW

We acquired quality tenants, improved our occupancy rate to 97%, and maintained a low gearing level, indicating Lavastone Properties' resilient financial and operational standing.

Dear Stakeholders,

Considering the challenging market conditions that prevailed throughout the year, FY 2023 was a satisfactory year for Lavastone Properties. Turnover for ongoing operations increased by a commendable 6.4% and operating profit by 4.3%, driven mainly by the rental income derived from Absa House and the onboarding of quality tenants at EDITH. In spite of escalating finance costs and increases in administrative costs, we acquired quality tenants, improved our occupancy rate to 97%, and maintained a low gearing level, indicating Lavastone's resilient financial and operational standing.

Opening gambit: making the right move, at the right time

In last year's report, I forewarned of high interest rates and their potential impact on Lavastone Properties' finance costs. True to these expectations, 2023 unfolded as a challenging year, with interest rates undergoing successive hikes during the first quarter of FY 2023, in a quest to stabilise inflation. The nature of our business requires the use of a mix of equity and borrowings to finance our development projects and future acquisitions, which invariably exposes us to volatility in interest rates. This translated into an additional Rs 26.9m in finance costs in FY 2023 compared to the previous year.

Anticipating a prolonged period of high interest rates, we renegotiated an extension to our bond terms with the Mauritius Commercial Bank (MCB) and made the decision to draw down the final Rs 550m available to us at a fixed interest rate, despite not having an immediate avenue for the funds. While part of the funds were promptly allocated to finance the Mourouk hotel, the surplus was temporarily placed in short-term deposits to cover our interest costs, before being deployed towards acquisitive opportunities that are expected to generate additional profit during FY 2024.

Streamlining our moves: operational highlights

The cyclical nature of the industry requires a property investment company to continuously adjust its strategy and remain nimble in the face of changing circumstances. In pursuit of a high-yielding portfolio, adaptability is key: we carefully reevaluate our projects and acquisitions, retract decisions that no longer hold our strategic interest, and shift our focus to more advantageous positions. During the year, our efforts were centred on diversifying our portfolio, optimising the yielding potential of our properties and achieving operational excellence:

- Recognising our exposure to the office segment following the sale of our warehouses in Riche Terre, we recently completed the negotiations for the acquisition of fully tenanted industrial properties. We have sufficient capital, through the bond drawdown, to deploy towards these yielding investments and we expect this to result result in a more balanced portfolio in terms of asset class.

- As expected, the acquisition of Absa House has solidified our presence both in a new geography, Ébène, and in the office segment. Following the refurbishment of two vacant floors in the building to attract high-calibre tenants, we were pleased to see that both floors found new occupants, which is extremely encouraging for us given the acute competition in the office segment in Ébène, and the high expectations of tenants when it comes to their office environment.
- We onboarded new tenants at EDITH, which is now home to local retail stores, well-known F&B brands and House of Digital Art, a contemporary cultural venue dedicated to the digital arts. Our efforts to upgrade the retail, dining and entertainment experience at EDITH have delivered an increase in footfall and trading density. In my view, our historic city centre is every bit as vibrant as other business hubs on the island, particularly with the added accessibility and convenience brought by the Metro Express. Port Louis has much to offer in terms of cultural events, artworks, leisure leisure spaces, and an eclectic mix of dining options. Effective communiation on these strengths, coupled with close collaboration among all players in the capital, is paramount for repositioning our capital as the place to be.

MANAGING DIRECTOR'S INTERVIEW

- All our properties were tenanted during the year, achieving an average 97% occupancy rate. Equally, 28 contracts were renewed and our rental collections stood at 98%. These metrics attest to the quality of our assets, the strong relationships we have built with our tenants, and our continuous investments in operational excellence and customer retention strategies.
- The opening of the Mourouk hotel was delayed by a few months due to logistical and labour challenges, which are to be expected when operating in a remote location such as Rodrigues. (More information in our case study on page 50). However, at the time of writing this message, the resort successfully opened its doors on 01 November 2023. The hotel's ideal location in one of the world's premier kitesurfing spots, its strong value proposition rooted in authenticity and sustainability, and our collaboration with a trusted and experienced hotel operator position the hotel for a promising performance.
- Our land conversion plans are on track, with 100% of the plots at Case Noyale already transferred at the time of writing, enabling us to recognise Rs 36.5m for the sale of land in FY 2023. A masterplan was finalised for the sustainable development of the remaining land, echoing our commitment to environmental stewardship.

Checkmate for impact: Environmental and social performance

Decarbonisation stands as one of Lavastone Properties' foremost priorities for achieving more financially and environmentally sustainable operations, two concepts we view as inseparable. This past year, we partnered with WillChange to go further in establishing a strategy to reduce our carbon footprint by tackling Scope 3 emissions. Due to the complexity and volume of data required for this endeavour, its success hinges on the full commitment and active involvement of our tenants. We are thrilled at their positive response and sincere enthusiasm to participate in our environmental-driven and community-driven actions.

Building on EDITH's LEED Gold certification in 2022, a groundbreaking recognition as the first mixed-use building of its kind in Africa, we are now engaging closely with other tenants in pursuit of the LEED certification for other key assets. A gap analysis was carried out within key buildings to take stock of their current energy and sustainability performance, and a clear roadmap has been outlined towards attaining the desired LEED certification with the collaboration of our tenants.

Game of talent: Valorising Lavastone Properties' employees

Our employees form the bedrock of our organisation. It is therefore important that we offer a work environment that values, rewards and empowers them. To achieve this, we facilitate opportunities for formal and informal discussions, providing constructive feedback through various channels to ensure we remain fully attuned to their needs.

We also invest a considerable amount in training our staff in technical and soft skills to equip them with the competencies they need to excel in their roles and contribute to our long-term objectives. In FY 2023, we expanded our training initiatives to also include sessions on the calculation of our carbon footprint. This not only enhances our employees' knowledge of the subject, obtaining their buy-in for our environmental goals, but also helps us build a dynamic and skilled team dedicated to sustainability and innovation.

Endgame strategy: Closing remarks and appreciation

As Lavastone Properties embarks on a new financial year, we do so equipped with a strong tenant pipeline, good liquidity, a well-balanced portfolio and the right teams in place to drive our growth plans. Our immediate priority is to deliver on the following strategic imperatives:

- Close on the acquisitions in the warehousing/industrial building space and seek out quality tenants to fill the vacant spaces across our portfolio.
- Continue to renovate and fit out our tenanted spaces in line with their business needs.
- Launch the construction of a new commercial development in Case Noyale, contingent upon securing the necessary approvals and permits.
- Pursue digitalisation and process improvements to generate more efficiencies, maintain high occupancy rates and customer satisfaction levels, and unlock the full yielding potential of our properties.
- Pursue the LEED certifications for other key assets with the collaboration of our tenants and make measurable progress in our carbon-reduction plans.
- Explore innovative ways to leverage our expertise in asset management, property management and facilities management, designed to diversify our revenue sources and lower our finance costs.

I would like to end my message by bidding farewell and extending a heartfelt thank you to our longstanding team member, François Audibert, who is parting with the Group after 13 years of service. François was responsible for the day-to-day operations of Lavastone Properties and led several development projects that have contributed enormously to our growth over the last five years. François is now ripe to take on new challenges as the Head of Aqualia. On behalf of the entire Lavastone Properties family, I would like to thank him for his dedication and efforts, and convey our best wishes for a prosperous career ahead.

With François' departure, a window of opportunity for organic growth and career advancement has opened up for colleagues who have been diligently prepared to step into more significant roles. We strongly advocate for internal mobility as a means to promote talent from within and build a more skilled team.

Thank you to all our stakeholders - our shareholders, tenants, partners, suppliers, contractors, consultants and customers - who continue to place their trust in Lavastone Properties.

I would also like to express my gratitude to our Board members for their valuable insights and counsel, and to our Chairman, Colin Taylor, for his unwavering guidance and support.

Nicolas Vaudin
Managing Director

PERFORMANCE REVIEW

FINANCIAL CAPITAL

We carefully consider our investment decisions and employ our financial resources with discipline to enhance our revenue generation opportunities, while maximising shareholder returns

OUR KEY INPUTS

- **Rs 550m** Final drawdown of bond facility from Rs 900m, intended to finance development projects and future acquisitions
- Negotiations for three acquisitions in the pipeline

PERFORMANCE HIGHLIGHTS

- Concluded negotiations of acquisitive opportunities intended to rebalance our asset portfolio
- Leased out vacant floors at Absa House following extensive refurbishments, to reach **92%** occupancy at September 2023 and full occupancy by second quarter of FY 2024
- Secured three new contracts to provide Facility Management and Property Management services to third parties

2024 PRIORITIES

- Continue improving rental collection to above **98%**
- Monitor and mitigate finance costs in light of high interest rates
- Monitor and control administrative and operating costs to remain at **40%** of revenue
- Achieve revenue growth of more than **15%**
- Close on the acquisitive opportunities by the end of **Q2 FY 2024**

OUTPUTS AND VALUE CREATED

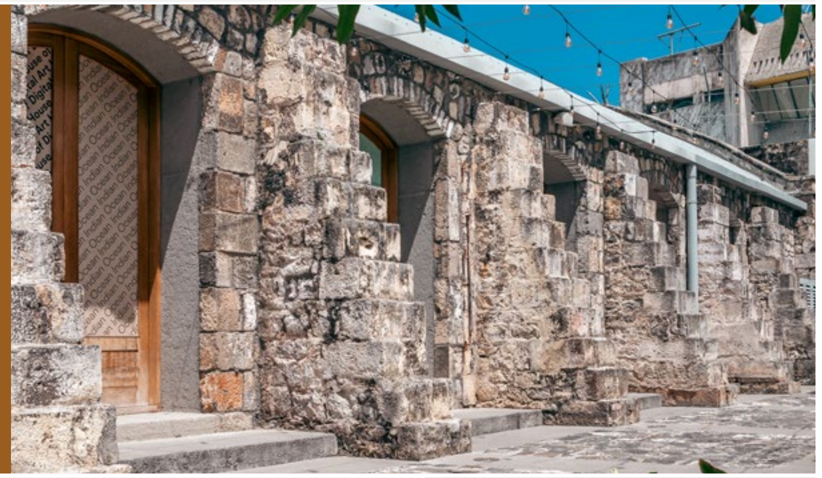
- **Rs 1,089M** Market Capitalisation
- **Rs 306M** Revenue (excluding sale of land)
- **Rs 152M** Profit before tax (excluding revaluation gains)
- **Rs 4.18** NAV per share
- **33%** Gearing ratio
- **Rs 0.07** Dividends paid per share
- **Rs 0.32** Profit per share
- **98%** Rental collection (includes collection of rental arrears)
- **91%** Deeds of Sale completed for Morcellement Acacia in LaGaulette (100% by December 2023)

Strategic Objectives

Operational excellence | Customer service and retention | Sustainability | Maximise shareholder value | Employee engagement

MANUFACTURED CAPITAL

We have a diversified portfolio of commercial properties across Mauritius and Rodrigues. Our goal is to continuously optimise our portfolio across asset classes and geographies to maximise our returns and balance our risks



OUR KEY INPUTS

- **21,532 m²** office space
- **7,969 m²** industrial space
- **4,655 m²** retail space
- **6,714 m²** hotel space
- **4,830 m²** project under development in Rodrigues for the Mourouk hotel

PERFORMANCE HIGHLIGHTS

- Finalised masterplan for South West Safari Group
- Submitted Environmental Impact Assessment (EIA) for the next morcellement at Case Noyale
- Obtained clearance from the Ministry of Agriculture, along with the Outline Planning Permit, for the masterplan at La Gaulette/Case Noyale
- Replaced the AC system on fifth floor of Absa House with a more efficient mini Variable Refrigerant Volume (VRV) system, designed to match a building's precise requirements
- Completed the revamping of EDITH terraces
- Renovated and leased the 6th floor of Absa House
- Completed 80% of the refurbishment of the 5th floor at Absa House, targeting completion at the end of December 2023
- Tenant fit-out coordination for 11 tenants at EDITH
- Resolved Montebello water issue by implementing a new water network
- Transformed La Galerie du Génie at EDITH into an immersive art experience with House of Digital Art

OUTPUTS AND VALUE CREATED

- **Rs 4.1Bn** Property Assets
- **Rs 4.9Bn** Total Assets
- **97%** Average occupancy rate across all properties

2024 PRIORITIES

- **Obtain necessary permits** to launch the next projects at Case Noyale (morcellement and commercial)
- Open PLAY Mourouk Hotel by November 2023
- Renovate ground floor at Les Cascades Building to accommodate new tenants
- Refurbish 5th floor of Absa House by Q1 FY 2024

Strategic Objectives

Operational excellence | Customer service and retention | Sustainability | Maximise shareholder value | Employee engagement

PERFORMANCE
REVIEW

INTELLECTUAL CAPITAL

We invest in the latest technologies, new systems, and future-proof capabilities to meet our customers' needs and enhance the efficiency of our operations

OUR KEY INPUTS

- Investment in automatic billing system
- Monthly data collection at EDITH
- Identification, negotiations, and due diligence for acquisitive opportunities
- Treasury management

PERFORMANCE HIGHLIGHTS

- Implemented an automatic billing platform (Skybill)
- **Reduced utilities consumption** across all properties
- Used Artificial Intelligence (AI) for Business Process and Facility & Building Management
- **Maintained Grade A credit rating** from CARE Ratings Africa
- Maintained LEED certification at EDITH
- Identified & completed negotiations

OUTPUTS AND VALUE CREATED

- **6.71 years** Weighted Average Lease Expiry (WALE)
- **Grade A** stable rating from CARE Ratings Africa reaffirmed for MCB Bond and **CARE rating A-** for Absa loan reaffirmed
- **87 clients retained** (out of 137)
- **22 new tenants** onboarded over **2,513 m²** of space across the portfolio
- **3%** Vacancy rate

2024 PRIORITIES

- **Improve profitability by at least 5%** through operational excellence
- Maintain Grade A rating from CARE Ratings Africa
- Automate Procure to Pay process
- Reduce vacancy rate across the portfolio
- **Initiate LEED certification** at other key property assets
- Implement a Facility & Asset Management software
- Maintain client retention rate at **above 95%**
- Manage the development of new warehouse for Rotoby Properties at Riche Terre for completion by Q3 FY 2024

Strategic Objectives

Operational excellence | Customer service and retention | Sustainability | Maximise shareholder value | Employee engagement

NATURAL CAPITAL

We are committed to reducing our carbon footprint through the judicious use of natural resources, energy-efficient systems and measures, and circular economy solutions, all aimed at mitigating the effects of climate change

OUR KEY INPUTS

- **1,374 Arpents of bare land** with approximately **50 arpents** at Case Noyale available for development opportunities
- Ongoing partnerships with NGOs for recycling and waste management
- Development of our assets in line with LEED principles

PERFORMANCE HIGHLIGHTS

- Appointed WillChange for the **calculation of Lavastone Properties' carbon footprint** and for assistance with the development of a **carbon-reduction strategy** that aligns with the Group's overarching strategy
- Completed the **installation of PV-powered chargers** for electric vehicles at ASAS Parking
- Pursued **waste recycling processes**, leading to the production and distribution of pencils made from recycled annual reports
- Exploring PV potential for our assets
- Reused construction materials for refurbishment projects intelligently

OUTPUTS AND VALUE CREATED

- **10% Reduction in water expenses** on ECPL and **15%** on LPL
- **217 kg glass** collected
- **3,195 kg** cardboard collected
- **29.4 kg plastic polystyrene** collected
- **11,094 kg food waste** recycled with BIO Bins, which were converted into four cubic metres of compost
- **174 Kg paper recycled** through annual reports, converted into 8,426 pencils, including some plantable pencils
- **4%** reduction in kVA demand at EDITH
- **16%** reduction in average KwH consumption at Les Cascades Building

2024 PRIORITIES

- **Refine Scope 3 investigations** and reduction, namely employee commuting, waste management, and upstream and downstream emissions
- Audit in-house assessment of carbon footprint by an independent third party
- Increase **PV usage** across the portfolio
- Initiate LEED certification at other key property assets
- Maintain utilities performance and **reduce consumption** by at least **2%** in KwH across portfolio
- Embark on an **endemic tree-planting** programme at Bertrand Estate in the South of Mauritius

Strategic Objectives

Operational excellence | Customer service and retention | Sustainability | Maximise shareholder value | Employee engagement

PERFORMANCE REVIEW

SOCIAL CAPITAL

We aim to nurture transparent and long-term relationships with our stakeholders - whether our shareholders, partners, suppliers, customers, employees and communities. The quality and strength of these relationships determines our ability to execute our strategy and have a positive impact on our communities

OUR KEY INPUTS

- **Rs 2.7m** paid in CSR contributions
- Collaboration with the Taylor Smith Foundation and other NGOs, and CSR initiatives in Mauritius and Rodrigues

PERFORMANCE HIGHLIGHTS

- Contributed funds to the Taylor Smith Foundation, supporting its actions in the areas of education & youth development, empowerment of women and families, sports, and the protection of the environment
- Communicated a **monthly Marketing & Communication report** to EDITH tenants
- Implemented a structured and sustained communication strategy
- Successfully integrated House of Digital Art as a new tenant in La Galerie du Génie in June 2023
- Provided **project management assistance** to 12 tenants for the successful fit-out of their space
- Recycled unused annual reports into pencils for distribution to NGOs

OUTPUTS AND VALUE CREATED

Education was prioritised as a CSR pillar, with **contributions to**:

- The Mauritian Wildlife Foundation (projects at Ile aux Aigrettes in Mauritius, and Anse Quitor in Rodrigues)
- Caritas Ile Maurice (Boutique Solidaire in Flacq, Mauritius)
- Action for Integral Human Development ("Skills for Life" project in schools in Mauritius & Rodrigues)
- Shreeji Education Programme (educational support to empower women and children)
- Anfen (cookery School)
- We-Recycle (specialising in the collection of plastic bottles & cans for recycling, and raising awareness in schools)

2024 PRIORITIES

- Continue contributing to sustainable development, with a focus on economic, social and environmental pillars
- **Education** will remain the top priority in our CSR endeavours
- Continue lending our support to NGOs and community groups
- Conduct a **customer satisfaction survey**
- Pursue the implementation of the **communication strategy** at EDITH
- Collaborate with House of Digital Art to **promote EDITH** as a dynamic art, entertainment and dining venue

Strategic Objectives

Operational excellence | Customer service and retention | Sustainability | Maximise shareholder value | Employee engagement

HUMAN CAPITAL

We are dedicated to developing the skills and capabilities of our people, and foster a diverse and inclusive work environment. Our aim is to build high-performing and engaged teams who deliver exceptional customer experiences

OUR KEY INPUTS

- **46 employees**
- **Rs 1m** invested in staff training
- Efforts to build a diverse workforce in terms of gender, background, culture and experience
- Training and development opportunities
- Off-site team-building activities

PERFORMANCE HIGHLIGHTS

- Achieved an **81.4% satisfaction** score on employee engagement (conducted in October 2023)
- Completed **236 hrs** of training
- Implemented interdepartmental Service Level Agreements (SLAs) to improve process efficiencies
- Carried out **Leadership Programme** for the Management Team in November 2022
- Developed an induction pack to facilitate the onboarding of new tenants
- Created a **business continuity plan**

OUTPUTS AND VALUE CREATED

- **32% women | 68%** men employed
- **33.3% Staff turnover** (15 departures over an average of 45 staff during the year, particularly in the operational team)
- **100%** of employees have participated in **at least 1 workshop**

2024 PRIORITIES

- Pursue training & development with a **focus on soft skills:** coordination, communication and problem solving
- Review and **reengineer business processes** to increase engagement levels and productivity
- Develop Competency Framework for all positions at Lavastone Properties
- Aim for a **staff turnover rate of below 10%**
- Update **business continuity plan** according to changes in roles and structures

Strategic Objectives

Operational excellence | Customer service and retention | Sustainability | Maximise shareholder value | Employee engagement

MANAGING DIRECTOR'S MESSAGE

Dear Stakeholders,

I am delighted to present Lavastone Properties' ESG abridged Report, which reflects our commitment to sustainable development. This evolution is not merely altruistic; it is, in fact, intricately tied to our long-term business success, a healthier planet and a more equitable society. To better understand, measure and communicate our environmental, social and governance impacts, we align our initiatives with the Global Reporting Initiative and the Global Real Estate Sustainability Benchmark standards.

At Lavastone Properties, sustainability remains a core value in our approach to commercial property development and leasing. This is why as the Managing Director of the Group, it is my responsibility to steer our business practices towards this purpose. Our Sustainability Management Committee, which I lead, is pivotal in integrating sustainability into our core strategy. Recognising that sustainability covers a wide range of issues, we have narrowed our focus on the ones that are most material to our value creation and in harmony with our business objectives:

1. **Carbon Footprint Reduction**: Implementing innovative practices to actively lower our carbon footprint.
2. **Energy Efficiency**: Integrating advanced solutions for optimising energy use.
3. **Water Efficiency**: Managing water resources responsibly to minimise waste.
4. **Sustainable Procurement**: Ensuring responsible sourcing within our supply chain.
5. **Recycling Initiatives**: Enhancing waste reduction and recycling processes.
6. **Employee Welfare**: Prioritising the wellbeing and development of our team.

These priorities reflect our holistic approach to sustainability, which balances environmental stewardship with social responsibility and business resilience.

Thank you for your support on this journey towards a more sustainable, responsible future in real estate.

Nicolas Vaudin
Managing Director, Lavastone Properties

SUSTAINABILITY HIGHLIGHTS IN FY 2023

ENVIRONMENT	SOCIAL	GOVERNANCE
Implementation of PV EV chargers Installation of **50** eco-taps Recycling of annual reports into **2,000** pencils LEED Certification obtained at EDITH	Delivered sustainability training to employees Achieved employee engagement score of more than **80%**	**46%** women in Management **25%** women on the Board of Directors

Our ESG framework

Lavastone Properties has established its Environmental, Social and Governance (ESG) framework in accordance with the components of the Global Reporting Initiative (GRI) and the Global Real Estate Sustainability Benchmark (GRESB). Our practices support our vision and risk appetite statement, while contributing to the UN Sustainable Development Goals (SDGs).

To ensure we deliver on our commitments effectively, we have developed an appropriate oversight structure, and a culture of ownership and accountability. Our Board of Directors is ultimately accountable for our ESG strategy and supports initiatives through the delegation of its ESG risk management to the Risk Management and Audit Committee (RMAC).

We have also created a ***Sustainability Management Committee (SMC)***, chaired by the Managing Director and consisting of ESG champions for each area of focus. The SMC reports all ESG-related matters to the RMAC on a quarterly basis.

Our strategy and priority areas

At Lavastone Properties, sustainability is not considered an optional add-on, but an intrinsic part of our core business, and central to our values and vision for the future. This vision guides us to grow in an environmentally responsible manner and contribute to the social well being of our employees and the community, all while delivering optimum value to our shareholders. To advance our sustainability goals, we recognise the importance of close collaboration and collective actions with various stakeholders, such as environmental organisations, government agencies, non-profit organisations, and recycling partners.

Our key priority areas for sustainable development and inclusiveness for the next years, as identified by the Board of Directors, are centred on:

- Carbon footprint
- Energy efficiency
- Water efficiency
- Sustainable procurement
- Recycling and waste management
- Employee welfare (employee engagement & performance)

SUSTAINABILITY HIGHLIGHTS IN FY 2023

Our ESG performance

I. ENVIRONMENT

Our commitment to building and operating sustainably, embracing clean energy, managing our waste responsibly and encouraging electric mobility is aimed at building a portfolio of energy-efficient and eco-friendly properties, with a reduced environmental footprint.

Our Carbon Footprint

Partners: *WillChange*

Following our carbon footprint assessment conducted in FY 2021, we found that the examination of our Scope 3 emissions was somewhat limited and required a deeper dive. We embarked on a proactive journey with WillChange drawing on their experience in business development and expertise in the carbon economy to gain a more comprehensive understanding of our indirect emissions This partnership is not only enabling us to calculate our carbon footprint, anchored in the 'Bilan Carbone' framework, but it also guides us towards building autonomy and excellence in this area through targeted employee training.

Recycling and waste management

(i) Recycled annual reports partners: *Morivert*

Our partnership with Morivert, an organisation dedicated to environmental sustainability, enabled the manufacturing of 2,000 branded pencils from recycled annual reports, resulting in a substantial reduction of 36 kilograms of paper waste. These pencils were thoughtfully distributed to our employees, loyal clients, and local schools.

(ii) E-waste partners: *BEM Recycling*

This partnership highlights our commitment to reducing e-waste and adhering to ethical and responsible disposal practices of:

- Non-reusable batteries
- Electronic waste (mouse, keyboards etc)

(iii) Waste management partners: *GREEN and BiobiN*

The use of 'MOLOK' bins provided by GREEN, coupled with their recycling facilities, has enabled us to improve our waste collection practices, while also reducing the impact of the transportation of waste materials. We made strides in managing our organic and wet waste, thanks to a partnership with BiobiN, an innovative and patented on-site containment and processing system that manages food and organic waste that would otherwise end up in landfill.

Energy and water efficiency

(iv) Electric mobility partners: *Central Electricity Board (CEB) and GREEN YELLOW*

In pursuit of the transition towards cleaner energy sources, we have partnered with specialised companies to implement Photovoltaic (PV) Electric Vehicle (EV) chargers. We have taken a transformative step by equipping the roof of one of our parking facilities with photovoltaic panels, which boast an installed capacity of 47 kWp. This collaboration not only benefits Lavastone Properties, but also aligns with national goals for a more sustainable energy mix.

(v) Eco-taps partners: *Fralain*

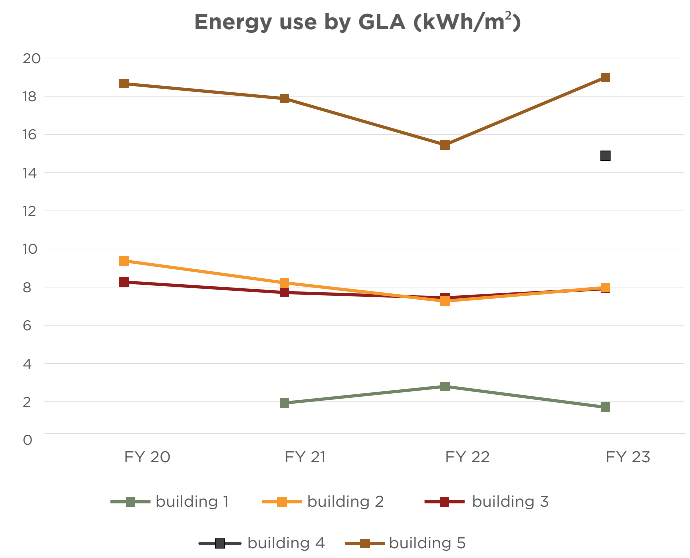
We initiated the installation of 50 e co-taps at the Edith and Cascades buildings, which represent a significant advancement in water conservation technology. These innovative fixtures have replaced conventional taps with automatic sensors, designed to reduce the flow of water to a mere 1.33 litres per minute, compared to the previous 5 litres per minute.

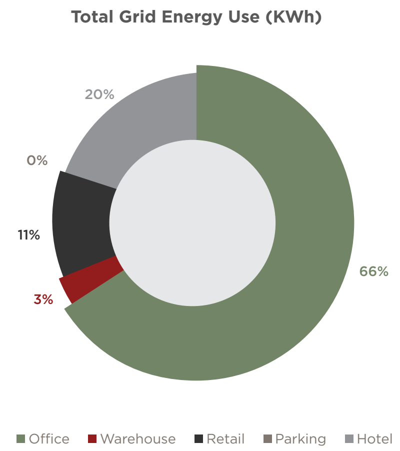
LEED certification

(vi) Partners: *Leadership in Energy and Environmental Design (LEED)*

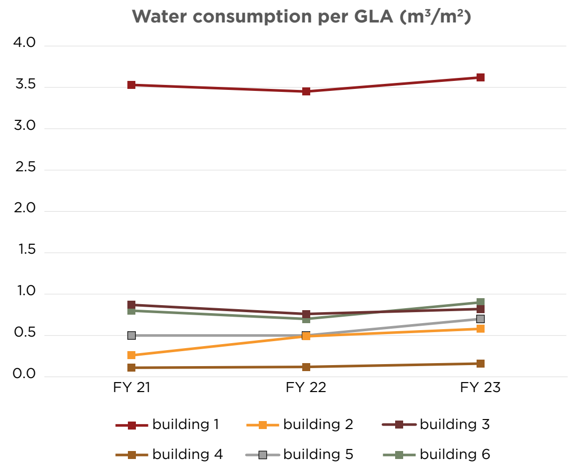
We adhere to specific environmental certifications and standards in line with **LEED,** at both the design and operations stages. As a result of our diligent efforts, EDITH has received the ***LEED Gold certification***, which recognises exemplary leadership in sustainable building practices. We aim to build on this achievement and further improve the efficiency of our operations by working towards the platinum status.

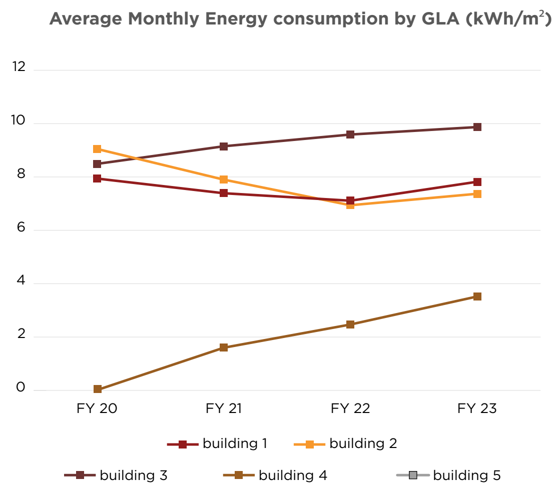
In our endeavours to have LEED-certified buildings, we undertook a comprehensive evaluation of the factors influencing our energy consumption, focusing on the monthly average energy usage per Gross Leasable Area (GLA) within our office portfolio and the energy use of the various asset types.





We observed a stable trend in water usage, and further positive changes are anticipated following the implementation of eco-taps. This initiative is expected to yield notable reductions in water consumption, particularly at Les Cascades and St Georges buildings.





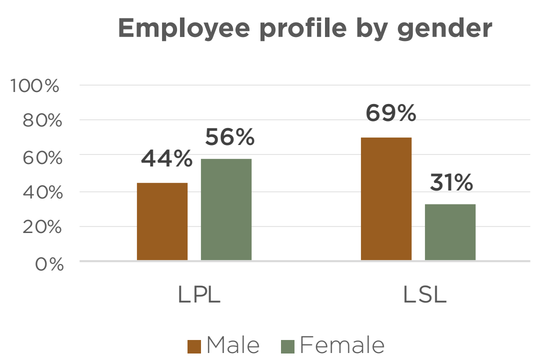
SUSTAINABILITY HIGHLIGHTS IN FY 2023

II. SOCIAL

Our social commitment is reflected in our investments in our employees, our tenants and customers, and our community-driven initiatives.

Employees

(a) Employee ' profiles at Lavastone Properties (LPL) and Lavastone Services (LSL)



We recognise that a positive and fair working environment is critical to attract and retain talent. Our employee programme was developed with this in mind, and aims to enhance performance, learning, career development and wellbeing.

(b) Talent Management and Employee Performance & Engagement

in a bid to better manage our talent, we have implemented robust recruitment procedures, timely induction programmes, and adequate learning and development opportunities, working to create a pipeline of future leaders through succession planning. Employee engagement and recognition are achieved through regular communication and involvement, as well as our performance management system.

Engagement survey results

2021	2022	2023
84.8%	85%	81.4%

To enhance our commitment to our employees and strengthen the team cohesion, we engage frequently with our people through:

- Sessions on the company's values and expected behaviours
- Quarterly town hall meetings
- Monthly presentations of our employees on social media

Performance management

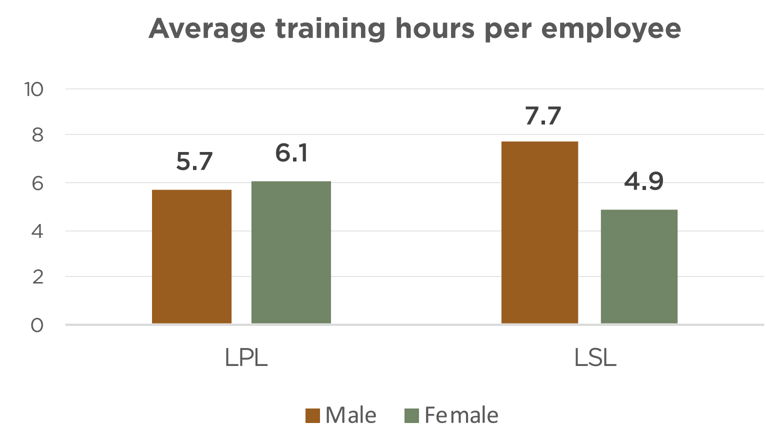
Our performance management system was introduced and developed to provide an incentive scheme based on Group results, individual and team performances. The performance management process consists of three key steps:

- Setting Key Performance Objectives
- Mid-year review
- Final assessment

In order to boost the performance of various departments and enhance the efficiency across and between the different teams, specific Service Level Agreements and performance indicators have been established since July 2023 and are evaluated on a monthly basis. This enables each department and each individual to track their progress towards the defined targets and objectives.

(c) Learning & Development

Learning and Development opportunities are provided to Lavastone Properties' employees through appropriate induction and training. Adequate training enables the acquisition and enhancement of skills, knowledge and expertise and supports the Company's leadership and succession planning. Our training programmes have covered topics such as Management and Compliance, Health & Safety, Cybersecurity and Sustainability.



SUSTAINABILITY HIGHLIGHTS IN FY 2023

Community

Lavastone Properties is committed to improving customer service and operational excellence to achieve its vision to be the preferred partner for commercial real estate solutions by delivering superior value.

We engage with the community and strive to fulfil our social responsibility by sponsoring CSR projects through the Taylor Smith Foundation. The mission of the Foundation is to contribute to sustainable development, with a focus on economic, social and environmental pillars. It also uses the United Nations' Sustainable Development Goals (SDGs) as guiding principles, with education remaining a top priority.

In FY 2023, our contribution was used to finance several projects through different NGOs, such as:

- Mauritian Wildlife Foundation (Projects at L'Ile Aux Aigrette, Mauritius & Anse Quitor, Rodrigues).
- Caritas Ile Maurice (Boutique Solidaire in Flacq, Mauritius)
- Action For Integral Human Development ("Skills for Life" project in schools, Mauritius & Rodrigues)
- Shreeji Education Program (Educational support to children & women's empowerment)
- Anfen (Cookery School)
- We-Recycle (Specialises in the collection of plastic bottles & cans for recycling + Awareness sessions in schools)

Amount contributed:

Rs 2.7m

Spotlight on: The Fairy Tree Project

This participatory art project was imagined by THE THIRD DOT and inspired by the exhibition 'Porte-Bonheurs' at Le Bon Marché in Paris. The Fairy Tree project involved the installation of handcrafted fabric icons hanging on countless vines at La Cour du Génie at EDITH. Local icons, such as the well-known Mauritian artist Malcolm de Chazal, inspired the butterfly, dodo, parrot and hibiscus designs.

The icons were sewn by six women from vulnerable communities in the region of La Gaulette, and supported by the association 'Les Anges du Soleil' whose mission is to uplift the precarious cities of Tamarin and Black River and help families escape the pattern of generational poverty through education and support.

Sewers in the region of La Gaulette were sponsored for an amount of Rs 91.5k.

Amount sponsored:

Rs 91.5k

III. GOVERNANCE

Corporate Governance enhances accountability, transparency and ethics. It is increasingly viewed as valuable by investors as it establishes trust and confidence among stakeholders, and enhances a company's long-term performance. As a listed company on the Stock Exchange of Mauritius and a responsible citizen of Mauritius, Lavastone Properties has not only adopted the practices set out in the National Code of Corporate Governance, but we are also strongly committed to maintaining the highest level of integrity in our business practices to achieve sustainable development. The Board of Directors ultimately retains the accountability and responsibility to implement the Corporate Governance Framework, which also incorporates the Risk Management Framework, the Business Continuity Management Framework (BCM), and relevant policies and procedures.

Key figures

Board independence:	Women on Board:	Women in Management:
38%	**25%**	**46%**

Corporate governance report for further details on pages 70 to 85.

Business Continuity Management Framework (BCMF)

Our BCM framework is based on ISO 22301, and includes a Business Continuity policy established in 2021, a BCM champion, as well as the business continuity plan and objectives. The purpose of the programme is to:

- Minimise the risk of disruptive incidents through collaboration;
- Establish appropriate business continuity targets and solutions for prioritis ed activities;
- Embed business continuity across Lavastone Properties.

Policies and Procedures

As part of its Risk Management process, Lavastone Properties has established several policies and procedures to prevent and mitigate key operational, regulatory, technological and financial risks:

a. Code of Conduct / Code of Ethics
b. Risk Management policy
c. Business Continuity Management policy
d. AML/CFT policy
e. Information Security policy
f. Privacy policy
g. Whistleblowing policy
h. Conflict of Interest policy
i. Fraud, Corruption and anti-bribery policy

CASE STUDY:
HOTEL AT MOUROUK, RODRIGUES

A KITESURFING AND WINDSURFING PARADISE

AT A GLANCE

- 3-star hotel with 2 restaurants, a Boathouse and Kite Club, 1 beachfront bar, 1 pool, kids club, a conference room
- A focus on health and wellness, with an outdoor health track, group fitness and yoga sessions, rental bikes, seaside massages
- 66 rooms and 2 villas to equate 71 rooms in total
- Located at Mourouk, ranked in the top 10 kitesurfing destinations in the world
- Carbon-Neutral Stay available
- One booking = One coral planted
- Customised packages to explore Rodrigues

Background and context

In 2018, we were approached by Trimetys Hotels for an investment opportunity in Rodrigues. At the time, Lavastone Properties held a satisfactory portfolio of yielding properties, including a mix of office and industrial buildings, and had recently forayed into the hospitality segment with the Sunrise Attitude Hotel. Trimetys, for its part, was intent on expanding its footprint in Rodrigues, building on the success and experience garnered from operating Le Tekoma Boutique Hotel on the island. They turned their sights to Mourouk Ebony Hotel, a 3-star resort that has been part of the landscape of Rodrigues since 1994.

This opportunity piqued our interest for many reasons. Firstly, hospitality was not an unknown territory to Lavastone Properties. Several members of Lavastone Properties' leadership and management team have extensive experience in the sector and were in a position to add value to the conceptualisation and masterplan of the project. Additionally, Trimetys Hotels is an established hotel operator in Rodrigues, with ample local knowledge, strong relationships with the community, and best practices specific to the island. These factors are crucial in navigating the complexities associated with running a hotel in Rodrigues.

After carefully evaluating the opportunity, we proposed a plan to provide a higher standard of service and accommodation to guests, aimed at maximising the yielding potential of the property: an expansion of the hotel from 35 to 66 rooms with the possibility to extend this to 85 rooms, and a series of renovations to upgrade some of the hotel's facilities, including the common areas, core infrastructure, service levels, and health and safety aspects.

In February 2019, Lavastone Properties finalised the acquisition of Compagnie Valome Ltée (CVL), which owned the premises of Mourouk Ebony Hotel, covering an area of 35,326 m^2. CVL entered into a triple net lease agreement with Mourouk Ebony Management Ltd, a subsidiary of Trimetys Hotels, to lease the hotel property until June 2031. In early 2020, we obtained the first permits to renovate parts of the hotel, and we prepared to close the hotel doors between January and November 2020 to carry out our expansion and renovation plans. Then came the pandemic.

THE CHALLENGES WE FACED

Accessibility

Rodrigues' appeal lies in its remoteness, seclusion and pristine beaches, beckoning travellers in quest of the ultimate Robinson Crusoe escapade. However, building and operating a hotel in an isolated location presents a host of logistical challenges for real estate developers and hotel operators: limited transportation infrastructure, and infrequent air and sea transport hinder the ability to procure essential supplies such as food, construction materials, equipment and other resources to the island. In parallel, limited access to important utilities, such as electricity, water or telecommunications, often requires hotels to invest in backup systems and to excel at planning, budgeting, project management and supply chain management.

Financial viability

Building and operating a hotel is inherently a complex and multifaceted endeavour, as several regulations and standards must be complied with, a wide range of stakeholders must be managed, several unforeseen situations and weather conditions can arise, and staffing challenges increasingly threaten the smooth running of hotels. The remoteness of Rodrigues introduces additional financial pressures, such as the risk of longer lead times, which could translate into revenue losses and affect the return on investment.

Adding another layer of complexity, the pandemic hit the world in March 2020, causing international and domestic travel to come to a brutal halt. Given the travel constraints, Trimetys' and Lavastone Properties' teams were unable to visit the site and liaise with the stakeholders. In fact, the site was handed over through the contractor via video call. In May 2020, travel between Rodrigues and Mauritius resumed, leading us to believe that the difficulties were behind us. In October 2021, however, Rodrigues recorded its first Covid-19 case, prompting the island to close its borders until March 2022, and further delaying the opening of the hotel.

Environmental and cultural considerations

Rodrigues' untouched beaches and unique ecosystems must be preserved at all costs to ensure the sustainability of the island. Understanding and respecting the local culture is equally crucial in promoting positive interactions with the community. Hotel operators must take into account the impact of their operations on their surroundings, and ensure that their presence benefits the region.

CASE STUDY:
HOTEL AT MOUROUK, RODRIGUES

OUR RESPONSE

Accessibility

The limited number of accommodations in Rodrigues prompted the decision to redevelop the hotel, which improves both the island's visibility and the hotel's accessibility to new travellers. In light of the challenges in procuring essential resources, energy and water in particular, we have installed a full-power backup system to ensure uninterrupted operations. Additionally, we built a desalination plant to overcome water scarcity, supply enough water for the resort's operations, and also offer a sustainable solution for reliable water on the island.

Financial viability

A strong and distinct brand identity

The full renovation of the hotel called for a new brand identity in line with its modernity-meets-retro vibe. Mourouk Ebony Hotel became PLAY Mourouk, aptly named as a playground for kitesurfers and windsurfers on one of the world's most iconic kitesurfing beaches. In 2019, plans had already been made for the extension of the hotel to 66 rooms, a new bar with a DJ booth, and a panoramic restaurant. In 2020, the challenges related to the pandemic prompted a deeper reflection on how to maximise the hotel's revenue potential. We increased the number of rooms to 71 instead of the original 66, in a bid to improve the earning potential of the operator and consequently the profitability of the project for CVL.

Selecting the right partners

Trimetys Group has extensive experience operating in the hospitality and real estate industry. Today, it operates and manages Be Cosy Apart'Hotel and Sakoa Boutik Hotel in Trou aux Biches, Mauritius, and Le Tekoma Boutique Hotel, which has earned a reputation as one of the most coveted hotels in Rodrigues. Each one of these hotels is rooted in a strong concept and unique identity, and PLAY Mourouk is no different. Additionally, Trimetys is well-regarded among the local workforce, a factor that could help to attract and retain talents seeking an employer with a proven and stable track record.

In October 2023, Constance Hotels Services Ltd announced the acquisition of 60% of Ebony Management Ltd for the management and operation of PLAY Mourouk. Constance's expertise in operating C Resorts, which shares similarities with PLAY Mourouk in terms of market segment and guest experience, is a valuable asset that will serve to enhance operational efficiency, elevate service standards, and promote both Rodrigues and the hotel more effectively. As of January 2024, the hotel will be branded and operated in line with the C Resorts concept.

Environmental and cultural considerations

Sustainability at heart

The preservation of the unique environment and culture of Rodrigues are at the heart of Lavastone Properties. An alignment in environmental and societal values between Lavastone Properties, Trimetys and Constance has given rise to a value proposition that weaves responsible tourism into every aspect of the guest journey: reused plastic bottles and old kite surfs make up the interiors of the hotel; a partnership with Bluer Ocean Project, which aims to protect the lagoon and coral reef in Rodrigues; the option to have a carbon-neutral stay and to embrace initiatives such as desalinated water production to reduce water stress; a waste water treatment plant to treat all effluents for reissue as irrigation water; employment of 100% employees from Rodrigues; favouring locally-made, locally-sourced and eco-friendly products; and a push to explore the island and promote awareness about its unique environmental and cultural aspects. Following the opening of the hotel, we are considering further initiatives, such as photovoltaic farms, to further reduce our carbon footprint and participate in the socioeconomic development of the island.

RODRIGUES AS YOUR PLAYGROUND

"PLAY Mourouk isn't just a stay – it's a joyride, a life-highlight reel, a mixtape of unforgettable moments. We've stirred the retro surf magic into the Rodrigues authenticity, cooking up an atmosphere that's classic, cool, and captivating. Besides catching waves, we also ride the green wave of sustainability."

PROACTIVE DEFENSE
RISK MANAGEMENT REPORT

Knowing that careful positioning is key

RISK MANAGEMENT REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

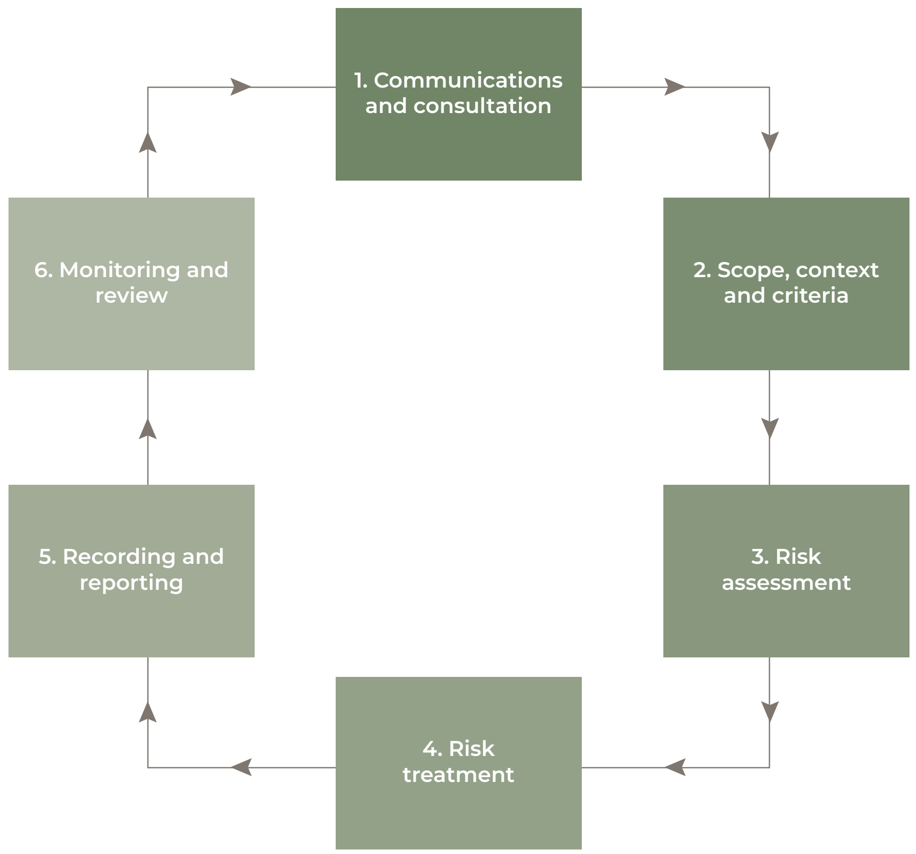
Since the pandemic in 2020-2021, the real estate landscape has evolved in accordance with the emerging trends and changes in consumer behaviours. 2022 and 2023 were marked by geopolitical and macroeconomic instability, creating disruption and uncertainty in the real estate sector. Today, these challenges are joined by the emergence of climate and sustainability risks. Yet, in this changing environment, it is crucial for investors to strike a balance between new risks and opportunities. Risk management must be underpinned by an agile approach in order to remain effective in this dynamic world. At Lavastone Properties, we identified and seized the following opportunities during this financial year:

- Concluded the negotiation for the acquisition of Warehousing Facilities allowing the Group to further diversify its assets in FY 2024.
- Sale of Morcellement Plots at Case Noyale at the level of South West Safari Group.
- Renovated and let out the 5th and 6th Floor of Absa House in Ebène to new tenants.
- Upgraded the terraces at EDITH to provide tenants with better protection in case of bad weather.
- Converted La Galerie du Génie at EDITH into a permanent Immersive Art Experience for House of Digital Art.
- New Restaurant and Retail tenants at EDITH.

Lavastone Properties has adopted its risk management framework from the ISO 31000 and risk management has been an essential component of Governance and Leadership. It is the ultimate responsibility of the Board of Directors to establish an effective system of internal controls within the organisation. The role of the Board of Directors, through our Risk Management and Audit Committee ("RMAC"), has a duty to keep under review the adequacy and effectiveness of the systems of internal control, including financial control and business risk management. The whole purpose of managing risks across our organisation is to protect and enhance its value and the foundation of our framework lies on 8 principles:

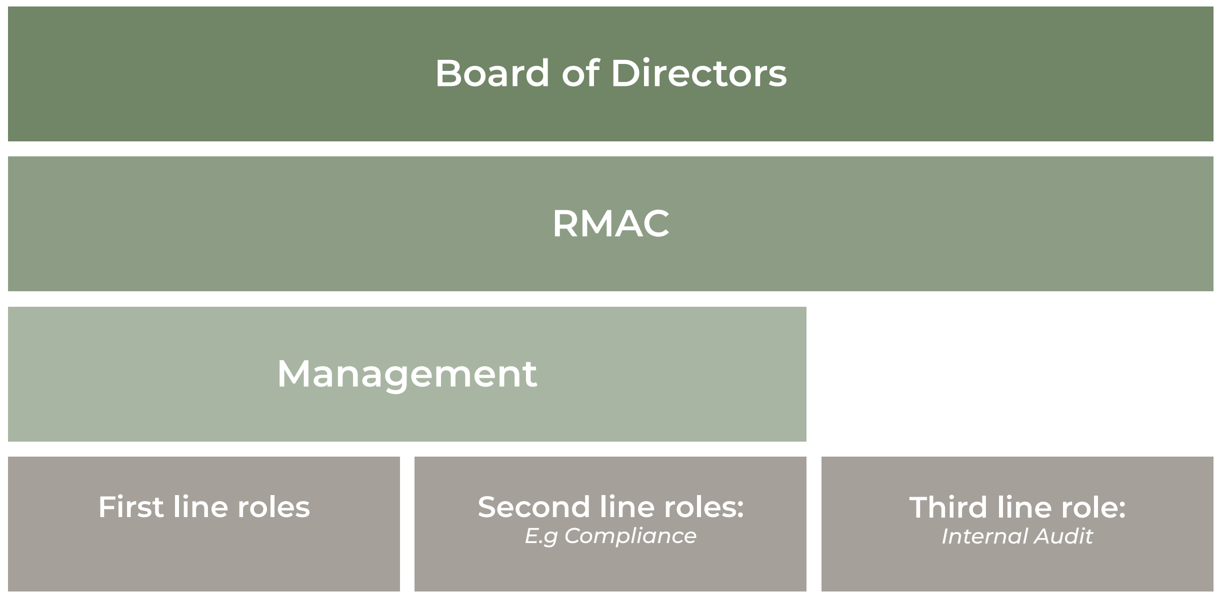
- Integration
- Structure and comprehensiveness
- Customisation
- Inclusiveness
- Dynamism
- Availability of information
- Human and cultural factors
- Continuous improvement

Our risk management process includes the following steps, and is aligned to the framework ISO 31000:



The three lines of defence

To achieve a robust internal control and risk management system, the three lines of defence is adopted by the organisation.



RISK MANAGEMENT REPORT

Risk Governance

The **Board** is responsible for risk governance and ensures that the Company develops and executes a comprehensive and robust system of risk management and maintains a sound internal control system.

The **Risk Management and Audit Committee** ("RMAC"), a sub-committee of the Board, has been delegated the responsibility to provide insights into our risk management and internal control practices. This oversight mechanism also serves to provide confidence in the integrity of these practices. The committee is guided by a formal and approved charter and performs its role by providing independent insight to the Board and assisting the Board and management by providing advice and guidance on the adequacy of our initiatives.

Our RMAC comprises of 3 non-executive directors and is chaired by an Independent Non-Executive Director.

The key role and responsibilities of the Committee is to provide its independent and objective advice on the key components of the controls' framework:

- Financial statements
- Internal Audit
- External Audit
- Reporting and disclosure
- Risk Management

The **Managing Director and Management team** are accountable to the Board and the RMAC, and are responsible for the design, implementation, review and report on the risk management process and strategy.

A **risk champion** has been formally designated to promote a risk management culture across the company.

A Compliance and Legal Officer has been appointed and focuses mainly on the regulatory, compliance and legal risks, including AML/CFT.

Our **Internal Audit** function provides assurance to the RMAC and Management on the status of the Risk and Control environment. *Refer to the below section on Internal Audit.*

To remain effective in its risk management process, Lavastone Properties has implemented the following components:

RM policy → Risk appetite statement → Risk criteria → Risk champion → Business risk register → Risk metrics

Risk management policy

Our RM policy was reviewed in January 2023 and approved by the Board of Directors and the RMAC. The policy is aligned to our vision and strategic objectives.

Our vision: *Lavastone Properties aims to be the preferred partner for commercial real estate solutions, while delivering optimum value to its shareholders.*

To achieve our vision, our strategic objectives are centred around our key stakeholders:

Operational excellence → Customer service and retention → Sustainability → Maximise shareholder value → Employee engagement

Critical success factors have been established to measure our progress and provide a sense of direction and dynamism across the organisation.

Risk appetite statement

The risk appetite is the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives. Lavastone Properties has defined its risk appetite statement, which has been approved by the Board of Directors.

We will pursue growth whilst continuously improving customer service and operational ***excellence***.

To improve our commitment to ***sustainability***, we will strive to meet the criteria for a LEED certification in our new development projects.

We aim to grow regionally and have 10% of our portfolio outside of Mauritius **in 10 years' time.**

However, we will not engage in and tolerate activities which create safety, regulatory and quality concerns.

We will not make decisions which pose a financial risk impact of 10% or more on our revenue or increase our loan to value ratio to above 40%. Our exposure is limited to:

- *25% of Net Asset Value for any one sector (Retail, Hospitality, Office, Industrial, Residential etc)*
- *20% of Investment Property Value for any single building*
- *20% of Rental Revenues for a single tenant*

Our risk appetite	
	Financial impact on revenue
High	> 10%
Medium	5% -9 %
Low	< 5%

During the financial year, we decided to draw down on the last tranche of the MCB Bond Programme at a fixed interest rate to rebalance our portfolio with Industrial Buildings following the sale of Riche Terre Industrial Park. In November 2023, we identified and completed negotiations on the acquisition of two Properties of Sofap at Coromandel and Riche Terre. Together with the opening of PLAY Mourouk Hotel in Rodrigues, our exposure to the Office Segment will reduce to **32%** in terms of property portfolio value but more importantly, our exposure to any single tenant will reduce to **18%** in terms of revenues. Lavastone Properties will continue to acquire and develop industrial properties in order to rebalance its portfolio.

Lavastone Properties is committed to adhering to its risk appetite statement and the risk appetite is continuously monitored by our management team.

RISK MANAGEMENT REPORT

Risk criteria

Our risk criteria take into consideration the two elements of probability and impact and is defined on a scale of 1 to 5.

PROBABILITY

1	Rare	< 10%
2	Unlikely	10% - 30%
3	Possible	30% - 50%
4	Likely	50% - 90%
5	Almost certain	> 90%

IMPACT

1	Negligible
2	Minor
3	Moderate
4	Major
5	Severe

Our impact criteria include aspects such as financial, legal & regulatory, health and safety, reputation and business continuity.

Risk champion

A risk champion has been identified among our management team and is our Financial Controller. The latter's role is to raise awareness on the risk environment across the organisation and coordinate the risk meetings.

Business Risk Register

As part of the 'Recording and reporting' process, Lavastone Properties has developed a Business Risk Register ("BRR"), which consists of risk identification, assessment and response. The BRR is a recording and monitoring tool designed to assist the Management team of Lavastone Properties for informed decision-making.

Our BRR is reviewed and updated on a quarterly basis through risk management meetings and reported to the RMAC.

Our risk management meetings consist of the Management Team, the Risk Champion and the Internal Auditor and the purpose of such meetings is to identify changes in existing risks and emerging new risks.

Refer to the risk heatmap on page 63 and top 10 risks on pages 64 to 67.

Risk metrics

Measuring performance is a key monitoring activity to assess how effective risk management is at supporting our strategic objectives. The approach to measuring performance must be a data-driven exercise. To remain agile, risk data should be shared throughout the organisation. At Lavastone Properties, we have defined risk indicators which enable our team to objectively evaluate the risk environment on a regular basis.

SYSTEM OF INTERNAL CONTROLS

The Board recognises and is committed to its responsibility to keep under review the adequacy and effectiveness of the system of internal controls, at least on an annual basis. The purpose of such system is to protect the company, prevent and detect fraud and enabling the achievement of its objectives. The Board, through the RMAC, reviews and challenges the following components:

- Financial statements
- Internal Audit
- External Audit
- Narrative reporting
- Internal control and risk management system

Key features of the internal control system are:

- Governance structure with clear reporting channels
- Strategy review and plan
- Comprehensive financial reporting and business planning systems
- Formal policies and procedures
- Risk assessment and management process
- Continuous monitoring and review by executive management
- Communication and awareness
- Internal Audit

INTERNAL AUDIT

The Internal Audit function of the Group has been outsourced to an independent firm, SmarTree Consulting Ltd (also referred to as 'SCL' or 'the Internal Auditor'), since 2018. The Internal Audit team consists of professionals who are either Certified Internal Auditors (CIA), ACCA qualified or degree / diploma holders. As part of their continuous professional development and education, the internal auditors attend regular training sessions on key topics.

The mission of Internal Audit is to provide independent, objective assurance and consulting services, designed to add value and improve our operations. The Internal Auditor is not responsible for the implementation of controls or the management and mitigation of risk, responsibilities which remain at the Board and management levels.

The internal audit function is governed by the mandatory elements of the Institute of Internal Auditors' (IIA) International Professional Practices Framework, including the Core Principles, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

A formal internal audit charter is approved by the RMAC and describes Internal Audit's role, responsibilities, scope, authority and reporting structure, amongst others.

RISK MANAGEMENT REPORT

An internal audit plan is approved by the RMAC on an annual basis and uses a risk-based approach. During FY 2023, the Internal Auditor covered the following scope:

Procure to pay → Rental and utility billing → AML/CFT

The objectives of the internal audit assignments were to:

- Provide assurance to the Board, RMAC and Management that risks are mitigated through control measures and adequate procedures.
- Evaluate the controls design.
- Provide risk insights and recommendations on the improvement of the control environment.
- Evaluate adherence to the internal policies and procedures and regulatory framework.

As part of its key responsibilities, the RMAC:

- Reviews and approves the internal audit charter
- Reviews and approves the annual internal audit plan
- Reviews and monitors management's responses and actions to internal audit findings
- Reviews and monitors the effectiveness of the internal audit function

As part of the internal audit process and methodology, the Internal Auditor monitors and assesses their audit recommendations with the Management on a monthly basis, until they are fully implemented. The Internal Auditor reports to the RMAC on a quarterly basis and the status of audit recommendations and Management action plans are reported to the RMAC. The Internal Auditor has unrestricted access to and communicates and interacts directly with, the RMAC.

Risk Heatmap September 2023

Impact		1	2	3	4	5
HIGH	5					
HIGH	4		E			
MEDIUM	3		B G	C D F I K L M N P S R	A J	
LOW	2		O	H Q		
LOW	1					
		LOW	LOW	MEDIUM	HIGH	HIGH
		Probability				

Legend

A	Macroeconomic	K	Process / Efficiency
B	Liquidity	L	Sustainability and climate change
C	Valuation	M	Health & Safety
D	Regulatory and Compliance	N	Project
E	Financing	O	Pandemic
F	Credit	P	Information security / privacy / cybersecurity
G	Tenant retention	Q	Foreign exchange
H	Geographical concentration	R	Human Resource
I	Third Party	S	Business interruption
J	Competition		

RISK MANAGEMENT REPORT

Top 10 risks

Legend	Ranking	Risk Event	Risk description	Probability High	Probability Med	Probability Low	Impact High	Impact Med	Impact Low	Overall Risk rating	Mitigating controls
A	1	**Macroeconomic** [Strategic]	Changes in economic conditions such as geopolitical consequences may adversely affect the property sector, impacting the NAV and the Company's ability to make distributions to shareholders.	●				●		Medium-High	1. Financial stress test 2. Key ratio analysis 3. Lobby and engaging with key stakeholders in the property sector 4. Price reviews
J	2	**Competition** [Strategic]	Actions of competitors or new entrants to the market impair the competitive advantage of the Company. Difficulty in sustaining rental rates or projected increase in rental rates.	●				●		Medium-High	1. Ongoing market intelligence and surveys 2. Strategic alliances 3. Continuous customer service improvement 4. Keeping abreast of developments in the real estate sector 5. ESG initiatives for tenant retention
N	3	**Project** [Operational]	Delays in project delivery and/ or poor delivery from service provider leading to adverse impact on the Group's profitability, reputation and growth.		●			●		Medium	1. Project management framework and procedures 2. Planned procurement 3. Close monitoring of project and costs incurred at each phase 4. Performance indicators 5. Insurance covers
L	4	**Sustainability and climate change** [Operational]	Natural disasters such as adverse climatic conditions (heatwave) and flooding in Port Louis region preventing the Company from providing services to clients and preventing clients from operating.		●			●		Medium	1. Investment in existing buildings to increase energy efficiency 2. Carbon footprint calculation and roadmap 3. LEED certification for buildings 4. Recycling projects 5. Insurance covers 6. Environmental and social impact assessment
F	5	**Credit** Rs [Financial]	Inability of tenants to pay their contractual obligations leading to financial constraints and cash flow difficulties.		●			●		Medium	1. Close debtors' monitoring and review 2. Adequate and strict onboarding and assessment of clients 3. Regular review of provisioning 4. Increased use of standing orders for client payments 5. Repayment plan

RISK MANAGEMENT REPORT

Legend	Ranking	Risk Event	Risk description	Probability			Impact			Overall	Mitigating controls
				High	Med	Low	High	Med	Low	Risk rating	
R	6	**Human resource** [Operational]	A lack of requisite knowledge, skills and experiences among the Company's key personnel and loss of key personnel prevents the achievement of business objectives.		●			●		Medium	1. HR strategic plan and succession plan 2. Improved recruitment and onboarding procedures 3. Training for alternates identified 4. Performance appraisal 5. Review of Remuneration policy following survey and alignment with market expectations 6. Training needs analysis and competency mapping 7. Staff welfare programmes
D	7	**Regulatory and Compliance** [Compliance]	Non-compliance with applicable regulations, leading to fines and penalties and business interruptions. Changing regulations threaten the Company's competitive position and its capacity to efficiently conduct business.		●			●		Medium	1. Lobby authorities 2. Regulatory risk assessment (including for ML) 3. Implementation and review of regulatory framework such as AML/CFT, data protection, Health &Safety 4. Review and monitoring by MLRO / Compliance Officer 5. Compulsory training for employees 6. Establishment of policies and procedures (Privacy, information security, AML/CFT)

Legend	Ranking	Risk Event	Risk description	Probability			Impact			Overall	Mitigating controls
				High	Med	Low	High	Med	Low	Risk rating	
P	8	**Information security / privacy / cybersecurity** [Technology]	The potential for cyber-attacks or data breaches, unauthorised use, disruption, modification or destruction of information that can violate privacy, disrupt business, damage assets and facilitate other crimes such as fraud.		●			●		Medium	1. Information security measures such as: - Anti-virus and firewall - Password policy - Backup - Regular scanning - Intrusion prevention - Web protection 2. Access control 3. Two-factor authentication 4. IT policies 5. Training and awareness 6. Cybersecurity audit and penetration testing
M	9	**Health & Safety** [Operational]	The Group is exposed to hazards that can lead to illness or death of a worker in a determined workplace. The nature of the business exposes the Group to the risk of accidents which can impact both people and property.		●			●		Medium	1. Preventive maintenance 2. H&S policies and procedures 3. H&S inspections 4. Training and awareness 5. Fire drills 6. Fire evacuation plan 7. Insurance covers
I	10	**Third party** [Operational]	The failure of third parties to fulfil their contractual responsibilities could place the business at risk.		●			●		Medium	1. Regular reviews of third-party performance and KPIs 2. Third party assessment 3. Alternate third parties 4. Contract with third parties and implementation of performance bond

THE KNIGHT'S CODE

CORPORATE GOVERNANCE REPORT

Checkmating doubt
in every move

CORPORATE GOVERNANCE REPORT

COMPLIANCE STATEMENT

Lavastone Ltd (hereinafter referred to as "Lavastone" or the "Company") is classified as a public interest entity under the Financial Reporting Act 2004.

As a company listed on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius, it is required to adopt and report on its corporate governance practices in accordance with the National Code of Corporate Governance (2016) (the "Code").

This Corporate Governance Report sets out how the Code's principles have been applied by Lavastone. The Company hereby confirms that it has materially applied the principles set out in the Code except for the following:

Principle 2: The Structure of the Board and its Committees: There is only one executive director on the Board of Lavastone. The Board is aware of the need to have a strong executive management presence in the Company but is of opinion that the attendance of the Financial Controller at the meetings and sub-committees of the Board fulfils the spirit of the Code.

On behalf of the Board

Colin Taylor

Non-Executive Director and Chairman

Nicolas Vaudin

Executive Director and Managing Director

GOVERNANCE STRUCTURE

1. 1 The Board

At Lavastone, we believe that good business ethics, a strong sense of commitment, strong risk management and integrity begin with our Board of Directors and senior management.

The governance of Lavastone is led by the Board of Directors (the "Board") which is fully dedicated to applying the principles of the Code, thus ensuring the Company's commitment to upholding business sustainability and creating value for its stakeholders.

The Board is responsible for promoting a culture of accountability, transparency and ethics in order to ensure an efficient and ethical decision-making process.

1.1.1 The Board's Size and Composition

Lavastone is led by a unitary Board consisting of eight directors under the Chairmanship of Mr Colin Taylor. For the financial year under review, the Board comprises eight members, of which four non-executive directors, including the Chairman, one executive director and three independent directors who operate collectively within a clearly defined governance framework.

Although there is only one executive director on the Board, the Board is of the view that the input of the Financial Controller, who is in attendance at Board meetings, provides an appropriate balance to Board deliberations.

The Board is also of the view that, considering the Company's shareholding structure, there is an adequate balance between independent and non-executive directors on the Board and that Board members have the necessary skills, expertise and experience to discharge their respective duties and responsibilities effectively.

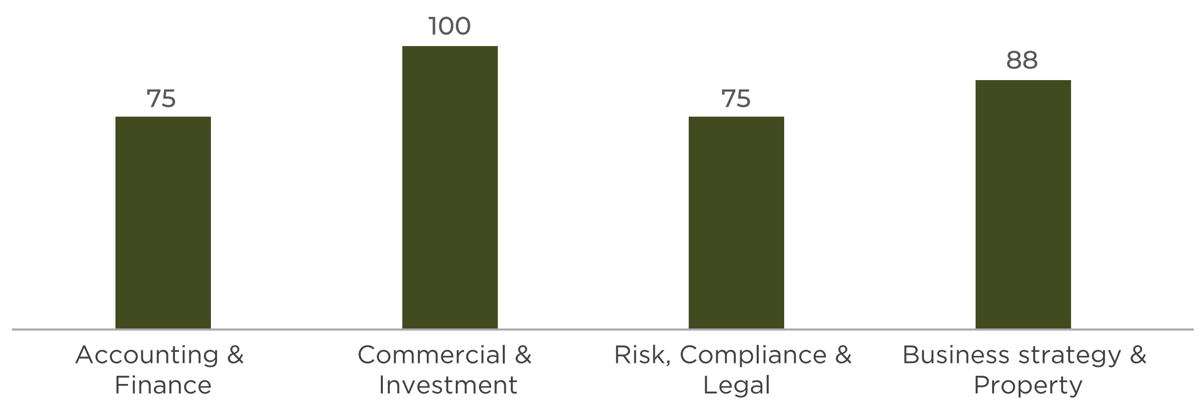
Recognising that a diverse board helps to produce better quality decisions and bring in innovative insights and fresh perspective, the Company has appointed two women directors on the Board. Recognising the valuable contribution to board deliberations from having a diverse board, the Board of Lavastone is determined to move beyond compliance with regard to gender diversity and will consider appointing additional women directors as the need arises.

The profiles and the full directorship list of the members of the Board are set out on pages 14 to 16. It is to be noted that all Directors of the Company reside in Mauritius.

The skillset of the members of the Board is set out in the chart below.

- Business strategy and property
- Commercial and investment
- Accounting and finance
- Risk, compliance and legal

Skills of Directors



CORPORATE GOVERNANCE REPORT

1.1.2 The Board's Responsibilities

The Board assumes collective responsibility for leading and controlling the organisation. It is also committed to providing strategic guidance and ensuring, with the collaboration of Management, the sustainability of Lavastone's business model, reviewing financial plans and monitoring performance, while ensuring that a robust risk management system and internal controls are in place and that good corporate governance practices are being adhered to. Additionally, it is responsible for ensuring the creation of sustainable value for its stakeholders, monitoring the implementation of operational decisions, and providing accurate information to shareholders, the public and regulators. It also ensures that the Company meets all legal and regulatory requirements and abides to applicable corporate governance practices and relevant sustainability principles.

The Constitution of Lavastone complies with the provisions of the Companies Act 2001 and those of the Listing Rules of the Stock Exchange of Mauritius ("SEM"). It is available for consultation on the Company's website: **https://www.lavastone.mu.**

In line with the Code, the Board has:

- on 08 August 2019 adopted a Board Charter which provides a concise overview of the Board's objectives, role, composition and responsibilities. **The Board Charter is assessed regularly for any changes**. The Board Charter is subject to the provisions of the Companies Act 2001, the Company's constitution and any applicable law or regulatory provisions;
- adopted a Code of Ethics which highlights areas such as personal conduct, conflicts of interest, personal dealings in securities and related investments, and employment practices which the Company believes are essential in maintaining fair business practices. The Board regularly monitors and evaluates compliance with its Code of Ethics;
- approved a Statement of Accountabilities and an Organisational Chart which provides for clear lines of responsibility and delegation of authority while enabling the Board to retain effective control; and
- identified key senior governance positions which provide clear definitions of the roles and responsibilities of the Chairman, the Managing Director ('MD'), the Company Secretary, the executive and non-executive directors, as well as the Chairperson of the Board's Committees. The function and role of the Chairman and those of the Managing Director are separate and they each have well-defined responsibilities.

The above-mentioned documents, as approved by the Board, are available for consultation on the Company's website: **https://www.lavastone.mu**.

The processes and frequency to review, monitor and approve the Board charter, the organisation's Code of Ethics, the position statements, the organisational chart and the statement of main accountabilities, are determined by the Board on an ad-hoc basis before and may be delegated to sub-committees as appropriate.

The Board believes the Company provides for the promotion of equal opportunity and prohibits discrimination on the grounds of status and victimisation. To that effect, the Board approved an Equal Opportunity Policy on 08 August 2019, which is in line with the "Guidelines for Employers" issued by the Equal Opportunity Commission in April 2013. The said policy sets out the Company's position on equal opportunity in each and every stage of the employment process, and is applicable to all Board members and employees. The Company regularly reviews its procedures and selection criteria to ensure individuals are selected, promoted and treated according to their individual abilities and merits.

To promote a culture of integrity, the Group has adopted a Whistleblowing policy, which provides a channel of effective communication of concerns. Employees are encouraged to report any malpractice of which they become aware. The policy outlines the reporting mechanism and the defined process on how the reported concerns will be handled and investigated.

1.1.3 Focus Areas of the Board for the financial year 2023

Regular agenda items	- Review of the performance of the Company and its subsidiaries - Take note of reports from sub-committees
Finance	- Quarterly reports from Board and interim results - Preliminary results and Annual Report for the year ended 30 September 2023 - Dividend declarations - Review of budget
Strategy	- Review of projects, including the disposal and acquisition of properties - Review of the Group's funding strategy
Governance	- Approval of the Corporate Governance Report
Other Matters	- Approval of Communiques / announcements as statutorily required

1.1.4 Board Attendance and Remuneration

The Directors' attendance at Board and committee meetings, as well as their remuneration during the financial year ended 30 September 2023, are as follows:

	Attendance			Interests		Remuneration
	Board meetings	CGC	RMAC	Direct (%)	indirect (%)	MUR
TAYLOR, Colin	4/5	N/A	N/A	0.1553	12.04	297,000
VAUDIN, Nicolas[1]	5/5	2/2	N/A	0.0955	0.0088	*1
AH KANG, Gaetan	5/5	N/A	5/5	0.0543	-	270,000
ARUNASALOM, Jose	5/5	2/2	5/5	0.0015	-	280,000
MOHADEB, Vedanand Singh	5/5	N/A	5/5	NIL	-	277,500
SAHA, Vijaya Lakshmi	5/5	2/2	N/A	NIL	-	252,500
TAYLOR, Philip	5/5	2/2	N/A	NIL	12.04	250,000
VALLET, Ann Charlotte	4/5	N/A	N/A	NIL	12.04	225,000

1. The remuneration of the executive director has been disclosed within Note 146 of the financial statements.

The table above indicates that the Directors were able to allocate sufficient time and focus to the organisation and discharge their duties and responsibilities effectively.

1.2 The Board sub-committees

The Board of Lavastone is assisted in its functions by three main sub-committees: (i) Risk Management and Audit Committee ("RMAC"), (ii) Corporate Governance Committee ("CGC") and (iii) Board Investment Committee ("BIC"). These three committees play a key role in supporting the Board and providing in-depth focus and specialist guidance on particular matters relating to Lavastone's activities according to their terms of reference. Where appropriate, the committees make recommendations on items requiring the approval of the Board. For the year under review, the Board is satisfied that all committees have effectively honoured their responsibilities and fulfilled their role of providing oversight to the Board on specific matters while assisting the Board in dealing with existing and emerging challenges.

The Chairman of each committee provides regular reports of the proceedings of the committees to the Board. Furthermore, the Board has access to the minutes of the committee meetings. Each committee has its own charter/term of reference, which is reviewed as and when necessary, and any proposed amendment are recommended to the Board for approval.

CORPORATE GOVERNANCE REPORT

For the year under review, no changes were made to the terms of reference of the Corporate Governance Committee, to the Charter of the Risk Management and Audit Committee and to the terms of reference of the Board Investment Committee.

When necessary, other committees can be set up by the Board on an ad-hoc basis to consider specific matters.

1.2.1 Risk Management and Audit Committee ("RMAC")

1.2.1.1 Composition

The directors who served on the RMAC for the financial year under review are:

Member	Appointment Date	Board Status
Mr Vedanand Singh (Shyam) Mohadeb	28 December 2018	Independent non-executive director (Chairman)
Mr Jose Arunasalom	28 December 2018	Independent non-executive director
Mr Gaetan Ah Kang	28 December 2018	Non-executive director

1.2.1.2 Meeting Schedule

During the year under review, the RMAC met 5 times. The attendance of individual directors at these meetings is disclosed on page 73.

1.2.1.3 Terms of Reference

As per its charter, the RMAC oversees the risk and audit-related issues, and reviews and monitors the financial statements of the Company and its subsidiaries. It also monitors the implementation of internal audit recommendations, as well as the integrity of the Annual Report and financial statements. Furthermore, the RMAC makes recommendations to the Board with regard to the appointment or removal of the external auditor. It also reports to the Board on significant financial reporting issues and judgements relating to financial statements. The RMAC also helps in maintaining an effective internal control system and risk management systems.

The RMAC Charter is available on the Company's website: https://www.lavastone.mu. The RMAC Charter was last reviewed at the Board meeting of 08 February 2019 and the Board will reassess any changes to be made to the RMAC Charter as and when the need arises.

1.2.1.4 Focus of the RMAC for the financial year 2023

Regular Financial Matters	- Quarterly Preliminary results - Preliminary results and Annual Report for the year ended 30 September 2023 - Review of dividend proposals - Discussion on the main management letter points received from the external auditor and the remedial actions to be taken
Risk management items	- Consideration of the quarterly risk report on the Company and its subsidiaries - Discussion on the various risks impacting the Group as the Business Risk Register and considering emerging risks - Overview of the implementation of the remedial action plans following the IT penetration testing carried out
Internal Audit matters	- Review and approval of the internal audit plans - Discussion on the internal audit reports
Other Matters	- Discussion on the audit plan as proposed by the external auditors

1.2.2 Corporate Governance Committee (CGC)

1.2.2.1 Composition

The Directors who served on the CGC for the financial year under review are:

Member	Appointment Date	Board Status
Mrs Vijaya Lakshmi Saha	28 December 2018	Independent non-executive director (Chairperson)
Mr Jose Arunasalom	28 December 2018	Independent non-executive director
Mr Nicolas Vaudin	15 February 2017	Executive director
Mr Philip Taylor	18 February 2022	Non-executive director

1.2.2.2 Meeting Schedule

During the year under review, the CGC met 2 times. The attendance of individual Directors at these meetings is disclosed on page 73.

1.2.2.3 Terms of Reference

As per its terms of reference, the CGC makes recommendations to the Board on all corporate governance provisions and ensures that the disclosure requirements with regard to corporate governance are in accordance with the principles of the Code. The CGC's responsibilities also encompass the functions of the Remuneration and the Nomination Committees.

The terms of reference of the Terms of Reference of the CGC is available on the Company's website: https://www.lavastone.mu. The Terms of Reference of the CGC was last reviewed at the Board meeting of 08 February 2019 and the Board will reassess any changes to be made to the said document as and when the need arises.

1.2.2.4 Focus of the CGC for the financial year 2023

Corporate Governance	- Approval of the Board evaluation questionnaire and discussion on results obtained and implementation plans - Recommendation to the Board of the Corporate Governance Report and the Statement of Compliance - Review of the gap analysis to assess areas to be addressed to improve the Company's governance
Remuneration	- Approve the remuneration/bonus of the executives

1.2.3 Board Investment Committee ("BIC")

1.2.3.1 Composition

The BIC is comprised of the following directors:

Member	Appointment Date	Board Status
Mr Colin Taylor	08 April 2015	Non-Executive Director (Chairman)
Mr Gaetan Ah Kang	28 December 2018	Non-Executive Director
Mr Philip Taylor	10 February 2022	Non-Executive Director
Mr Nicolas Vaudin	15 February 2017	Executive Director
Mr Vedanand Singh (Shyam) Mohadeb	28 December 2018	Independent Non-Executive Director

1.2.3.2 Meeting Schedule

During the year under review, no BIC meeting was held.

CORPORATE GOVERNANCE REPORT

1.2.3.3 Terms of Reference

The BIC shall assist the Board of Lavastone in reviewing any investment decision, as well as any related transaction documents with regard to any project within the territory of the Republic of Mauritius and outside the scope of its territorial limit, and recommends worthwhile investment projects to the Board.

The terms of reference of the BIC is available on the Company's website: **https://www.lavastone.mu.** The terms of reference of the BIC were last reviewed by the Board at the Board meeting of 12 May 2022 and the Board will reassess any changes to be made to the said document as and when the need arises.

1.3 Other Board matters

1.3.1 Appointment

Lavastone has implemented a formal and transparent process for the nomination and appointment of Directors. When appointing Directors, the Board considers its needs in terms of size, experience, skills and diversity. The total number of Directors shall not at any time exceed twelve Directors, to be in line with the number fixed in accordance with the constitution.

The CGC, in its capacity as the Nomination Committee of the Company, recommends to the Board the Directors to be re-elected/appointed. It is to be noted that any Director over the age of 70 is appointed at the Annual Meeting of Shareholders ("AMS"), in accordance with section 138(6) of the Companies Act 2001. Furthermore, all Directors appointed by the Board will hold office until the next Annual Meeting of Shareholders where they will be eligible for re-election. The nomination and appointment process for Directors is available for consultation on the Company's website: https://www.lavastone.mu.

All Directors will stand for re-election by way of separate resolutions at the Annual Meeting of Shareholders of the Company, scheduled in February 2024.

The names of the Directors of the Company, their profiles and categories, are listed on pages 14 to 16.

The Board, with the support of the CGC, assumes responsibility for the implementation of a succession plan in order to ensure appointments to the Board as well as for senior management positions within the organisation, thus guaranteeing business continuity and creating value in the long term.

1.3.2 Induction and orientation

The Board, with the assistance of the Company Secretary, is responsible for the induction and orientation of new Directors to the Board. Upon his or her appointment, each new Director is provided with a comprehensive induction pack containing documents relating to Directors' legal duties. This induction pack allows newly appointed Directors to have an in-depth understanding of the Company's activities, challenges, governance framework, business model and strategy, as well as have an overview of compliance and regulatory matters.

No new Director was appointed during the financial year under review.

Recognising that the Directors need all the information and support they need to become as effective in roles, site visits on newly acquired properties are organised.

1.3.3 Professional development

The Board reviews the professional development needs of Directors during the Board evaluation process, and Directors are encouraged to develop their skills and expertise continuously. They also receive regular updates on the latest trends and legislations affecting business from management and/or other industry experts. Training is provided to Directors based on the Company's needs and/or training needs.

The Directors participated in a training session on 'IoT and BMS, and the transformative potential of Artificial Intelligence' delivered by Hapis Tech in September 2023

1.3.4 Board access to information and advice

All Directors can meet with the Company Secretary to discuss issues or obtain information on specific areas or items to be considered at Board meetings or any other areas they consider appropriate.

Furthermore, Directors have access to the Company's records and hold the right to request independent professional advice at the Company's expense.

1.3.5 Directors' duties, remuneration and performance

The Directors are aware of their legal duties and may seek independent professional or legal advice, at the Company's expense, relating to any aspect of their duties and responsibilities. The Code of Ethics and the Board Charter of Lavastone are documents which provide guidance to the Directors in fulfilling their roles.

All Directors have a duty to act in the best interests of the Company and are expected to ensure that their other responsibilities do not encroach on their responsibilities as Directors of Lavastone.

1.3.6 Interests of Directors and conflicts of interest

All Directors, including the Chairman, declare their direct and indirect interests in the shares of the Company, as well as their interests in any transaction undertaken by the Company. They also follow the Model Code for Securities Transactions, as detailed in Appendix 6 of the Stock Exchange of Mauritius Listing Rules, whenever they deal in the shares of the Company with the Company Secretary keeping the Directors informed of the closed periods. The interests register of the Company is maintained by the Company Secretary and is available for consultation by shareholders, upon written request to the Company Secretary.

Any conflicts-of-interest and related-party transactions are in accordance with the Conflict of interest, Related Party Transactions policy and Code of Ethics. For the year under review, all conflicts of interest were effectively managed.

The Code of Ethics of the Company sets out instances which could lead to a conflict of interest and the procedure for dealing with such potential conflicts.

The Board is also responsible for instituting and applying appropriate policies on related party transactions.

For the year under review, only one Director dealt in the shares of the Company and acquired 73,632 ordinary shares. All relevant disclosures and notifications were made in line with the Company's Share/Listed Debt Trade Policy.

1.3.7 Information, information technology and information security policy

The Company has reinforced the safety and security measures in place to protect the data it collects, stores and processes, in order to comply with the Data Protection Act 2017. A Data Controller has been appointed to this end, and Lavastone and its subsidiaries are registered with the Data Protection Office (DPO).

The Board oversees information governance within the organisation and ensures that the performance of information and Information Technology (IT) systems leads to business benefits and creates value.

Following the advent of the Covid-19 outbreak, mitigation actions were taken by management to minimise information security risks. Management also ensured that all employees were provided with the appropriate tools to ensure a smooth transition to teleworking, thus guaranteeing business continuity.

The Board approves material investments in information technology and security, as set out in the annual budget, according to the Company's business needs.

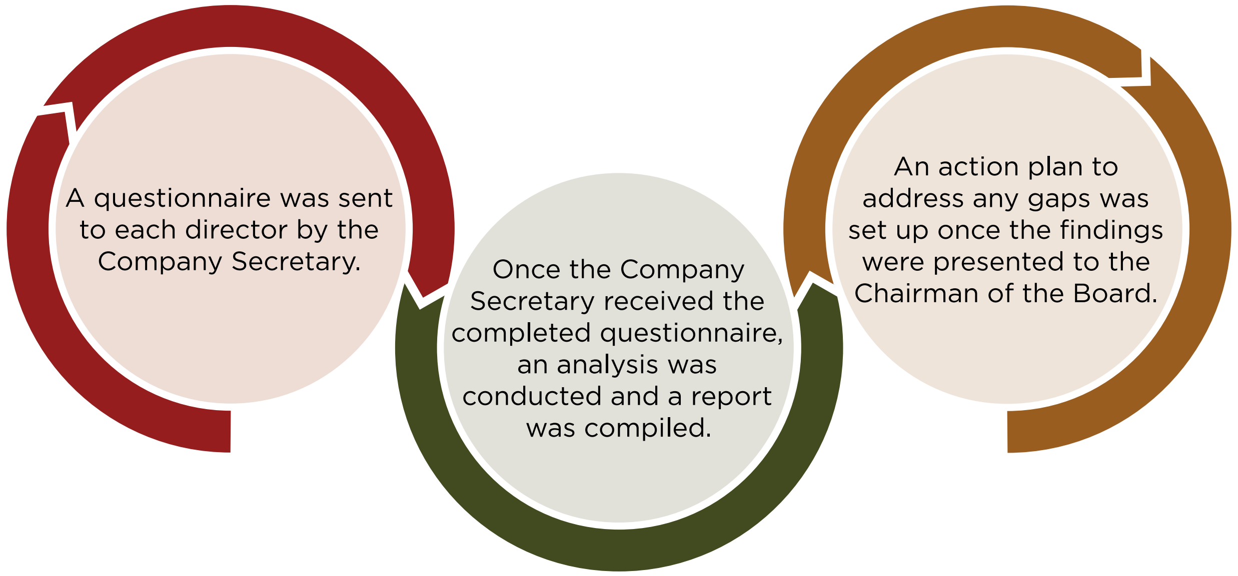
In December 2021, the Board approved the 'Data Protection/Information Security Policy' to address the IT and cyber security requirements of the business. For confidentiality and security reasons, the 'Data Protection/Information Security Policy' has not been published on the website of the Company.

CORPORATE GOVERNANCE REPORT

1.3.8 Board performance review

As part of its yearly exercise, Lavastone carried out a review of the performance of the Board and its committees for the year under review. A questionnaire was circulated to all directors to obtain their views on the effectiveness of the Board, to assess their contribution to the Board's performance and to identify areas of improvement.

The Board evaluation process was undertaken in three stages:



The Board evaluation review concluded that no material concern had been identified and that all Board members were fully committed to furthering the Company's objectives.

Lavastone believes that a review of its directors would help in bringing healthier Board dynamics and continuous improvements in its decisions making process. Thus, in an endeavor to continue to have broader adoption of good governance practices, Lavastone will carry an evaluation of its directors during the next financial year end 30 September 2024.

1.3.9 Directors' remuneration

The Executive director is not remunerated for serving on the Board of the Company or its committees. His remuneration package as an employee of the Company, including performance bonuses, is in accordance with market rates.

The remuneration of non-executive directors consists of a mix of attendance and retainer fees and are aligned with market norms. Non-executive directors have not received remuneration in the form of share options or bonuses associated with organisational performance.

The remuneration of the executive and non-executive directors is reviewed and recommended for approval to the Board on an annual basis, by the Corporate Governance Committee. The non-executive directors are not paid any performance bonuses and there are no long-term incentive plans in force within the Company.

The remuneration paid to executive and non-executive directors and/or committee members is set out in the table on page 73.

1.4 Shareholders and other key stakeholders

1.4.1 Holding structure

Lavastone Ltd is a public company limited by shares. Its shareholding structure as at 30 September 2022 is as follows:

1.4.2 Distribution of shareholders as at 30 September 2023

To the best of the directors' knowledge, the share ownership analysis per holding percentage and categories of shareholders as at 30 September 2023, is as follows:

Spread	Number of shareholders	Number of shares held	% holding
1 - 50,000	2,840	19,899,016	2.92
50,001 - 100,000	148	10,590,597	1.56
100,001 - 250,000	112	17,602,960	2.59
250,001 - 500,000	52	18,397,161	2.70
500,001 - 1,000,000	25	16,264,020	2.39
Over 1,000,000	38	597,769,556	87.84
Total	3,215	680,523,310	100

1.4.3 Spread of shareholders as at 30 September 2023

Category	Number of shareholders	Number of shares held	% holding
Individuals	2,901	80,094,202	11.77
Assurance and Insurance	21	67,679,279	9.95
Pension and Provident	51	69,756,906	10.25
Investment and Trust	39	425,997,879	62.60
Other corporate bodies	203	36,995,044	5.43
Total	3,215	680,523,310	100

1.4.4 Contract between the Company and its substantial shareholders

There is no shareholders' agreement affecting the governance of the Company by the Board for the year under review.

CORPORATE GOVERNANCE REPORT

1.4.5 Communication with shareholders and stakeholders

Communication with shareholders and stakeholders has been mainly through the Annual Report, the published unaudited results, the AMS, dividends declarations, press communiqués and the website. The Lavastone website comprises an "Investor Centre" section which includes information on audited financial statements, interim and final dividends, corporate announcements amongst others, as well as the digital version of the Company's annual report. Moreover, shareholders and stakeholders requesting information can post their queries in the "Investor Inquiry" section of the website.

The external stakeholders of the Company, namely its customers, suppliers, shareholders, the Government/regulators and the public, are reached via social media platforms like Facebook and LinkedIn, as well as through advertisements. As and when required, focus groups are held with clients to assess their expectations from the Company. Regular channels of communication are also maintained with the Government/regulators.

In addition, shareholders are invited annually to the AMS, to approve the financial statements and vote on the (re)appointment of directors and the external auditor. The AMS for the year 2023 was held in February 2023. The Company's next AMS is scheduled in February 2024 and shareholders will receive the notice of the AMS at least 21 days prior to the meeting, in accordance with the law.

The annual report, which also includes the notice of annual meeting, is published in full on the Company's website: https://www.lavastone.mu.

1.5 Internal Control, Internal Audit And Risk Management

The Company's internal control and risk management framework, and the key risks and steps taken to manage them, are detailed on pages 56 to 67.

The internal audit function is outsourced to SmarTree Consulting Ltd, which provides independent and objective assurance on the adequacy and effectiveness of the system of internal controls, which have been put in place to manage the significant risks of the business down to an acceptable level.

In line with good governance principles, internal auditors report to the Risk Management & Audit Committee on a quarterly basis. The RMAC approves the Risk-Based Internal Audit plan and evaluates the effectiveness of the Internal Audit function. Moreover, key audit findings are reported to the Board and reports are shared with Board members and senior management. In discharging its duties, the Internal Audit function has unrestricted access to all documents, key personnel and management staff.

All audit activities are performed in accordance with the International Standards for the Professional Practice of Internal Auditing, as provided by the Institute of Internal Auditors (IIA).

During the year under review, areas covered by SmarTree Consulting Ltd were:

- Debtors' Management, Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT), Data Protection and Procure to pay

The General Manager of SmarTree Consulting Ltd is Ms Aurelie Sevene, who is ACCA qualified. The qualifications of Ms Aurelie Sevene and other key members of SmarTree Consulting Ltd are listed on its website: https://smartreeconsulting.com.

1.6 External Audit

The external auditor of the Company is BDO & Co Ltd (BDO), first appointed as external auditor at the AMS held on 10 July 2020 in replacement of Ernst and Young following a tender issued by the RMAC in January 2020. BDO has been re-appointed as the external auditor by the shareholders of Lavastone at the annual meetings held in March 2021, February 2022 and February 2023 respectively.

The RMAC discusses critical policies, judgements and estimates, and external audit issues with BDO as and when necessary, and meets them at least once a year without management being present.

The RMAC assesses the effectiveness of the external audit process via feedback received from the management team. Areas of improvement are thereafter discussed with external auditors.

For the year under review, the fees paid to external auditors for non-audit work are set out on page 81. To guarantee objectivity and independence, the Board ensures the team providing non-audit services is different from the one providing audit services.

1.7 Risk Management

Several factors may affect Lavastone's operations, financial performance and growth prospects. Although property is often considered a low-risk asset over the long-term, significant short- and medium-term risk factors are inherent in such asset classes. The Company's performance may be materially and adversely affected by changes in the market and/or economic conditions, and by changes in laws and regulations (including any tax laws and regulations) relating to, or affecting, the Company or the interpretation of such laws and regulations.

One of the commitments of the Board of Lavastone is to establish a robust framework of risk oversight and management, to identify, assess, monitor and manage potential setbacks related to the Company's activities.

Risk management forms an integral part of the Company's culture as it is fully embedded into the day-to-day management and operation of the business.

The Company's internal control and risk management framework, and the key risks and steps taken to manage them, are detailed on pages 56 to 67.

1.8 Reporting with Integrity

This report has been prepared in line with the principles set out by the International Framework established by the International Integrated Reporting Council (IIRC). It provides key information which enables the assessment of the strategy, business model, operating context, material risks and opportunities, governance and operational performance of Lavastone Properties for the period 1 October 2022 to 30 September 2023.

1.9 Corporate Social Responsibility

Lavastone Properties CSR activities are channelled through the Taylor Smith Foundation, which works in collaboration with different NGOs operating in deprived areas of Mauritius and Rodrigues Island.

The Taylor Smith Foundation focuses on the following areas:

1. Education and Youth
2. Empowerment of Women
3. Sports
4. Protection of the environment

CORPORATE GOVERNANCE
REPORT

1.10 Company Secretary

Cim Administrators Ltd, through its representative Mr Tioumitra (Ambrish) Maharahaje, provides corporate secretarial services to Lavastone Ltd and its subsidiaries. The Company Secretary is responsible for ensuring that Board processes and procedures are followed and that all Board decisions are implemented. All directors have access to the advice and services of the Company Secretary who ensures compliance with all applicable rules and regulations for the conduct of the affairs of the Board.

1.10.1 A brief profile of Ambrish is as set out below:

Ambrish was appointed as Chief Operating Officer of Cim Group in December 2019. His journey with Cim Group started in 2014 as Company Secretary and was subsequently appointed as Head of Corporate Affairs in 2016, a function comprising of Communications & Investor Relations and Company Secretarial services.

Prior to working for Cim Group, Ambrish was successively Corporate Manager, Legal Compliance at Rogers and Company Limited and Executive Secretary at the Mauritius Institute of Directors.

He is recognised as an Associate of The Chartered Governance Institute (previously the Institute of Chartered Secretaries and Administrators (UK) (ICSA)) and holds a BSc in Management from the University of Mauritius

1.11 Number of Employees and Key Senior Officers & Executives

The Group currently has a lean organisational structure, with all 50 full-time employees regrouped under Lavastone Services Ltd. Lavastone Services Ltd is the company overlooking business development and the day-to-day management of the Group's activities, together with project appraisals.

The profiles of the key senior officers and executives are listed on page 17.

1.12 Other Matters

1.12.1 Related party transactions

Please refer to page 77 of the annual report.

1.12.2 Management agreements

The Company has management contracts with Cim Administrators Ltd for the provision of company secretarial services, and with Raw IT Services Ltd for the management of the Group's IT infrastructure.

1.12.3 Dividend policy

An interim dividend is usually declared in May and paid in June, and a final dividend is declared in December and paid in January. The payment of dividends is subject to the net profits of the Company, its cash flow and its needs, with regard to the capital expenditure.

1.12.4 Donations

The Company did not make any political donations during the year under review.

Tioumitra Maharahaje

For Cim Administrators Ltd
Company Secretary

15 December 2023

OTHER STATUTORY DISCLOSURES

(Pursuant to Section 221 of the Mauritius Companies Act 2001)

Activity of the Company

The activities of Lavastone are disclosed on pages 24 to 25.

Group structure with activities of subsidiaries

The Group structure of Lavastone has been disclosed on pages 18 and 19.

Directors' remuneration

The remuneration of directors who have held office as at 30 September 2023 has been disclosed on page 73.

Directors' interest in shares

The interests of the directors in the shares of Lavastone as at 30 September 2023 are listed on page 73.

Particulars of entry in the interest register

An Interest Register, which is updated on an annual basis, is maintained by the Company Secretary. Any disclosure of interest as required under the Mauritius Companies Act 2001 is recorded in the Interest Register, which is available for inspection during normal office hours upon written request made to the Company Secretary.

Directors of Subsidiary companies

The list of directorship of Subsidiary companies as at 30 September 2023 are listed on page 150.

Audit fees as at 30 September 2023

For the year under review, the fees incurred for audit services by the Company and each of its subsidiary were as follows:

	Group		Company	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
COMPANY	Audit Fees		Audit Fees	
Lavastone Ltd	350,000	585,000	350,000	585,000
Lavastone Properties Ltd	525,000	225,000		
Edith Cavell Properties Ltd	170,000	85,000		
South West Safari Group Ltd	90,000	75,000		
BH Property Investments Limited	90,000	125,000		
B59 Ltd	90,000	55,000		
Lavastone Services Ltd	55,000	45,000		
Compagnie Valome Ltee	55,000	45,000		
Total	1,425,000	1,240,000	350,000	585,000

	Group		Company	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
COMPANY	Non Audit Fees		Non Audit Fees	
Lavastone Ltd	-	75,000	-	75,000

The external auditors have not carried out non-audit activities for the Company and its subsidiaries during the year under review.

CORPORATE GOVERNANCE REPORT

Donations

During the year under review, no political donations were made by Lavastone Ltd and its subsidiaries. Moreover, as at 30 September 2023, Lavastone and some of its subsidiaries contributed the following amount to CSR activities:

Company	Donations (MUR)
The Company	139,516
Lavastone Properties Ltd	2,427,584
Lavastone Services Ltd	118,536
Total	2,685,636

Directors' service contracts

None of the directors of the Company and its subsidiaries have service contracts that need to be disclosed under Section 221 of the Companies Act 2001.

Major Transactions

During the year under review, neither the Company nor its subsidiaries had carried out any major transaction under Section 130 (2) of the Companies Act 2001.

SECRETARY'S CERTIFICATE

In my capacity as Company Secretary of Lavastone Ltd (the "Company"), I hereby confirm that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies, for the financial year ended 30 September 2023, all such returns as are required of the Company under the Companies Act 2001.

Tioumitra Maharahaje

For Cim Administrators Ltd
Company Secretary

15 December 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS AND INTERNAL CONTROL

The directors are responsible for the preparation of financial statements, which give a true and fair view of the financial position, financial performance and cash flows of the Company. In so doing, they are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the provisions of the Companies Act 2001 and the International Financial Reporting Standards (IFRS), and explain any material departure thereto;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue its business in the foreseeable future.

The directors are also responsible for the proper maintenance of accounting records, which disclose, at any time and with reasonable accuracy, the financial position and performance of the Company. They are also responsible for maintaining an effective system of internal control and risk management, for safeguarding the assets of the Company and for taking all reasonable steps to prevent and detect fraud and other irregularities.

The directors acknowledge they have exercised their responsibilities as described above, and confirm they have complied with the above requirements in preparing the financial statements for the year ended 30 September 2023. They also acknowledge the responsibility of external auditors to report on these financial statements and to express an opinion as to whether they are fairly presented.

The directors confirm they have established an internal audit function and report that proper accounting records have been maintained during the year ended 30 September 2023. They also declare nothing has come to their attention which could indicate any material breakdown in the functioning of internal control systems and have a material impact on the trading and financial position of the Company.

On behalf of the Board

Colin Taylor

Non-Executive Director and Chairman

Nicolas Vaudin

Executive Director and Managing Director

15 December 2023

ENDGAME ANALYSIS
FINANCIAL STATEMENTS

Devising the right gambits
for improved profitability

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Lavastone Ltd (the "Company") and its subsidiaries (together the "Group"), and the Company's separate financial statements set out on pages 94 to 149 which comprise the consolidated and separate statements of financial position as at 30 September 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2023, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Consolidated and Separate Financial Statements section* of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of Investment Properties

Key Audit Matter

The Group has investment properties of Rs 3.84bn as at 30 September 2023. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value with the corresponding changes in fair values being recognised in the consolidated statement of profit or loss in accordance with IAS 40 Investment Property. The fair value gains on the *investment properties* for the year ended 30 September 2023 amounted to Rs 76.2m.

The fair values of the investment properties are determined by an external independent valuation specialist using valuation techniques which involve significant judgements and assumptions. Inappropriate estimates made in the fair valuation of investment properties may result in a significant impact on the results and on the carrying amount of the properties.

As a result, the valuation of investment properties has been identified to be a key audit matter due to the significant judgements and estimates involved and its significance on the consolidated financial statements.

Related Disclosure

Refer to notes 3(f) (accounting policies), note 5 (significant accounting judgements, estimates and assumptions) and note 15 (Investment properties) of the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF LAVASTONE LTD

Report on the audit of the Consolidated and Separate Financial Statements (cont'd)

Key Audit Matters (cont'd)

1. Valuation of Investment Properties (cont'd)

Audit Response

Our procedures in relation to the valuation of investment properties are described below:

- We assessed the design and implementation of the key controls relating to the valuation of investment properties;
- We have obtained, read and understood all the reports from the external independent valuation specialist;
- We assessed the qualifications, competence, capabilities and objectivity of the external independent valuation specialist;
- We engaged with our Corporate Finance specialist team to ensure the valuation process, valuation methodology used, inputs to the model and the significant judgements and assumptions applied , including yields and capitalisation rates are appropriate and reasonable;
- We tested the data inputs against supporting documentation to ensure it is accurate, reliable and reasonable;
- We discussed with the external independent valuation specialist and challenged the key assumptions comprising the discount rates and capitalisation rates adopted in the valuation;
- We benchmarked and challenged the key assumptions to external industry data and comparable property valuation;
- Where recent transaction price has been used for valuing remaining plot of bare land, we have recomputed the value based on latest sales price;
- We tested the mathematical accuracy of the underlying calculations used in the valuation models;
- We ensured that the measurement basis for the valuation and valuation methods used were in accordance with International Financial Reporting Standards; and
- We evaluated whether disclosures in the financial statements in respect of valuation of investment properties were in accordance with the requirements of International Financial Reporting Standards, including disclosure on significant inputs and sensitivity analysis.

2. The Company - Impairment Assessment of Investment in Subsidiaries

Key Audit Matter

As at 30 September 2023, the Company's investment in subsidiaries amounted to Rs 1.26bn. In the Company's separate financial statements, investment in subsidiaries is carried at cost less impairment in accordance with IAS 27 Separate Financial Statements. At each reporting date, when there is indication of impairment based on management assessment the recoverable amount of the subsidiaries is determined in line with the requirements of IAS 36 Impairment of Assets. An impairment loss arises when the recoverable amount is less than the carrying amount of the investment in subsidiaries and is recognised in profit or loss.

The recoverable amount is the higher of the value in use and fair value less costs of disposal. The determination of the recoverable amounts involves a high level of judgement and estimates, particularly when Discounted Cash Flow (DCF) valuations are used in arriving at the recoverable amount.

We focused on this area due to the significance of the investment in subsidiaries on the Company's assets and because the Company's determination of the recoverable amount of investment in subsidiaries involves significant assumptions and judgements about the future results of the business and the discount rates applied to future cash flow forecasts.

Related disclosure

Refer to note 3(t) (accounting policy on investment in subsidiaries), note 5 (significant accounting judgements, estimates and assumptions) and note 21 (Investment in Subsidiaries) of the accompanying financial statements.

Report on the audit of the Consolidated and Separate Financial Statements (cont'd)

Key Audit Matters (cont'd)

Audit Response

Our audit procedures include the following:

- We assessed the design and implementation of the key controls relating to management's impairment assessment of the investment in subsidiaries;
- We compared the carrying amount of the investments held for each investee companies with the net asset value of the respective subsidiaries to identify whether there was any impairment indication;
- For investment in subsidiaries where impairment indicators were identified, we compared the carrying amount of the investments with the recoverable amount of these subsidiaries based on discounted cash flow forecasts provided by management;
- We obtained, understood, evaluated and challenged the composition of management's cash flow forecasts and the process by which they were developed;
- We tested the mathematical accuracy of the underlying calculations of the cash flow forecasts provided by management;
- We assessed the reliability of cash flow forecasts through a review of actual performance compared to previous forecasts;
- We assessed the reasonableness of the key assumptions used in the cash flow forecasts such as growth rates and discount rate; and
- We also assessed the adequacy of the disclosures made in the financial statements in accordance with the requirements of International Financial Reporting Standards.

3. Assessment of Expected Credit Loss on Receivables from Related Parties

Key Audit Matter

As at 30 September 2023, the Company had receivables from related parties amounting to Rs 1.2bn. Receivables from related parties are measured at amortised cost less expected credit loss allowance in accordance with IFRS 9 *Financial Instruments.*

IFRS 9 requires the Company to recognise expected credit loss (ECL) on financial assets measured at amortised cost, which involves significant judgement and estimates to be made by the Company.

Given the significant judgements and estimates involved in the determination of ECL on receivables from related parties and the significance of the amount of receivables from related parties on the Company's total assets, this audit area is considered a key audit matter.

Related disclosures

Refer to notes 3(n) and 3(q) (accounting policies), note 5 (significant accounting judgements, estimates and assumptions), note 6.1(b) (credit risk) and note 24 (Trade and other receivables) of the accompanying financial statements for details of the receivables from related parties.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF LAVASTONE LTD

Report on the audit of the Consolidated and Separate Financial Statements (cont'd)

Key Audit Matters (cont'd)

3. Assessment of Expected Credit Loss on Receivables from Related Parties (cont'd)

Audit Response

Our audit procedures included the following:

- We carried out discussions with management to understand the process around the ECL calculation;
- Obtained confirmations for amounts owed by related parties at the end of the reporting period;
- Discussed with management over future prospects of the Group and the Company;
- We ensured that the current impairment methodology is consistent with the requirements of IFRS 9 principles;
- We assessed the appropriateness of management's determination of credit risk and expected credit loss;
- We also examined management's estimate of future cash flows when determining recoverability of the amount receivable and assessed the reasonableness of the inputs included in the cash flow forecasts; and
- We reviewed the completeness and adequacy of the disclosures in the financial statements for compliance with IFRS 7 *Financial Instruments: Disclosures.*

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and 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 Group and the Company or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LAVASTONE LTD

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors,
- Conclude on the appropriateness of 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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate 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.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LAVASTONE LTD

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditor and dealings in the ordinary course of business.
- We have obtained all 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.

Mauritian Financial Reporting Act 2004

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

Other Matter

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

BDO & CO
Chartered Accountants
Port Louis,
Mauritius

Rookaya Ghanty, FCCA
Licensed by FRC

15 December 2023

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

		GROUP		COMPANY	
ASSETS	Notes	**2023**	2022	**2023**	2022
Non-current assets		**Rs 000**	Rs 000	**Rs 000**	Rs 000
Investment properties	15	**3,838,940**	3,672,802	**179,265**	177,265
Investment property under development	16	**282,575**	106,717	**-**	-
Net investment in lease	17	**5,523**	6,303	**-**	-
Plant, property and equipment	18	**20,404**	23,079	**-**	-
Intangible assets	19	**301**	426	**-**	-
Investment in subsidiaries	21	**-**	-	**1,261,223**	1,261,223
Investment in associate	20	**148,994**	142,626	**148,994**	150,000
Loan receivable	24	**68,824**	24,436	**254,597**	226,557
		4,365,561	3,976,389	**1,844,079**	1,815,045
Current assets					
Consumable biological assets	22	**5,987**	4,579	**-**	-
Inventory properties	23	**19,305**	69,557	**-**	-
Net investment in lease	17	**698**	681	**-**	-
Trade and other receivables	24	**64,336**	37,625	**907,495**	774,364
Income tax receivable	12	**6,216**	-	**-**	-
Cash in hand and at bank	25	**394,980**	80,028	**348,383**	4,919
		491,522	192,470	**1,255,878**	779,283
Total assets		**4,857,083**	4,168,859	**3,099,957**	2,594,328
EQUITY AND LIABILITIES					
Share capital and reserves					
Share capital	26	**1,721,081**	1,721,081	**1,721,081**	1,721,081
Capital and other reserves	26	**145,317**	131,053	**(13,974)**	(13,974)
Retained earnings		**979,082**	831,486	**377,715**	414,922
Equity attributable to equity holders of the parent		**2,845,480**	2,683,620	**2,084,822**	2,122,029
Non controlling interests		**361,438**	330,137	**-**	-
Total equity		**3,206,918**	3,013,757	**2,084,822**	2,122,029
Non-current liabilities					
Lease liabilities	31	**73,868**	73,803	**1,727**	1,900
Deferred tax liability	12	**86,809**	70,451	**-**	-
Retirement benefit obligations	28	**3,928**	3,590	**-**	-
Borrowings	27	**1,336,223**	786,349	**1,006,957**	408,672
		1,500,828	934,193	**1,008,684**	410,572
Current liabilities					
Trade and other payables	29	**107,182**	99,326	**6,074**	3,772
Lease liabilities	31	**3,469**	3,527	**261**	337
Contract liabilities	29	**2,991**	37,503	**-**	-
Income tax payable	12	**-**	9,566	**116**	1,414
Borrowings	27	**35,695**	14,783	**-**	-
Bank overdraft	25	**-**	56,204	**-**	56,204
		149,337	220,909	**6,451**	61,727
Total equity and liabilities		**4,857,083**	4,168,859	**3,099,957**	2,594,328

These financial statements have been approved for issue by the Board of Directors on 15 December 2023 and signed on its behalf by:

Colin Taylor
Non-Executive Director and Chairman

Nicolas Vaudin
Executive Director and Managing Director

The notes on pages 98 to 149 form an integral part of these financial statements.
Independent Auditor's report on pages 88 - 93

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2023

		GROUP		COMPANY	
	Notes	**2023**	2022	**2023**	2022
		Rs 000	Rs 000	**Rs 000**	Rs 000
Revenue					
Rental income		**253,438**	234,497	**2,176**	2,140
Recoveries		**42,451**	42,761	**-**	-
Other operating income		**9,944**	10,065	**-**	-
Sale of land		**99,236**	-	**-**	-
Total revenue	7(a)	**405,069**	287,323	**2,176**	2,140
Operating expenses	8	**(52,611)**	(50,866)	**(108)**	(123)
Morcellement costs	23	**(62,726)**	-	**-**	-
Net operational income		**289,732**	236,457	**2,068**	2,017
Investment and other income	7(b)	**-**	-	**-**	375,000
Administrative expenses	9	**(69,543)**	(67,271)	**(6,979)**	(9,190)
(Impairment losses)/Reversal of impairment losses	24(b)	**(3,072)**	3,947	**(12,611)**	(1,524)
Operating profit		**217,117**	173,133	**(17,522)**	366,303
Profit on disposal of investment properties		**-**	28,943	**-**	-
Other gains and losses	11	**102,575**	1,275	**2,000**	428
Share of results in associate	20	**(5,237)**	(4,282)	**-**	-
Profit before interest income and finance costs		**314,455**	199,069	**(15,522)**	366,731
Interest income	10(b)	**11,513**	1,755	**63,718**	22,503
Net finance (costs)/income	10(a)	**(79,457)**	8,003	**(40,464)**	(13,782)
Profit before tax		**246,511**	208,827	**7,732**	375,452
Income tax expense	12	**(30,108)**	(28,616)	**(705)**	(1,079)
Profit for the year		**216,403**	180,211	**7,027**	374,373
Other comprehensive income					
Items that will be reclassified to profit or loss:					
Foreign exchange difference on retranslation		**14,264**	-	**-**	-
Items that will not be reclassified to profit or loss:					
Remeasurement of post employment benefit obligations	28	**(622)**	(702)	**-**	-
Total comprehensive income, net of tax		**230,045**	179,509	**7,027**	374,373
Attributable to:					
Equity holders of the parent		**206,094**	172,200		
Non-controlling interests		**23,951**	7,309		
Basic/diluted earnings per share (Rs)	13	**0.28**	0.25		

The notes on pages 98 to 149 form an integral part of these financial statements.
Independent Auditor's report on pages 88 - 93

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2023

GROUP	Notes	Share capital	Retained earnings	Capital and other reserves	Total	Non controlling interests	Total equity
		Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October 2022		**1,721,081**	**831,486**	**131,053**	**2,683,620**	**330,137**	**3,013,757**
Profit for the year		-	192,452	-	192,452	23,951	216,403
Other comprehensive income for the year		-	(622)	14,264	13,642	-	13,642
Total comprehensive income for the year		-	191,830	14,264	206,094	23,951	230,045
Dividend	13(b)	-	(44,234)	-	(44,234)	-	(44,234)
Non controlling interests on acquisition of subsidiary		-	-	-	-	7,350	7,350
At 30 September 2023		**1,721,081**	**979,082**	**145,317**	**2,845,480**	**361,438**	**3,206,918**
At 1 October 2021	40	1,721,081	698,873	131,053	2,551,007	325,787	2,876,794
Profit for the year		-	172,588	-	172,588	7,623	180,211
Other comprehensive income for the year		-	(388)	-	(388)	(314)	(702)
Total comprehensive income		-	172,200	-	172,200	7,309	179,509
Dividend	13(b)	-	(27,221)	-	(27,221)	-	(27,221)
Changes in ownership interest in subsidiaries that do not result in a loss of control			(12,366)		(12,366)	(2,959)	(15,325)
At 30 September 2022		**1,721,081**	**831,486**	**131,053**	**2,683,620**	**330,137**	**3,013,757**

COMPANY	Notes	Share capital	Retained earnings	Capital and other reserves	Total
		Rs 000	Rs 000	Rs 000	Rs 000
At 1 October 2022		**1,721,081**	**414,922**	**(13,974)**	**2,122,029**
Profit for the year		**-**	**7,027**	**-**	**7,027**
Total comprehensive income		**-**	**7,027**	**-**	**7,027**
Dividend	13(b)	**-**	**(44,234)**	**-**	**(44,234)**
At 30 September 2023		**1,721,081**	**377,715**	**(13,974)**	**2,084,822**
At 1 October 2021		1,721,081	67,770	(13,974)	1,774,877
Profit for the year		-	374,373	-	374,373
Total comprehensive income		-	374,373	-	374,373
Dividend	13(b)	-	(27,221)	-	(27,221)
At 30 September 2022		1,721,081	414,922	(13,974)	2,122,029

The notes on pages 98 to 149 form an integral part of these financial statements.
Independent Auditor's report on pages 88 - 93

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

		GROUP		COMPANY	
	Notes	**2023**	2022	**2023**	2022
Operating activities		**Rs 000**	Rs 000	**Rs 000**	Rs 000
Profit before tax		**246,511**	208,827	**7,732**	375,452
Adjustments for:					
Provision for loss allowance	24(b)	**3,072**	(3,947)	**12,611**	-
Foreign exchange (gain)/loss		**9,838**	(42,906)		
Share of results in associate	20	**5,237**	4,282	**-**	-
Amortisation of intangible assets	19	**125**	155	**-**	-
Depreciation	18	**3,821**	5,083	**-**	-
Dividend income	7(b)	**-**	-	**-**	(375,000)
Retirement benefit obligations		**338**	975	**-**	-
Interest income	10(b)	**(11,513)**	(1,755)	**(63,718)**	(22,503)
Interest expense		**69,619**	34,903	**38,067**	15,306
Other (gains) and losses	11	**(94,412)**	(371)	**(2,000)**	428
Movement in biological assets	11	**(1,408)**	(904)	**-**	-
Changes in working capital:					
Movement in inventory properties	23	**50,252**	(4,770)	**-**	-
Trade and other receivables		**(29,783)**	6,003	**(133,131)**	(214,004)
Trade and other payables		**(26,656)**	(17,005)	**2,301**	978
Cash generated from/(used in) operations		**225,041**	188,570	**(138,138)**	(219,343)
Income tax paid	12	**(28,120)**	(5,663)	**(2,002)**	(391)
Net cash generated from/(used in) operating activities		**196,921**	182,907	**(140,140)**	(219,734)
Investing activities					
Dividends received	7(b)	**-**	-	**-**	375,000
Loan granted	24	**(44,388)**	-	**(28,040)**	(202,121)
Interest received		**8,029**	-	**63,718**	22,503
Addition to investment properties	15,16	**(205,008)**	(121,578)	**-**	-
Addition through asset acquisition	15	**-**	(532,925)	**-**	-
Purchase of property, plant and equipment	18	**(1,146)**	(11,063)	**-**	-
Purchase of investment in associate	20	**(11,605)**	-	**(11,605)**	-
Purchase of investment in subsidiary	21	**(7,650)**	(15,325)	**-**	(31,990)
Proceeds from disposal of investment properties	15	**-**	341,847	**-**	-
Proceeds from disposal of assets held for sale		**-**	2,445	**-**	-
Net cash (used in)/from investing activities		**(261,768)**	(336,599)	**24,073**	163,392
Financing activities					
Loan received net of repayment	33	**548,110**	177,718	**598,285**	30,046
Lease liabilities payment	33	**(6,708)**	(6,121)	**(337)**	(338)
Interest paid	10(a)	**(66,905)**	(30,384)	**(37,979)**	(15,209)
Dividends paid to shareholders of company	13(b)	**(44,234)**	(27,221)	**(44,234)**	(27,221)
Net cash generated from/(used in) financing activities		**430,263**	113,992	**515,735**	(12,722)
Net increase/(decrease) in cash and cash equivalents		**365,416**	(39,700)	**399,668**	(69,064)
Cash and cash equivalents at 1 October		**23,824**	63,209	**(51,285)**	17,779
Effect of foreign exchange rate changes		**5,740**	315	**-**	-
Cash and cash equivalents at 30 September	25	**394,980**	23,824	**348,383**	(51,285)

The notes on pages 98 to 149 form an integral part of these financial statements.
Independent Auditor's report on pages 88 - 93

1. CORPORATE INFORMATION

Lavastone Ltd is a public company and listed on the Development & Enterprise Market ("DEM") of the Stock Exchange of Mauritius Ltd incorporated in Mauritius. The main activity of the Group is to hold investment properties and its registered office is at 1st Floor, EDITH, 6 Edith Cavell Street, Port Louis.

2. ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The consolidated financial statements comprise the financial statements of Lavastone Ltd and its subsidiaries ("the Group") as at 30 September 2023.

The consolidated and separate financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and complied with the Mauritian Companies Act 2001 and Mauritian Financial Reporting Act 2004.

The financial statements have been prepared on a historical cost basis, except that:

(i) investment property have been measured at fair value; and

(ii) consumable biological assets have been measured at fair value.

The consolidated financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs' 000), except where otherwise indicated. The consolidated financial statements provide comparative information in respect of the previous period.

Going concern

At 30 September 2023, the Group had net current assets of Rs Rs 342,185,000 (2022: net current liabilities of Rs 28,439,000). The Board of Directors, having considered the adequacy of the Group's funding and operating cash flows for at least the next 12 months from the reporting date, are satisfied that the financial statements are prepared on a going concern basis based on the future operations of the Group.

2.2. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Lavastone Ltd and its subsidiaries as at 30 September 2023.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of financial position and statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.2. BASIS OF CONSOLIDATION (CONTINUED)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property acquisitions and business combinations

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not determined to be an acquisition of a business, they are not treated as business combinations. Rather, they are treated as an asset acquisition. In such cases, the Company ("acquirer") identifies and recognises the individual identifiable assets acquired and liabilities assumed. The Company does not recognise any goodwill in an asset acquisition transaction. Acquisition related cost are capitalised.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combinations and goodwill (continued)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

(c) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(d) Foreign currencies

The Group's consolidated financial statements are presented in Mauritian rupees, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, liability, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) Income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates; and

(c) All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings are taken to equity.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an inventory property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation commences when: (1) the Group incurs expenditures for the asset; (2) the Group incurs borrowing costs; and (3) the Group undertakes activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs should be capitalised for construction of any qualifying assets.

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

(f) Investment properties

Investment properties comprises completed properties and properties under development (note 3(g)) or re-development that are held, or to be held, to earn rentals or for capital appreciation or both. Properties held under an operating lease is classified as investment properties when they are held to earn rentals, rather than for sale in the ordinary course of business or for use in production or administrative functions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties (continued)

Investment properties comprises principally offices, commercial warehouse and retail properties that are not occupied substantially for use by, or in the operations of, the Group, 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 properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment properties held under a lease) initial leasing commissions to bring the properties to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment properties are stated at fair values, which reflect market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties 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 values reported in the financial statements are:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments
- Adjusted accordingly, if a valuation obtained for a property is net of all payments expected to be made. Any recognised lease liability is added back.

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

Investment properties is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control) 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. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

(g) Investment properties under development

Investment properties under development are assets that are being constructed or developed for future use as investment properties. Investment properties under development are measured at fair value through profit or loss. In the event that the fair value of an investment property under construction is not reliably determinable but can be reliably determinable when construction is completed, that investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed. When the investment property under development is completed, there is a transfer from investment properties under development to investment properties at fair value at the date of transfer. Any difference between the fair value at the date of transfer and it previous carrying amount is recognised in profit or loss.

(h) Inventory properties

Inventory properties is principally made up of property previously held as investment property which has been transferred on evidence of change in use being start of development in view of sale. Inventory property is measured at the lower of cost and net realisable value (NRV).

Principally, this is residential property that the Group develops and intends to sell before, or on completion of, development.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cost incurred in bringing each property to its present location and condition includes:

- Freehold rights for land
- Amounts paid to contractors for development
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related cost

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

(i) Cash and cash equivalents

Cash in hand and at bank in the statement of financial position comprise cash at banks and on hand, bank overdraft and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets:

Plant and Machinery and motor vehicles	3 to 5 years

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. IFRS 16 requires certain adjustments to be expensed, while others are added to the cost of the related right-of-use asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

The Group earns revenue from acting as a lessor mainly from operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. In addition, the Group 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. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term, 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. Accrued rental income is the aggregate difference between the scheduled rents which vary during the lease term and the income recognized on a straight-line basis.

(k) Rent receivable

Rent receivable is recognised at fair value and subsequently measured at amortised cost.

(l) Revenue recognition

The Group's key sources of income include: rental income, services to tenants and sale of completed property and inventory property. The accounting for each of these elements is discussed below.

i) Rental income

The Group earns revenue from acting as a lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term 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.

ii) Revenue from services to tenants

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. These agreements include certain services offered to tenants (i.e., customers) including CAM services (such as cleaning, security, landscaping. The consideration charged to tenants for these services includes fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue recognition(continued)

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Group allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis.

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

The consideration charged to tenants for these services is based on a percentage of the rental income.

The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis. For more information, please refer to note 5-significant accounting judgements, estimates and assumptions.

(iii) Revenues from the sale of completed inventory property

The Group enters into contracts with customers to sell properties. Inventory property relates to land parcels which are being developed by the Group. Revenue will be recognised at a point in time when development is completed, and the land parcels are delivered to clients.

The sale of completed property constitutes a single performance obligation and the Group has determined that is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer.

Payments are received when legal title transfers which is usually within two months from the date when contracts are signed.

The Group assesses, at each reporting date, whether the carrying amount of inventory properties exceeds the remaining amount of consideration that the entity expects to receive in exchange for the residential development less the costs that relate directly to completing the development and that have not been recognised as expenses. For more information, please refer to note 5-significant accounting judgements, estimates and assumptions.

(m) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in profit or loss as incurred. Depreciation is calculated on the straight-line method to write off the cost of assets to their residual values over their estimated useful lives as follows:

The annual rates used are:

Equipment	2% - 5%
Motor vehicles	10% - 25%

Depreciation methods

The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Trade and other receivables

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Revenue earned from property development activities, but yet to be billed to customers, is initially recognised as contract assets and reclassified to trade receivables when the right to consideration becomes unconditional. Refer to the accounting policies on financial assets in this note for more information.

The trade receivables are presented in the statement of financial position under 'Trade and other trade receivables'. For more information, see Note 24.

(o) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in OCI or in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

- When 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 accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, when 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, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition 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, branches and associates and interests in joint arrangements, 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 utilised.

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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Taxes (continued)

Deferred tax (continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if there is new information about changes in facts and circumstances. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of certain properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment properties over time, rather through sale (note 5).

(p) Fair value measurements

The Group measures non-financial assets such as investment properties (note 15) and biological assets (note 22) at fair value at each balance sheet date.

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 by the Group at the measurement date.

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 Group 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 at fair value on a recurring basis, the Group 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Fair value measurements (continued)

For the purpose of fair value disclosures, the Group 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.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Accounting policy disclosures
- Disclosures for valuation methods, significant estimates and assumptions
- Investment properties and biological assets
- Quantitative disclosures of fair value measurement hierarchy.

(q) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group 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. As the Group's rent and other trade receivables do not contain a significant financing component or for which the Group has applied the practical expedient, they are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group'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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss (derivative financial instruments)
- Financial assets at amortised cost (loan receivable, trade and other receivables and cash in hand and at bank)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial instruments – initial recognition and subsequent measurement (Continued)

Financial Assets (continued)

Financial assets at amortised cost. For purposes of subsequent measurement, the Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

Since the Group's financial assets (loan receivable, trade and other receivables and cash in hand and at bank) meet these conditions, they are subsequently measured at amortised cost.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

Impairment of financial assets

Impairment provision for expected credit losses of trade receivables and contract assets is recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of trade receivables is assessed. This probability is then multiplied by the amount of expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables which is reported net, such provisions are recorded in a separate provision account with the loss being recognised within profit or loss. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those for which credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial instruments – initial recognition and subsequent measurement (Continued)

Impairment of financial assets (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group and the Company determine that a financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data: significant financial difficulty of the debtor, a breach of contract such as a default or being past due the agreed credit term or it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Financial Liabilities

Initial recognition and measurement

The Group's financial liabilities comprise interest-bearing loans and borrowings, lease liabilities and trade and other payables.

Financial liabilities are classified, at initial recognition, at fair value and net of directly attributable transaction costs. Refer to the accounting policy on leases for the initial recognition and measurement of lease liabilities, as this is not in the scope of IFRS 9. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement

For the purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate (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.

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.

Offsetting of financial instruments

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

(r) Share Capital

Ordinary Shares are classed as equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's in other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'impairment loss on associates' in profit or loss. Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Separate financial statements

Investment in associate in the separate financial statements of the Company is carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(t) Investment in subsidiaries

Subsidiaries are those entities controlled by the Company. Control is achieved when the Company is exposed to, or has right to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity.

Separate financial statements

Investments in subsidiaries in the separate financial statements of the Company are carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Consumable Biological Asset

Consumable biological assets represent animals on hunting grounds and are stated at fair value less costs to sell. The fair value is measured as the expected net cash flows from the sale of the deer less cost to sell. The changes in fair value less cost to sell of the consumable biological assets is recognised in the statement of profit or loss.

(v) Retirement benefit obligations

Gratuity on retirement

For employees that are not covered under any pension plan, the net present value of gratuity on retirement payable under Workers' Rights Act 2019 is calculated independently by a qualified actuary, AON Hewitt Ltd. The expected cost of these benefits is accrued over the service lives of employees on a similar basis to that for the defined benefit plan. The amount due per year of service is 15 days remuneration based on a month of 26 days (15/26). The Group makes Portable Retirement Gratuity Fund contribution ("PRGF") contribution in line with the Workers' Right Act 2019.

Defined contribution plans

Employees in the Group are under a defined contribution scheme, the assets of which are held and administered by an independent fund administrator. All new employees of the Group from that date become members of the defined contribution plan. Payments by the Company to the defined contribution retirement plan are charged as an expense as they fall due.

(w) Amalgamation reserve

Common control transactions fall outside the scope of IFRS 3 Business combinations because there is no change in control over the assets by the ultimate parent. As a result, the Company adopted accounting principles like the pooling-of-interest method based on the predecessor values. The assets, liabilities and reserves of the transferor company are recorded by the transferee company at their existing carrying amounts. The difference between the purchase consideration and the equity interest acquired is presented as a separate amalgamation reserve within equity.

(x) Segmental reporting

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

(c) for which discrete financial information is available.

The Group's business segments consist of core business (which is holding properties for capital appreciation) and development of residential units for sale. Most of its activity is performed in Mauritius.

(y) Other income

Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when the Board of Directors of the investees declare the dividend.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amendments to published Standards effective in the reporting period

IFRS 1 First-time Adoption of International Financial Reporting Standards

Annual Improvements to IFRS Standards 2018– 2020: Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture. The amendments have no impact on the Group's financial statements.

IFRS 3 Business Combinations

Reference to the Conceptual Framework: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments have no impact on the Group's financial statements.

IFRS 9 Financial Instruments

Annual Improvements to IFRS Standards 2018– 2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. The amendments have no impact on the Group's financial statements.

IAS 16 Property, Plant and Equipment

Property, Plant and Equipment: Proceeds before Intended Use: The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments have no impact on the Group's financial statements.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts—Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making. The amendments have no impact on the Group's financial statements.

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, 2023 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:

Effective date January 1,2023

IFRS 17 Insurance contracts

IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts. The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims. Insurance contracts are required to be measured based only on the obligations created by the contracts. An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums. This standard replaces IFRS 4 – Insurance Contracts.

IAS 1 Presentation of Financial Statements

Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Standards, Amendments to published Standards and Interpretations Issued but not yet effective (continued)

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.

IAS 12 Income Taxes

Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

International Tax Reform - Pillar Two Model Rules: The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

Effective date January 1, 2024

IAS 1 Presentation of Financial Statements

Classification of Liabilities as Current or Noncurrent: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

Non-current Liabilities with Covenants: Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

IFRS 16 Leases

Lease Liability in a Sale and Leaseback: The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

IAS 7 Statement of Cash Flows & IFRS 7 Financial Instruments: Disclosures

Supplier Finance Arrangements: The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Effective date January 1, 2025

IAS 21 The Effects of Changes in Foreign Exchange Rates

Lack of Exchangeability: The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The effective date of this amendment has been deferred indefinitely until further notice

IFRS 10 Consolidated Financial Statements

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

IAS 28 Investments in Associates and Joint Ventures

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

Management will apply the standards, amendments to published Standards and Interpretations issued but not yet effective, if relevant, in future periods. No material impact is expected on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. 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 Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Leases

The Group applied the following judgements that significantly affect the determination of the amount and timing of income from lease contracts:

Determination of the lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Group enters into lease agreements that contain options to terminate or to extend the lease. These options are generally exercisable after an initial period of 4 to 6 years. At commencement date, the Group (supported by the advice of the independent valuation expert) determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Group takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee's operations. In many cases, the Group does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Group has a lease contract for the use of office space that includes an extension and a termination option. The Group applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or to terminate (e.g construction of significant leasehold improvements or significant customisation to the leased asset). Refer to note 31 for disclosure on the lease liabilities of the Group.

Property lease classification – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial properties, that it retains substantially all the risks and rewards incidental to ownership of the properties (except for property as per note 17) and accounts for the contracts as operating leases. Refer to note 36 for disclosure on operating lease commitments of the Group as a lessor.

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Determination of performance obligations*

In relation to the services provided to tenants of investment property (such as cleaning, security, landscaping, reception services, catering) as part of the lease agreements into which the Group enters as a lessor, the Group has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consumes the benefits provided by the Group.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Judgements (Continued)

Leases (continued)

Revenue from contracts with customers (continued)

- *Principal versus agent considerations – services to tenants*

The Group arranges for certain services provided to tenants of investment property included in the contract the Group enters into as a lessor, to be provided by third parties. The Group has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints and it is primarily responsible for the quality or suitability of the services. In addition, the Group has discretion in establishing the price that it charges to the tenants for the specified services. Therefore, the Group has concluded that it is the principal in these contracts. In addition, the Group has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and at the same time, consume the benefits from these services.

- *Determining the timing of revenue recognition on the sale of property*

The Group has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract and legal advice from the Group's external counsel. The Group has generally concluded that contracts relating to the sale of completed property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied. For contracts relating to the sale of property under development, the Group has generally concluded that the over time criteria are not met and, therefore, recognises revenue at a point in time. These consist mostly of parcels of land being sold once relevant permits have been obtained. Note 7(a) and Note 7(b) detail the Group's revenue and other income for the year.

Deferred taxation on investment property

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment property that is measured using the fair value model, the directors have reviewed the Company's investment property and have concluded that the Company's Investment property is held under a business model whose objective is to consume substantially all of the economic benefits embodies in the investment property over time, rather than through sale, hence rebutting the sale presumption. As a result, the Company has recognised deferred taxes on changes in fair value of the investment property.

Estimates and assumptions

The key assumptions concerning 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, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investment properties

The fair value of investment property is determined by independent real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 Fair Value Measurement. Investment properties are measured based on estimates prepared by independent real estate valuation experts. The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in Note 15. Investment properties under development, Note 16.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Judgements (Continued)

Estimates and assumptions (Continued)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables, loan receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The Group's ECL provision is set out in Note 24.

Estimation of net realisable value for inventory properties

At year end, the Group holds inventory property with a carrying value of Rs 19,305,000 (2022: Rs 69,557,000). Inventory property, as set out in note 23, is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for property in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

6. FINANCIAL RISK MANAGEMENT

Whilst risk is inherent in normal activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and control, and to monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. The Board recognises the critical importance of having efficient and effective risk management policies and systems in place. To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board, executives and senior management. Individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

6.1 Financial risk factors

A description of the significant risk factors is given below together with the risk management policies applicable. The Group's activities expose it to a variety of financial risks, which consist of market risks, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Written principles have been established throughout the Group for overall risk management.

(a) Market Risk

Market risk include foreign currency risk and interest rate risk.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. The following table demonstrate the sensitivity to a reasonably possible change in interest rates based on historical observations, with all other variables held constant, of the Group's and the Company's profit before tax.

	GROUP		COMPANY	
	2023	2022	**2023**	2022
Net Exposure	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Increase of 0.5% in interest rates	**(15,918)**	(4,006)	**(11,958)**	(1,736)
Decrease of 0.5% in interest rates	**15,918**	4,006	**11,958**	1,736

Foreign Exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in foreign exchange rates.

	GROUP		COMPANY	
Financial Asset	**2023**	2022	**2023**	2022
IN EUR	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Total financial asset	**22,398**	30,799	**475**	3,744
IN USD	**Rs 000**	Rs 000		
Total financial asset	**-**	21,515	**-**	-
Financial Liabilities	**2023**	2022	**2023**	2022
IN EUR	**Rs 000**	Rs 000		
Total financial liabilities	**297,856**	453,905	**-**	-

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Financial risk factors (Continued)

(a) Market Risk (Continued)

Sensitivity analysis on financial assets and financial liabilities at end of period. To note that the 0.5% sensitivity analysis has been based on historical observations.

	GROUP		COMPANY	
	2023	2022	**2023**	2022
Net Exposure	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Increase of 0.5% in EUR/MUR exchange rate	**(1,377)**	(2,115)	**2**	19
Decrease of 0.5% in EUR/MUR exchange rate	**1,377**	2,115	**(2)**	(19)
	Rs 000	Rs 000	**Rs 000**	Rs 000
Increase of 0.5% in USD/MUR exchange rate	**-**	108	**-**	-
Decrease of 0.5% in USD/MUR exchange rate	**-**	(108)	**-**	-

(b) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its trade and other receivables and cash and cash equivalent.

Trade and other receivables

The Group manages and control its credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. The Group has policies in place to ensure that credit facilities are granted to customers with appropriate credit history. Credit facilities to customers are monitored and the Group identifies defaults and recovers amounts due according to its policies.

Credit quality of a customer is assessed based on internally defined criteria including the financial position of the counterparties and the business sector they operate. Outstanding customer receivables are regularly monitored. The Group's receivables include amounts due from related entities which are disclosed in note 24. The maximum exposure to credit risk at the reporting date equals the carrying amount of the respective financial assets.

The Group adopted a simplified approach to assess the allowance for expected credit loss on its financial assets. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. Customer type). The provision matrix is initially based on the Group's historical observed default rates.

The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

According to IFRS 9, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Group has rebutted this presumption due to the availability of reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due. At 30 September 2023, the impairment losses on trade receivables was Rs 6,802,000 (2022: Rs 3,730,000). The impairment losses reflect the increase in credit risk on the financial assets of the Group since initial recognition. The aged analysis of trade receivables is disclosed in Note 24.

With respect to cash and cash equivalents, the Group's exposure to credit risk arises from the default of the counter party with a maximum exposure equal to the carrying value of the instrument of Rs 394,980,000 (2022: Rs 23,824,000) for the Group and Rs 348,383,000 (2022: Rs (51,285,000)) for the Company. Cash at banks are held with reputable financial institutions.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Financial risk factors (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of credit facilities to settle amounts that fall due. The Group aims at maintaining flexibility in funding by keeping committed credit lines available and monitors its cash flow though forecasting tools.

The Group's/Company's financial liabilities are classified into relevant maturity based on the remaining year at the end of the reporting year to the contractual maturity date.

The maturity of the Group's and Company's financial liabilities is:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade and other payables				
On demand	**107,181**	99,326	**6,074**	3,772
Borrowings				
Variable				
3 to 12 months	**35,695**	14,783	**-**	-
Between 1 to 5 years	**507,546**	786,349	**347,228**	408,672
Over 5 years	**275,712**	-	**-**	-
Fixed				
3 to 12 months	**28,222**	-	**28,222**	-
Between 1 to 5 years	**648,019**	-	**648,019**	-
Lease liabilities				
3 to 12 months	**6,947**	6,708	**337**	337
Between 1 to 5 years	**25,655**	25,655	**1,617**	1,900
Over 5 years	**114,432**	121,140	**323**	-
	1,749,409	1,053,961	**1,031,820**	414,681

6.2 Capital management

The primary objective of the Group's capital management is to maximise shareholders' value. The Group aim at distributing an adequate dividend whilst ensuring that sufficient resources are maintained to continue as a going concern and for expansion.

The Group and the Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The ratio of net debt to equity is used to monitor capital and the ratio is kept at a reasonable level. For the purpose of capital management, net debt consists of borrowings net of cash and cash equivalent. Equity consists of stated capital, retained earnings and other reserves. There were no changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Capital management (Continued)

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Borrowings (note 27)	**1,371,918**	801,132	**1,006,957**	408,672
Lease liabilities (note 31)	**77,337**	77,330	**1,988**	2,237
Less: cash and cash equivalents (note 25)	**(394,980)**	(23,824)	**(348,383)**	51,285
Total borrowings net of cash	**1,054,275**	854,638	**600,562**	462,194
Total Equity	**3,206,918**	3,013,757	**2,084,822**	2,122,029
Debt to equity ratio	**32.9%**	28.4%	**28.8%**	21.8%

6.3 Categories of financial instruments

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs 000	Rs 000	**Rs 000**	Rs 000
Financial assets		Amortised cost		
Net investment in lease	**6,221**	6,984	**-**	-
Loan receivable	**68,824**	24,436	**254,597**	226,557
Trade and other receivables	**59,058**	32,676	**906,994**	773,804
Cash in hand and at bank	**394,980**	80,028	**348,383**	4,919
Total financial assets	**529,083**	144,124	**1,509,974**	1,005,280
Financial liabilities		Amortised cost		
Interest bearing borrowings	**1,371,918**	801,132	**1,006,957**	408,672
Lease liabilities	**77,337**	77,330	**1,988**	2,237
Trade and other payables	**97,682**	89,626	**6,074**	3,772
Total financial liabilities	**1,563,356**	968,088	**1,015,135**	416,095

Prepayments of Rs5.3m (2022: Rs4.9m) and provisions of Rs9.5m (2022: Rs 9.7m) have been excluded from trade and other receivables balance and trade and other payables balance respectively.

7. REVENUE AND OTHER INCOME

(a) Total revenue

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
	Rs 000	Rs 000	**Rs 000**	Rs 000
Rental income and recoveries	**295,889**	277,258	**2,176**	2,140
Other operating income	**9,944**	10,065	**-**	-
Sale of land	**99,236**	-	**-**	-
	405,069	287,323	**2,176**	2,140

Disaggregation of revenue from contract with customers

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
Over time:	**Rs 000**	Rs 000	**Rs 000**	Rs 000
Other operating income	**9,944**	10,065	**-**	-
Recoveries	**42,451**	61,392	**-**	-
Revenue from contracts with customers	**52,395**	71,457	**-**	-
At a point in time:				
Sale of land	**99,236**	-	**-**	-
Total revenue from contracts with customers	**151,631**	71,457	**-**	-

The period of leases whereby the Group leases out its properties under operating lease is more than 1 year. Revenue is recognised over the life of the operating leases. Refer to note 35 for minimum lease rentals receivable under non-cancellable operating lease.

Other operating income pertains to other expenses such as water and electricity recharged to tenants. These expenses form part of the lease contract with the tenants. Revenue from contract with customers occur over time.

Sale of land relates to sale of inventory properties, that is, morcellement plots.

(b) Other Income

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
	Rs 000	Rs 000	**Rs 000**	Rs 000
Dividend income	**-**	-	**-**	375,000
	-	-	**-**	375,000

8. OPERATING EXPENSES

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
	Rs 000	Rs 000	**Rs 000**	Rs 000
Direct operating expenses				
Property and centre management fees	**971**	1,157	**-**	-
Syndic fees	**8,484**	7,950	**-**	-
Security fees	**7,651**	8,701	**-**	-
Utilities	**8,019**	8,397	**-**	-
Repairs and maintenance	**13,595**	11,913	**-**	-
	38,720	38,118	**-**	-
Indirect operating expenses				
Depreciation	**6,378**	4,903	**-**	-
Amortisation of intangible assets (Note 19)	**125**	155	**-**	-
Rent (Note 31)	**1,778**	1,775	**-**	-
Taxes and licences	**1,808**	2,135	**108**	123
Others	**3,802**	3,780	**-**	-
	13,891	12,748	**108**	123
Total operating expenses	**52,611**	50,866	**108**	123

"Others" consist primarily of insurance costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

8. OPERATING EXPENSES (CONTINUED)

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
	Rs 000	Rs 000	**Rs 000**	Rs 000
Operating expenses segregated as:				
Expenses arising from investment property that generate rental income	**49,493**	47,839	**-**	-
Expenses arising from investment property that did not generate rental income	**3,118**	3,027	**108**	123
	52,611	50,866	**108**	123

9. ADMINISTRATIVE EXPENSES

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
	Rs 000	Rs 000	**Rs 000**	Rs 000
Legal and professional fees	**6,980**	6,058	**2,211**	2,640
Marketing fees	**4,066**	3,694	**-**	-
Staff costs	**48,743**	46,282	**2,127**	2,333
IT expenses	**2,932**	1,872	**34**	34
Others	**6,822**	9,365	**2,607**	4,183
	69,543	67,271	**6,979**	9,190

Included in staff costs is an amount of Rs 2.86m (2022: Rs 2.97m) pertaining to contribution towards a defined contribution plan managed by Rogers Pension Fund.

10. (a) NET FINANCE (INCOME)/COST

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
	Rs 000	Rs 000	**Rs 000**	Rs 000
Interest on bank loans and overdrafts	**66,905**	30,384	**37,979**	15,209
Effect of exchange difference	**9,838**	(42,906)	**(111)**	(1,963)
	76,743	(12,522)	**37,868**	13,246
Interest on lease liabilities	**2,714**	4,519	**88**	97
Interest expense on loan from holding company	**-**	-	**2,508**	439
Net finance (income)/cost	**79,457**	(8,003)	**40,464**	13,782

(b) INTEREST INCOME

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
	Rs 000	Rs 000	**Rs 000**	Rs 000
Finance income	**(11,513)**	(1,755)	**(63,718)**	(22,503)
Total interest income	**(11,513)**	(1,755)	**(63,718)**	(22,503)

11. OTHER GAINS AND LOSSES

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	Rs 000	Rs 000	Rs 000	Rs 000
Increase/(Decrease) in fair value of investment properties	76,216	(16,938)	2,000	428
Effect of straight lining	26,030	17,309	-	-
Increase in fair value of biological assets	1,408	904	-	-
Gain on deferred consideration	6,755	-	-	-
Provisions	(7,834)	-	-	-
	102,575	1,275	2,000	428

12. INCOME TAX

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	Rs 000	Rs 000	Rs 000	Rs 000
(a) Income tax expense				
Income tax charge/(credit) on the adjusted profit/(loss) for the year at 15% (2022: 15%)	11,001	17,959	622	952
Overprovision of income tax in previous years	-	543	-	-
Deferred tax (d)	16,358	8,190	-	-
Under/(Over)provision of deferred tax in previous years	-	-	-	-
Corporate Social responsibility tax (2%)	2,749	1,924	83	127
	30,108	28,616	705	1,079

(b) The tax on the Group and Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	Rs 000	Rs 000	Rs 000	Rs 000
Profit before tax	246,511	208,827	7,732	375,452
Tax calculated at a rate of 15% (2022: 15%)	36,977	31,324	1,160	56,318
Corporate Social responsibility adjustment	4,930	4,177	155	7,509
Income not subject to tax*	(25,424)	(10,368)	(9,227)	(66,951)
Expenses not deductible for tax purposes**	21,416	5,090	8,617	4,203
Overprovision in previous years	-	543	-	-
Under/(Over)provision of deferred tax in previous years	-	-	-	-
Utilisation of tax losses	(7,791)	-	-	-
Deferred tax not recognised	-	(2,150)	-	-
	30,108	28,616	705	1,079

* Income not subject to tax purpose comprise of dividend income from companies incorporated in Mauritius and also includes the partial exemption on interest income.

** Expenses not deductible comprise of numerous expenses incurred by the Group which are not allowable under the tax act.

12. INCOME TAX (CONTINUED)

(c) Current tax liabilities

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October	9,566	2,559	1,414	726
Charge during the year	11,001	17,959	622	952
Paid during the year	(20,851)	(5,663)	(1,853)	(237)
Overprovision in previous year	(1,412)	(89)	-	-
Tax deducted at source	(7,269)	(7,124)	(149)	(154)
Corporate social responsibility	2,749	1,924	83	127
At 30 September	(6,216)	9,566	117	1,414

(d) Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2022: 17%).

The movement in deferred tax liability during the period is as follows:

	GROUP			
Deferred tax liability/(asset)	Tax losses	Fair value gains (*Note 1)	Accelerated tax depreciation	Total
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October 2021	(5,256)	26,226	41,291	62,261
Charged to profit or loss	(1,064)	4,701	4,358	7,995
Credited to other comprehensive income	-	195	-	195
At 1 October 2022	(6,320)	31,122	45,649	70,451
(Credited)/charged to profit or loss	(10,674)	(33,089)	60,121	16,358
At 30 September 2023	(16,994)	(1,967)	105,770	86,809

Note 1: Fair value gains includes movements on retirement benefit obligations and investment properties.

Unused tax losses of the Group that have not been recognised as deferred tax asset amounted to Rs 79.7m (2022: Rs 40.3m). Deferred tax asset has not been recognised in respect of these losses due to the unpredictability of future profit streams to utilise these losses. Deferrred tax liability arose on the investment properties.

	GROUP	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
2023	-	-
2024	-	5,813
2025	10,306	7,522
2026	10,642	7,051
2027	21,866	19,924
2028	36,857	-
	79,672	40,310

13. (a) EARNINGS PER SHARE

	GROUP	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
Profit attributable to equity shareholder (Rs 000)	206,094	172,200
Number of ordinary shares	680,523,310	680,523,310
	Rs	Rs
Basic/diluted earnings per share (Rs)	0.28	0.25

13. (b) DIVIDEND

	GROUP AND COMPANY	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
Dividend paid	44,234	27,221
Interim dividend per share (Rs)	0.025	0.02
Final dividend per share (Rs)	0.045	0.04
Total dividend per share (Rs)	0.070	0.06

14. SEGMENTAL REPORTING

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss in the consolidated financial statements.

Revenue from four major customers accounted for Rs 195.5m of the Group's total revenue (excluding sale of land) for the year ended 30 September 2023. For the year ended 30 September 2022, four major customers accounted for Rs 168.9m of the Group's total revenue. Core business revenue is detailed below:

Customers

	GROUP	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
Customer A	60,580	47,465
Customer B	46,860	44,869
Customer C	46,120	38,570
Customer D	41,890	38,007
	195,450	168,912

14. SEGMENTAL REPORTING (CONTINUED)

Business segment

30 September 23	Core Business	Residential development	TOTAL
	Rs'000	Rs'000	Rs'000
Revenue	305,833	99,236	405,069
Cost and others			
Property operating expenses	(46,108)	-	(46,108)
Depreciation and amortisation	(6,503)	-	(6,503)
Other gains and losses	26,359	-	3,459
Increase in fair value of investment properties	53,316	22,900	99,116
Share of results in associates	(5,237)	-	(5,237)
Morcellement costs	-	(62,726)	(62,726)
Segment profit	327,660	59,410	387,070
Administrative expenses	(68,477)	(1,066)	(69,543)
Reversal of impairment losses	(3,072)	-	(3,072)
Net finance income/(cost)	(78,169)	(1,288)	(79,457)
Finance income	11,513	-	11,513
Profit before tax	189,455	57,056	246,511
Income tax charge	(30,108)	-	(30,108)
Profit for the year	159,347	57,056	216,403
Segment assets			
Non-current assets	4,216,568	-	4,216,568
Investment in associate	148,994	-	148,994
Inventory property	-	19,305	19,305
Other assets	466,000	-	466,000
Total assets	4,831,562	19,305	4,850,867
Segment liabilities			
Loans and borrowings	1,371,918	-	1,371,918
Current liabilities	53,753	56,898	110,651
Contract liabilities	-	2,991	2,991
Other non-current liabilities	164,605	-	164,605
Total liabilities	1,590,276	59,889	1,650,165
Additions:			
Investment properties	28,581	-	28,581
Investment properties under development	176,427	-	176,427
Property, plant and equipment	1,146	-	1,146

ABOUT LAVASTONE
THE PLAYERS (LEADERSHIP TEAM)
PRECISION PLAY (PERFORMANCE REPORT)
SETTING THE BOARD (STRATEGIC REPORT)
PROACTIVE DEFENSE (RISK MANAGEMENT REPORT)
CORPORATE GOVERNANCE REPORT
FINANCIAL STATEMENTS

14. SEGMENTAL REPORTING (CONTINUED)

30 September 22	Core Business	Residential development	TOTAL
	Rs'000	Rs'000	Rs'000
Revenue	287,323	-	287,323
Cost and others			
Property operating expenses	(45,808)	-	(45,808)
Depreciation and amortisation	(5,058)	-	(5,058)
Other gains and losses	18,213	-	18,213
(Decrease)/increase in fair value of investment properties	(37,248)	20,310	(16,938)
Share of results in associates	(4,282)	-	(4,282)
Profit on disposal of investment properties	28,943	-	28,943
Segment profit	242,083	20,310	262,393
Administrative expenses	(66,205)	(1,066)	(67,271)
Impairment losses	3,947	-	3,947
Finance income	3,043	(1,288)	1,755
Finance costs	8,003	-	8,003
Profit before tax	190,871	17,956	208,827
Income tax charge	(28,616)	-	(28,616)
Profit for the year	162,255	17,956	180,211
Segment assets			
Non-current assets	3,951,953	-	3,951,953
Investment in associate	24,436	-	24,436
Inventory property	-	69,557	69,557
Other assets	122,913	-	122,913
Total assets	4,099,302	69,557	4,168,859
Segment liabilities			
Loans and borrowings	801,132	-	801,132
Current liabilities	111,725	56,898	168,623
Contract liabilities	-	37,503	37,503
Other non-current liabilities	147,844	-	147,844
Total liabilities	1,060,701	94,401	1,155,102
Additions:			
Investment properties	61,047	-	61,047
Investment properties under development	60,531	-	60,531
Property, plant and equipment	11,063	-	11,063

15. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 October	**3,672,802**	2,899,451	**177,265**	177,835
Right of use assets (Note 30)	**-**	15,740	**-**	-
Additions	**28,581**	61,047	**-**	
Acquisition through asset acquisition	**-**	532,925	**-**	-
Disposals	**-**	(341,847)	**-**	-
Reclassification from investment property under development (Note 16)	**569**	505,115	**-**	-
Straight lining accrued rental income	**26,030**	17,309	**-**	-
Increase/(decrease) in fair value	**76,216**	(16,938)	**2,000**	(570)
Movement due to foreign exchange	**34,742**	-	**-**	-
At 30 September	**3,838,940**	3,672,802	**179,265**	177,265

Investment properties held to earn rentals or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value annually. Changes in fair values are included in profit or loss in the year in which they arise.

Lessees across the Group are required, through relevant clauses in lease agreements, to compensate the Group when a property has been subjected to excess wear-and-tear during the lease term.

During the financial year ended 30 September 2022, the Group acquired 100% of shares of BH Property Investments Ltd where the main asset is Absa House. The final purchase consideration was Rs 207.3m. The Company reckoned among its assets, immovable property valued at Rs 513.7m and leasehold rights valued at Rs 16.3m. Based on its judgement, management deemed this transaction to be an asset acquisition (note 3(a)).

Valuation method

(a) The Group's valuation policies and procedures for the investment property valuations are determined by Management. Each year, Management recommends the appointment of an independent external valuer, subject to the approval of the Risk and Management Audit Committee, for the external valuations of the Group's investment properties for disclosure in the annual financial statements.

The Group's investment properties were accounted for at their fair value based on a valuation done during the year by CDDS Land Surveyors and Property Valuer, an independent chartered valuer who has a recognised and relevant professional qualification and numerous years of experience in locations and categories of the investment properties being valued.

At each year end, all valuations of investment properties by the external valuer are analysed by Management. For this analysis, major inputs applied and year-on-year movements are considered by Management

Details of the Group's and Company's investment properties are as follows:

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
	Rs 000	Rs 000	**Rs 000**	Rs 000
Land & building	**2,390,231**	2,362,453	**-**	-
Land	**1,381,030**	1,242,670	**179,265**	177,265
Right of Use Asset	**67,679**	67,679	**-**	-
	3,838,940	3,672,802	**179,265**	177,265

15. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques

The different methods used are:

i) Market comparison approach

ii) Discounted cash flow method (DCF method).

b) For properties with development potential (land), the market comparison approach has been used. The main input used in the valuation pertains to price per square metre. The comparative method of valuation involves the assessment of the space based on comparison of land in close proximity to the property.For the market comparison approach, an insignificant discount rate has been used to value the properties.

For properties which are being rented out on full capacity, the DCF method has been used.

Under the DCF method, the 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, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

Main assumptions and significant unobservable inputs used in the valuation of the properties under the DCF method are

Exit yield	7.5% - 9.5%
Discount rate	9.3%-13.5%
Market rental growth	5% - 7%
Expense growth	5.00%
DCF period	5 years

Significant increases/(decreases) in estimated rent growth per annum in isolation would result in a significantly higher/(lower) fair value of the property. Significant increases/(decreases) in the discount rate, expense growth and terminal yield would result in a significantly lower/(higher) fair value.

Sensitivity analysis on Investment Properties at End of Period

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
Increase due to 0.5% decrease in discount rate	**45,273**	30,820	**207**	900
Decrease due to 0.5% increase in discount rate	**(45,273)**	(30,820)	**(207)**	(900)

For the market comparison approach, an insignificant discount rate has been used to value the properties.

The fair value of land is classified in level 2 of the fair value hierarchy as it has been valued using observable market data but there is no active market while the fair value of land and buildings that are rented out is classified in level 3 of the fair value hierarchy as it has been valued by management using the DCF technique. There were no transfers made between hierarchy levels.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

15. INVESTMENT PROPERTIES (CONTINUED)

The movements in the opening balance and closing balance of the investment properties categorised within level 2 and level 3 of the fair value hierarchy during the year are as follows:

GROUP	2023		
	Level 2	**Level 3**	**Total**
	Rs 000	**Rs 000**	**Rs 000**
At 1 October	1,310,349	2,362,453	**3,672,802**
Additions	-	29,150	**29,150**
Disposal	-	-	**-**
Straight lining of revenues	-	26,030	**26,030**
Fair value movement	138,360	(62,144)	**76,216**
Movement due to foreign exchange	-	34,742	**34,742**
At 30 September	**1,448,709**	**2,390,231**	**3,838,940**

	2022		
	Level 2	**Level 3**	**Total**
	Rs 000	**Rs 000**	**Rs 000**
At 1 October	1,361,953	1,537,498	**2,899,451**
Additions	15,740	1,099,087	**1,114,827**
Disposal	-	(341,847)	**(341,847)**
Straight lining of revenues	-	17,309	**17,309**
Fair value movement	(67,344)	50,406	**(16,938)**
At 30 September	**1,310,349**	**2,362,453**	**3,672,802**

COMPANY	Level 2	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
At 1 October	**177,265**	177,835
Additions	**-**	-
Fair value movement	**2,000**	(570)
At 30 September	**179,265**	177,265

Some of the investment properties are subject to fixed and floating charges in favour of lenders for borrowings taken by the Group.

Rental income from the investment properties amounted to Rs 253,438,000 (2022 Rs 234,497,000) for the Group and Rs 2,176,000 (2022 Rs 2,140,000) for the Company (Note 7(a)).

16. INVESTMENT PROPERTY UNDER DEVELOPMENT

	GROUP	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
At 1 October	**106,717**	551,301
Capital expenditure	**176,427**	60,531
Transfer to investment property (Note 15)	**(569)**	(505,115)
At 30 September	**282,575**	106,717

16. INVESTMENT PROPERTY UNDER DEVELOPMENT (CONTINUED)

Investment property under development includes an asset in progress in Splendour Investment (Rodrigues) Ltd valued at cost of Rs 15m at 30 September 2023.

The investment property under development has been maintained at cost and will be carried to fair value following the full completion of project since its fair value could not be reliably measured for partial completion of the project. The cost has been determined by external quantity surveyor. At reporting date, management determined the cost to approximate fair value given that its fair value could not be reliably determined at partial completion of the project. The investment property under development is classified as level 3 under the fair value hierarchy.

17. NET INVESTMENT IN LEASE

	GROUP	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
At 1 October	**6,984**	7,409
Repaid	**(763)**	(424)
At 30 September	**6,221**	6,984

Maturity analysis of lease payments	GROUP	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
Within one year	**698**	681
After one year but not more than five years	**3,092**	3,011
More than 5 years	**2,431**	3,292
	6,221	6,984

18. PLANT, PROPERTY AND EQUIPMENT

		Motor vehicles		
	Equipment	Right of use	Own	Total
GROUP	Rs 000	Rs 000	Rs 000	Rs 000
Cost				
At 1 October 2021	**16,425**	**3,158**	**1,433**	**21,016**
Transfers				-
Additions	2,007	8,999	57	11,063
At 1 October 2022	**18,432**	**12,157**	**1,490**	**32,079**
Additions	912	-	234	1,146
At 30 September 2023	**19,344**	**12,157**	**1,724**	**33,225**
Depreciation				
At 1 October 2021	**2,586**	**907**	**425**	**3,918**
Charge for the year	2,555	1,585	942	5,082
At 1 October 2022	**5,141**	**2,492**	**1,367**	**9,000**
Charge for the year	2,401	1,252	168	3,821
At 30 September 2023	**7,542**	**3,744**	**1,535**	**12,821**
Net Book Value as at 30 September 2023	**11,634**	**7,615**	**1,155**	**20,404**
Net Book Value as at 30 September 2022	13,291	9,665	123	23,079

Depreciation charge has been charged in direct operating expenses and has been recognised as part of Profit or loss.

Refer to note 30, leases for additional notes regarding right of use asset under plant, property and equipment.

19. INTANGIBLE ASSETS

	Computer software
GROUP	**Rs 000**
Cost	
At 1 October 2021	2,003
Additions	-
At 30 September 2022	2,003
Additions	-
At 30 September 2023	**2,003**
Amortisation	
At 1 October 2021	1,422
Charge for the year	155
At 30 September 2022	1,577
Charge for the year	**125**
At 30 September 2023	**1,702**
Net Book Value as at 30 September 2023	**301**
Net Book Value as at 30 September 2022	426

20. INVESTMENT IN ASSOCIATE

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 October	**142,626**	146,908	**150,000**	150,000
Additions	**11,605**	-	**11,605**	-
Impairment	**-**		**(12,611)**	
Share of results in associate	**(5,237)**	(4,282)	**-**	-
At 30 September	**148,994**	142,626	**148,994**	150,000

Details of investment in associate				30-Sep-23	30-Sep-22
Name	**Country of incorporation**	**Activity**	**Class of shares held**	**Proportion of ownership interest**	Proportion of ownership interest
Victoria Station Ltd	**Mauritius**	**Property**	**Ordinary Shares**	**29.01%**	29.01%

The directors believe that investment in Victoria Station Limited is fairly stated.

The above associated company is accounted for using the equity method in the consolidated financial statements.

Victoria Station Ltd ("VSL") was incorporated on 31 January 2019 and its reporting date is 30 June. VSL is involved in the leasing of both retail and office rental spaces at Victoria Station in Port Louis. VSL's activities are strategic to Lavastone Ltd's activities as they are concentrated in the real estate sector.

For the purposes of applying the equity method of accounting, the financial statements of Victoria Station Ltd for the year ended 30 June 2023 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 30 September 2022.

20. INVESTMENT IN ASSOCIATE (CONTINUED)

The table below presents a summary of financial information in respect of Victoria Station Ltd.

	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
Current assets	64,054	62,747
Non current assets	2,191,144	1,970,141
Current liabilities	(45,372)	(24,731)
Non current liabilities	(1,696,230)	(1,516,514)
Proportion of Group's ownership	148,994	142,626
Equity attributable to other shareholders	364,602	349,018
Revenue	180,148	60,133
Total comprehensive loss for the period	(18,053)	(14,760)
Group's share of loss for the period of the associated company	(5,237)	(4,282)
Group's share of loss for previous period for the associated company	-	-
Group's total share of loss in associate	(5,237)	(4,282)

Dividend income from the associates for the reporting period is Nil.

21. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
At 1 October	1,261,223	1,229,233
Amalgamation adjustment	-	-
Additions	-	31,990
At 30 September	1,261,223	1,261,223

Investment in subsidiaries were assessed for impairment at 30 September 2023. Since the recoverable amount of each investment was higher than their carrying amount, no impairment loss was recorded.

Details of investment in subsidiaries

Name	Activity	Class of shares held	Stated Capital Rs000	30-Sep-23 Indirect proportion of ownership interest	30-Sep-22
Le Morne Development Corporation Ltd	Property	Ordinary	47,025	29.0%	29.0%
*Splendour Investment (Rodrigues) Ltd (Note 1)	Property	Ordinary	5	51.0%	0.0%
Pier9 Ltd	Property	Ordinary	1	54.82%	54.82%
La Jetee Ltd	Property	Ordinary	1	54.82%	54.82%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

21. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Activity	Class of shares held	Stated Capital Rs000	30-Sep-23 Indirect proportion of ownership interest	30-Sep-22
Lavastone Properties Ltd	Property	Ordinary	450,000	100%	100%
Belle Mare SPV Ltd	Property	Ordinary	36,000	100%	100%
B59 Ltd	Property	Ordinary	1	100%	100%
Edith Cavell Properties Ltd	Property	Ordinary	176,231	100%	100%
San Paolo Ltd	Property	Ordinary	28,052	59.18%	59.18%
Le Morne Development Corporation Ltd	Property	Ordinary	47,025	31.00%	31.00%
South West Safari Group Ltd	Property	Ordinary	321,354	54.82%	54.82%
Compagnie Valome Ltee	Property	Ordinary	-	100%	100%
*BH Property Investments Ltd (Note 1)	Property	Ordinary	0.1	100%	100%
Lavastone Services Ltd (formerly Lochiel Property Services Ltd)	Property and Facility Management	Ordinary	275	100%	100%

All the subsidiaries listed above are incorporated in Mauritius.

* Note 1: During the financial year ended 30 September 2023, Compagnie Valome Ltee acquired 2,550,000 ordinary shares in Splendour Investment (Rodrigues) Ltd for Rs7.7m. Management deemed this transaction to be an asset acquisition (Note 3(a)). In the year ended 30 September 2022, Lavastone Ltd acquired 100 ordinary shares in BH Property Investments Limited.

The Group structure is set out on page 18 of the annual report.

MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	30-Sep-23	30-Sep-22
Le Morne Development Corporation Ltd ("LMDC")	Mauritius	40%	40%
South West Safari Group Ltd ("SWSG")	Mauritius	45%	45%

	30-Sep-23	30-Sep-22
Accumulated balances of material non-controling interest	Rs 000	Rs 000
Le Morne Development Corporation Ltd ("LMDC")	(122,651)	(121,875)
South West Safari Group Ltd ("SWSG")	(216,726)	(193,493)
Profit/(loss) allocated to material non-controlling interest		
Le Morne Development Corporation Ltd ("LMDC")	777	384
South West Safari Group Ltd ("SWSG")	23,229	5,267

No dividend was paid to non-controlling interest for this financial year (2022: nil)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

21. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised statement of profit or loss:

	30-Sep-23		30-Sep-22	
	SWSG	LMDC	SWSG	LMDC
	Rs 000	Rs 000	Rs 000	Rs 000
Revenue	2,648	3,717	785	1,551
Cost of sales	(705)	(170)	(716)	(156)
Administrative	(4,259)	(1,245)	(4,406)	(862)
Other gains and losses	24,308	(360)	21,214	7
Profit on sale of land	36,511	-	-	-
Finance cost	(7,088)	-	(5,219)	-
Profit before tax	51,415	1,942	11,658	540
Income tax	-	-	-	-
Profit for the year from continuing operations	51,415	1,942	11,658	540
Total comprehensive income	51,415	1,942	11,658	540
Attributable to non-controlling interests	23,229	777	5,267	384

Summarised statement of financial position:

	30-Sep-23		30-Sep-22	
	SWSG	LMDC	SWSG	LMDC
	Rs 000	Rs 000	Rs 000	Rs 000
Current assets	30,438	3,069	80,288	1,599
Non-current assets	486,672	325,460	486,787	325,100
Current liabilities	(4,348)	(3,501)	(40,872)	(2,111)
Non-current liabilities	(56,337)	5,465	(98,026)	-
Total equity	456,425	330,493	428,177	324,587
Attributable to:				
Equity holders of parent	250,212	95,843	-	94,130
Non-controlling interest	206,213	234,650	428,177	230,457

Summarised cashflow information:

	30-Sep-23		30-Sep-22	
	SWSG	LMDC	SWSG	LMDC
	Rs 000	Rs 000	Rs 000	Rs 000
Operating	41,753	1,785	(8,807)	457
Financing	(43,247)	-	13,139	(1,000)
Investing	998	-	(3,866)	-
Net increase/(decrease) in cash	(496)	1,785	466	(543)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

22. CONSUMABLE BIOLOGICAL ASSETS

	GROUP	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
At 1 October	4,579	3,675
Transfer to cost of sales	-	(1,819)
Profit arising from changes in fair value	1,408	2,723
At 30 September	5,987	4,579

The Group has leased hunting grounds together with livestock to a third party. The livestocks have been classified as consumable biological assets. The fair value of livestock is based on local prices of livestock of similar age, breed, and genetic merit in the principal (or most advantageous) market for the livestock.

An Increase/(decrease) in the following significant inputs would result in significantly higher/lower fair value as follows:

	Valuation technique	Significant input	Sensitivity
Livestock	Income approach	Price of deer (Rs250/kg)	5% increase in the price of deer would lead to an increase in fair value of Rs 299,375
		Average weight (34kgs)	5% increase in weight would increase the fair value by Rs 299,375

23. INVENTORY PROPERTIES

	GROUP	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
At 1 October	69,557	64,787
Development costs	12,474	4,770
Sale of land	(62,726)	-
At 30 September	19,305	69,557

The Group is involved in the development of residential property (land parcelling), which it sells in the ordinary course of business. During the year, upon receipt of the relevant permits from the authorities, the Group sold these properties at completion.

Balance of deposits received from customers in respect of the land parcelling projects amount to Rs 3.0m (2022: Rs 37.2m).

During the year, no write down was identified.

24. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	Rs 000	Rs 000	Rs 000	Rs 000
Trade and other receivables analysed as follows:				
Current				
Trade receivables	12,735	5,000	210	-
Amount owed by related parties	-	2,738	906,066	773,021
Prepayments	5,278	4,949	501	560
Income tax deducted at source receivable	11,559	2,510	68	133
Other receivables	27,414	22,428	650	650
Deposit on shares	7,350	-	-	-
	64,336	37,625	907,495	774,364
Non-current				
Loan receivable from related party	68,824	24,436	254,597	226,557

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group trades only with recognised, creditworthy customers. It is the Group's policy that all related parties who wish to trade on credit terms are subject to credit verification procedures. Amount owed by related parties were assessed for impairment under the expected credit losses model and no impairment was recognised. Credit risk of trade receivables is deemed low at recognition and no significant increase in credit risk noted at year end given the strong capacity of repayment of customers.

Loan receivable from related parties at Company level carry interest at 5.75%-8.65%, are unsecured and repayable on demand.

Rs 24.4m of the loan receivable carries interest at 6.0%, is unsecured and was repayable in November 2023. The loan was restructured with interest at 8.5% and repayment date November 2028. An additional Rs 34.4m was loaned by the Group to the same related party during the year, under the same terms. The total loan receivable from the related party was assessed for impairment under the expected credit losses model. Further to the restructure, the loan was not deemed to be credit-impaired, but a significant increase in credit risk was noted. The expected credit loss estimated was not material and no impairment loss has been recognised at year end. The carrying amount of the loan receivable approximates its fair value.

The Group also gave a new loan of Rs 10m to another related party. Interest rate is 6.75% and the repayment date is September 2026. The credit risk of the related party is deemed low at recognition, given a good capacity of repayment and no significant increase in credit risk was noted at year end.

Deposit on shares relates to an advance made by Compagnie Valome Ltee for an additonal stake (remaining 49% ordinary shares) in Splendour Investment (Rodrigues) Ltd.

(a) The ageing analysis of these trade receivables is as follows:

	GROUP	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
Current - Neither past due nor impaired	**10,515**	766
1 to 3 months - Past due but not impaired	**2,034**	4,063
Over 3 months - Past due and impaired	**186**	171
	12,735	5,000

(b) The carrying amount of trade and other receivables approximate their fair value due to their short term nature.

Trade receivables are non interest bearing and are generally on terms of 30 to 90 days.

Impairment losses

	GROUP	
	30-Sep-23	30-Sep-22
At 1 October	**3,730**	7,677
Impairment losses during the year/(Reversal of Impairment)	**3,072**	(3,947)
At 30 September	**6,802**	3,730

Impairment losses as at 30 September 2023 was Rs 6,802,000 and was deducted against the trade receivables balance as at 30 September 2023. The impairment losses of Rs 6,802,000 (2022: Rs 3,730,000) relates to trade receivables that were over 3 months past due both at 30 September 2023 and 30 September 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following:

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
	Rs 000	Rs 000	**Rs 000**	Rs 000
Cash in hand and at bank	**394,980**	80,028	**348,383**	4,919
Bank overdraft	**-**	(56,204)	**-**	(56,204)
	394,980	23,824	**348,383**	(51,285)

The bank overdraft facility accrued interest at 4.10% and the facility expired on 31 January 2023. There were no principal non-cash transactions during the year. In the prior year, the principal non-cash transactions related to the addition of investment in subsidiaries which were acquired through the capitalisation of current accounts with the subsidiaries.

26. (a) SHARE CAPITAL

	30-Sep-23		30-Sep-22	
GROUP AND COMPANY	**Number of shares**	**Rs 000**	Number of shares	Rs 000
Authorised, issued and fully paid ordinary share capital of no par value				
At 1 October	**680,523,310**	**1,721,081**	680,523,310	1,721,081
At 30 September	**680,523,310**	**1,721,081**	680,523,310	1,721,081

The rights attaching to the ordinary shares are as follows:

(a) Income: each holder of ordinary shares shall have the right to an equal share in dividends and other distributions made by the Company;

(b) Capital and surplus: each holder of ordinary shares shall have the right to an equal share in the repayment of the capital and the surplus assets of the Company upon liquidation; and

(c) Voting: each holder of the ordinary shares shall have the right to vote at meetings of Shareholders and on a poll to cast one (1) vote for each ordinary share held.

(b) CAPITAL AND OTHER RESERVES

In 2021, SWTD Bis Ltd, a 100% subsidiary of Lavastone Ltd, was amalgamated with Lavastone Ltd. An amalgamation reserve, arising from a difference between the carrying amount of the investment in Lavastone Ltd and the share capital of the subsidiary, was carried forward. The reserve is non-distributable.

In 2019, the Group carried out an internal restructuring and all entities pertaining to the property cluster in the Cim Financial Services Ltd group were transferred to Lavastone Ltd. Capital reserves arose from the restructuring and are non-distributable.

Other reserves relate to foreign exchange difference on translation of B59 Ltd, a subsidiary, from Euro to Mauritian Rupees. This is accumulated in other reserves. B59 Ltd experienced a change in functional currency from MUR to EUR as it started trading in EUR in the current financial year. The foreign exchange difference arising on translation of B59 Ltd's balances for consolidation purposes are recorded through other comprehensive income.

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	**30-Sep-23**	30-Sep-22
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 October	**131,053**	131,053	**(13,974)**	(13,974)
Movement due to foreign exchange	**14,264**	-	**-**	-
At 30 September	**145,317**	131,053	**(13,974)**	(13,974)

27. BORROWINGS

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	Rs 000	Rs 000	Rs 000	Rs 000
Current				
Bank notes	-	-	-	-
Bank loan	35,695	14,783	-	-
	35,695	14,783	-	-
Non-current				
Bank notes	900,193	347,228	900,193	347,228
Bank loans	436,030	439,121	106,764	61,444
	1,336,223	786,349	1,006,957	408,672
Total borrowings	1,371,918	801,132	1,006,957	408,672

During the financial year, Rs 553m drawdown at fixed interest rate was made out of the bilateral notes programme of Rs 1.5bn (2022: Rs 1.5bn). The Group has also drawn facilities of Rs 180m From ABSA Bank (Mauritius) Limited at variable interest rate and settled the Euro loan of EUR3.3m for the purchase of Absa House.

The fixed and floating charges covering the facilities are

1. First rank floating charge over all assets for an amount of Rs 1.5 bn in principal

2. First rank fixed charge on leased land and floating charge amounting to EUR 8m on all assets

3. Fixed and florating charge amounting to USD 7.9m on all assets

The carrying amount of the long term notes and loans approximates their fair values. The rate of interest of the bank loans ranges from 5.10% to 6.32% (2022: 2.35% to 4.25%) and the rate of interest of the bank note as at 30 September 2023 is 5.10% and 5.75% (2022: 4.25%). The interest on Rs 347m of the bank notes is at a variable rate and the interest on the remaining portion is at a fixed rate. The repayment dates of borrowings are disclosed within Note 6.

28. RETIREMENT BENEFIT OBLIGATIONS

	GROUP	
	30-Sep-23	30-Sep-22
Reconciliation of net defined benefit liability	Rs 000	Rs 000
At 1 October	3,590	1,913
Amount recognised in the profit & loss	(251)	982
Amount recognised in OCI	622	702
Less employer contributions	(33)	(7)
At 30 September	3,928	3,590
Reconciliation of present value of defined benefit obligation		
At 1 October	3,590	1,913
Current service cost	384	263
Employer contributions	(33)	2
Past service cost	(821)	622
Interest expense	186	102
Liability experience (gain)/loss	(541)	157
Return on plan assets excluding interest income	-	(7)
Liability (gain)/loss due to change in financial assumptions	1,163	538
Transfer to related party	-	-
At 30 September	3,928	3,590

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

28. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	GROUP	
	30-Sep-23	30-Sep-22
Components of amount recognised in P&L	Rs 000	Rs 000
Current service cost	384	263
Past service cost	(821)	622
Net Interest on net defined benefit liability	186	97
	(251)	982
Components of amount recognised in OCI		
Liability experience (gain)/loss	(541)	157
Return on plan assets (above)/below interest income	-	7
Liability loss due to change in financial assumptions	1,163	538
Total	622	702
Principal Assumptions used at End of Period		
Discount rate	4.7%	5.2%-5.4%
Rate of salary increases	4.2%	3.8%-4.1%
Rate of pension increases	2.0%	2.0%
Average retirement age (ARA)	60-65	60-65
Average life expectancy for:		
Male at ARA	13.8-16.2 years	15.9-17.4 years
Female at ARA	16.6-19.4 years	18.3-20.0 years
Sensitivity analysis on Defined Benefit Obligation at End of Period		
Increase due to 1% decrease in discount rate	1,115	629
Decrease due to 1% increase in discount rate	779	533

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Worker's Rights Act 2019 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Group's share of contributions. The latter amounts to Rs 4,868,000 as at 30 September 2022. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation. There has been no change in the Group's pension liability compared to previous reporting period. The plan exposes the Company to normal risks as detailed below associated with defined benefit pension plans:

Investment risk: the plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on the plan assets is below this rate, it will create a plan deficit and if it is higher it will create a surplus;

Interest risk: a decrease in the bond interest rate will increase the plan liability;

Longevity risk: the plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment; and

Salary risk: the plan liability is caculated by reference to the future projected salaries of plan participants.

Future cash flows

The funding policy is to pay benefits out of the entity's cash flow as and when due.

Expected employer contribution for the next year	0
Weighted average duration of the defined benefit obligation	21 years

28. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The allocation of plan assets at the end of the reporting period for each category are as follows:

	GROUP	
	30-Sep-23	30-Sep-22
	%	%
Equity- Overseas quoted	21	17
Equity: Local Quoted	57	61
Debt Overseas unquoted	21	19
Cash and Other	1	3
	100	100

29. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	Rs 000	Rs 000	Rs 000	Rs 000
Trade payables	2,336	3,089	43	460
Deposits	50,912	38,069	-	-
Accruals	39,388	32,225	2,927	2,713
Amount owed to related parties	-	-	2,992	484
Other payables	14,546	25,943	112	115
	107,182	99,326	6,074	3,772

Trade payables are non interest bearing and are generally settled on an average term of 0 to 30 days.

Deposits pertain to a deposit from the tenant which will be repaid to the tenant at the end of the lease term. The Deposit is initially recognised and measured at fair value, and then subsequently at amortised cost using the effective interest method. On initial recognition there was no difference between the carrying amount (present value) of the financial liability and the actual consideration received. Deposits are split between current and non-current liabilities based on their due date.

Accruals relate to accrued amounts from suppliers that have not yet invoiced the Group along with a provision for bonus remuneration relating to the financial year ended 30 September 2023 and payable in December 2023.

Amounts due to related parties are unsecured, repayable on demand and bear interest at the rate of 6.00% per annum.

The carrying amounts of payables approximate their fair values due to their short term nature.

Other payables consist of accrual for management fees and VAT payable.

CONTRACT LIABILITIES

	GROUP	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
Contract liabilities-customer deposits	2,991	37,503

Contract liabilities include non-refundable deposits received from customers on conditional exchange of contracts relating to sale of completed unit of property as part payment towards the purchase at completion date. This gives the Group protection if the customer withdraws from the conveyancing transaction. If this were to happen, the customers would forfeit their deposits. The standard conditions of sale provide for a 10% to 20% deposit to be paid on exchange of contracts, based on the purchase price and the value of the property and other items that have been agreed to be sold under the contract. The contract liabilities are expected to clear within a year. The revenue on the remaining performance obligations amount to Rs 11.0m.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

30. RIGHT OF USE ASSETS

	Land and buildings	Plant machinery and motor vehicles	Total
GROUP	Rs 000	Rs 000	Rs 000
At 1 October 2021	66,540	2,551	69,091
Addition	15,740	(1,885)	13,855
Amortisation	-	8,999	8,999
Fair value movement	(14,601)	-	(14,601)
At 1 October 2022	67,679	9,665	77,344
Amortisation	-	(1,252)	(1,252)
Addition	-	-	-
Fair value movement	-	-	-
At 30 September 2023	67,679	8,413	76,092

	Land and buildings	Plant machinery and motor vechicles	Total
COMPANY	Rs 000	Rs 000	Rs 000
At 1 October 2021	2,765	-	2,765
Amortisation	-	-	-
At 1 October 2022	2,765	-	2,765
Amortisation	-	-	-
At 30 September	2,765	-	2,765

As per IFRS 16, right of use for land and buildings has been classified under Note 15 Investment Properties

31. LEASE LIABILITIES

	GROUP		
	Land and buildings	Plant machinery and motor vechicles	Total
	Rs 000	Rs 000	Rs 000
At 1 October 2021	66,540	2,783	69,323
Addition	2,332	8,613	10,945
Interest expense	2,822	361	3,183
Lease payments	(4,015)	(2,106)	(6,121)
At 1 October 2022	67,679	9,651	77,330
Interest expense	2,990	377	3,367
Lease payments	(4,486)	(2,222)	(6,708)
Remeasurement of lease	(710)	58	(653)
Effect of foreign exchange	4,001	-	4,001
At 30 September 2023	69,473	7,864	77,337

31. LEASE LIABILITIES (CONTINUED)

	COMPANY	
	Land and buildings	Total
	Rs 000	Rs 000
At 1 October 2021	**2,477**	**2,477**
Interest expense	98	98
Lease payments	(338)	(338)
At 1 October 2022	**2,237**	**2,237**
Interest expense	88	88
Lease payments	(337)	(337)
At 30 September 2023	**1,988**	**1,988**

	GROUP	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
Current	3,469	3,527
Non current	73,868	73,803
	77,337	77,330

	COMPANY	
	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
Current	261	337
Non current	1,727	1,900
	1,988	2,237

(a) Nature of leasing activities (in the capacity as lessee)

The Group has land lease agreements with the government at Plaine Lauzun, Belle Mare and Mourouk that it classifies as investment property. These leases typically have lease terms between 10 to 60 years. As at 30 September 2023, Rs 69.5m (2022: Rs 70.8m) of the lease liabilities related to right of use assets accounted for as investment property. Increase in rental occurs every 3 years as stipulated in the agreement.

(b) Lease term

The Group's lease with the government typically varies between a period of 10 to 60 years. Lease term for the motor vehicle is 5 years.

(c) Interest rate

The incremental borrowing rate for the land lease has been determined based on prime lending rate of 4.1% at date of recognition.

(d) In 2023, Rs 1.8m has been expensed as operating expenses under rent from short term lease (2022: Rs 1.8m). Please refer to Note 8 Operating expenses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

32. RELATED PARTY DISCLOSURES

The following table provides the details of transactions that have been entered with related parties for the relevant financial year:

THE GROUP

	Rental income	Other income	Management & Secretarial fees payable	Other services	Amount owed by related parties	Amount owed to related parties	Loan to related party
30-Sep-23	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Associate	-	7,565	-	-	-	-	58,824
Fellow shareholder of subsidiary							10,000
Companies with common shareholders	3,156	155	(1,417)	(4,346)	-	-	-

	Rental income	Other income	Management & Secretarial fees payable	Other services	Amount owed by related parties	Amount owed to related parties	Loan to related party
30-Sep-22	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	
Associate	-	7,385	-	-	2,738	-	24,436
Companies with common shareholders	4,751	599	(120)	(1,861)	-	-	-

32. RELATED PARTY DISCLOSURES (CONTINUED)

KEY MANAGEMENT PERSONNEL

THE GROUP

	30-Sep-23	30-Sep-22
	Rs000	Rs000
Short-term employee benefit	16,192	14,840
Post-employment benefit	992	851
	17,184	15,691

The remuneration benefits of the executive director for the year amounts to 60% (2022: Rs 10m) of the Group's key management personnel remuneration. The executive director does not receive any remuneration from the Company.

THE COMPANY

	30-Sep-23	30-Sep-22
	Rs000	Rs000
Short-term employee benefit	2,055	2,257
Post-employment benefit	-	-
	2,055	2,257

THE COMPANY	Investment & Other income	Rental income	Interest income	Interest expense	Amount owed by related parties	Amount owed to related parties	Loan to related party
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
30-Sep-23							
Subsidiaries	-	2,176	11,978	(2,508)	906,066	(2,992)	254,597
30-Sep-22							
Subsidiaries	375,000	2,140	21,043	(440)	773,021	(484)	226,557

(a) The terms and conditions in respect of receivables and payables have been disclosed under respective notes.

All sales and purchases made within the Group are made at commercial rates. Outstanding balances at the year-end are unsecured and settlement occurs in cash. For the year ended 30 September 2023, no provision has been recognised in relation to impairment of related party. This assessment is undertaken each financial year through examining the financial position of each related party and the market in which the related party operates.

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	1 October 2022	New lease	Cash inflows	Cash outflows	Other movement	At 30 September 2023
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Borrowings	801,132	-	733,000	(184,890)	22,675	1,371,917
Lease liabilities	77,330			(6,708)	6,715	77,337
	878,462	-	733,000	(191,598)	29,390	1,449,254

	1 October 2021	New lease	Cash inflows	Cash outflows	Other movement	At 30 September 2022
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Borrowings	665,289	-	228,732	(51,014)	(41,875)	801,132
Lease liabilities	69,323	14,128	-	(6,121)	-	77,330
	734,612	14,128	228,732	(57,135)	(41,875)	878,462

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

Company	1 October 2022	New lease	Cash inflows	Cash outflows	Other movement	At 30 September 2023
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Borrowings	408,672	-	598,285	-	-	1,006,957
Lease liabilities	2,237			(337)	88	1,988
	410,909	-	598,285	(337)	88	1,008,945

	1 October 2021	New lease	Cash inflows	Cash outflows	Other movement	At 30 September 2022
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Borrowings	378,626	-	30,046	-	-	408,672
Lease liabilities	2,476	-	-	(338)	99	2,237
	381,102	-	30,046	(338)	99	410,909

Other movement pertain to non-cash transactions such as, foreign rate impact and interest accrued and not yet paid at year end accounted in borrowings.

34. ULTIMATE HOLDING COMPANY

The ultimate holding company is Kingston Asset Management Ltd which controls more than 50% of the rights attached to the voting shares of Lavastone Ltd.

35. OPERATING LEASES

Operating lease commitments - Group as a lessor

The Group has entered into operating lease for investment properties consisting of buildings for business rental. These leases have terms ranging from one to 10 years. The leases include escalation clause to enable upward revision of the rental charge. The escalation relates to Consumer Price Index (CPI) only. Future minimum rental receivable under non-cancellable operating leases as at the reporting date are as follows:

The Group	30-Sep-23	30-Sep-22
	Rs 000	Rs 000
Within one year	253,572	215,999
After one year but not more than five years	973,589	847,308
More than five years	654,388	544,280
	1,881,549	1,607,587

36. CAPITAL COMMITMENTS AND CONTINGENT LIABILITY

CAPITAL COMMITMENT

The Group entered into contractual commitments amounting to Rs 90m for ongoing development projects.

CONTINGENCIES

Lavastone Properties Ltd acts a guarantor for the secured Notes Programme which its parent company, Lavastone Ltd, entered into with the Mauritius Commercial Bank Ltd. The Group does not expect any material liability to arise out of the financial guarantee contract.

37. SUBSEQUENT EVENTS

The Group acquired SOFAP's warehouse and manufacturing buildings at Coromandel and Riche Terre in November 2023 for Rs 156.5m. This acquisition is line with the Management's growth strategy and is expected to contribute positively to the Group's results for the next financial year.

38. GOING CONCERN

Management continues to track interest rates and short term cash placements in consideration of the Group's gearing levels, development projects and acquisitive opportunities whilst ensuring the Group continues to comfortably service its debt.

Based on the above, the directors concluded that the going concern assumptions are appropriate in the preparation of the financial statements for the year ended September 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

39 FINANCIAL REVIEW

	30-Sep-23	30-Sep-22
	Rs'M	Rs'M
GROUP		
Share capital	**1,721.1**	1,721.1
Reserves	**1,124.4**	962.5
Equity attributable to shareholders of the parent	**2,845.5**	2,683.6
Assets	**4,857.1**	4,168.9
Liabilities	**1,650.2**	1,155.1
Revenue	**405.1**	287.3
Profit before taxation	**246.5**	208.8
Income tax expense	**(30.1)**	(28.6)
Profit for the year	**216.4**	180.2
Dividend	**(44.2)**	(27.2)

	30-Sep-23	30-Sep-22
	Rs	Rs
Basic net assets value per share	**4.18**	3.94
Basic earnings per share	**0.28**	0.25
Dividend per share	**0.07**	0.06

	30-Sep-23	30-Sep-22
	Rs'M	Rs'M
COMPANY		
Share capital	**1,721.1**	1,721.1
Reserves	**363.7**	400.9
Equity attributable to shareholders of the parent	**2,084.8**	2,122.0
Assets	**3,100.0**	2,594.3
Liabilities	**1,015.1**	472.3
Profit before taxation	**7.7**	375.5
Income tax expense	**(0.7)**	(1.1)
Profit for the year	**7.0**	374.4
Dividend	**(44.2)**	(27.2)

	30-Sep-23	30-Sep-22
	Rs	Rs
Basic net assets value per share	**4.18**	3.94
Basic earnings per share	**0.28**	0.25
Dividend per share	**0.07**	0.06

DIRECTORS OF SUBSIDIARY COMPANIES

	Auguste William	Ah-Kang Jean France Gaetan	Arunasalom Jose	Epitalier-Noel M.M.Hector	Espitalier-Noel M. H. Philippe	Harel Jerome Guy Antoine	Hart de Keating Edouard Philippe Christopher	Mohadeb Vedanand Singh	Pilot Jacques Christian Jerome	Saha Vijaya Lakshmi (Ruby)	Taylor Colin Geoffrey	Taylor Timothy	Taylor Philip Simon	Vallet Ann Charlotte	Vaudin Dominique Jane	Vaudin Marie Joseph Nicolas
Lavastone Ltd		X	X					X		X	C		X	X		X
Lavastone Properties Ltd											C		X			X
B59 Ltd											X					
Edith Cavell Properties Ltd											X		X			X
La Jetee Ltd											X					X
Le Morne Development Corporation Ltd.				R[1]	X						C		X			X
Lavastone Services Limited (ex Lochiel Property Services Ltd)		X											X			X
The Belle Mare SPV Ltd																X
Pier9 Ltd											X					X
San Paolo Ltd.											C	X				X
South West Safari Group Limited						X	X		X		C				X	X
Compagnie Valome Ltee																X
BH Property Investments Limited											X					X
Splendour Investment (Rodrigues) Ltd	X															A

Legend

C	Chairman	A	Appointed as director
X	In office as director	R	Resigned as director

Note:
[1] Hector Espitalier Noel has resigned on 30 June 2023.

Lavastone Properties

1st floor, EDITH
6 Edith Cavell Street
Port Louis, 11302, Mauritius

T. (230) 213 7695
F. (230) 214 1589
www.lavastone.mu