



LAVASTONE

PROPERTIES

REPLY DOCUMENT

**THIS DOCUMENT IS IMPORTANT
AND REQUIRES YOUR IMMEDIATE
ATTENTION**

Issued under Rule 18 of the Securities (Takeover) Rules 2010,
in reply to the Offer Document issued by KINGSTON ASSET
MANAGEMENT LTD acting in concert to the shareholders
of LAVASTONE LTD

The Directors of Lavastone Ltd accept full responsibility for the accuracy of the information contained in this Reply Document. They have been guided by an Independent Adviser as per the Rules. This Reply Document should not be considered as and should not be read or taken as investment advice. You are recommended to seek your own personal financial advice from an investment adviser, if you have any doubt about the Reply Document and its contents.

Table of Contents

| | | |
|----|--|----|
| | <u>GLOSSARY</u> | 1 |
| 1. | <u>INTRODUCTION AND BACKGROUND</u> | 2 |
| 2. | <u>VIEWS OF THE BOARD OF LAVASTONE</u> | 2 |
| 3. | <u>DIRECTORS</u> | 3 |
| 4. | <u>SHAREHOLDING IN THE OFFEROR</u> | 4 |
| 5. | <u>STATED CAPITAL OF LAVASTONE</u> | 4 |
| 6. | <u>FINANCIAL INFORMATION</u> | 4 |
| 7. | <u>MATERIAL CONTRACTS</u> | 5 |
| 8. | <u>DIRECTORS' RESPONSIBILITY STATEMENT</u> | 5 |
| | <u>ANNEXURE 1: AUDITED FINANCIAL STATEMENTS HIGHLIGHTS</u> | 6 |
| | <u>ANNEXURE 2 PUBLIC ANNOUNCEMENTS AND ABRIDGED UNAUDITED FINANCIAL STATEMENTS</u> | 6 |
| | <u>ANSWERS TO SOME QUERIES YOU MAY HAVE</u> | 13 |

GLOSSARY

| | |
|----------------------|---|
| Adviser | Independent Adviser appoinwer Rule 21 of the Rules |
| Company | Lavastone Ltd |
| DEM | The Development & Enterprise Market Ltd |
| EY | Ernst & Young Ltd |
| FSC | The Financial Services Commission of Mauritius |
| FY | Financial Year |
| KAM or Offeror | Kingston Asset Management Ltd |
| Lavastone or Offeree | Lavastone Ltd |
| Last Practical date | 11 October 2021, being the last practicable date prior to the finalisation of this Reply Document |
| MUR | Mauritian Rupee |
| Offer | Mandatory offer from the Offeror |
| Offer Document | Document dated 16 September 2021 issued by the Offeror |
| Reply Document | This Document issued by Lavastone including annexures, pursuant to Rule 18 |
| Rules | Securities (Takeover) Rules 2010 |
| SEM | The Stock Exchange of Mauritius Ltd |

1. INTRODUCTION AND BACKGROUND

- 1.1 On 06 September 2021, Kingston Asset Management Ltd (“KAM” or the “Offeror”) acquired 203,120,004 Shares in Lavastone, at a price of MUR1.76 per Share from Scott Investments Ltd, increasing its total stake in Lavastone to 59.81%.
- 1.2 Following the acquisition on 06 September 2021, KAM holds 406,997,716 Shares of Lavastone and controls more than 50% of the rights attached to the voting shares of Lavastone, triggering Rule 33 (1) (c) of the Securities (Takeover) Rules 2010 (the “Rules”).
- 1.3 KAM is consequently required to make a mandatory and unconditional offer to the shareholders of Lavastone to acquire all voting shares of Lavastone, not currently held by itself.
- 1.4 On 30 September 2021, KAM had posted an Offer Document to the shareholders of Lavastone setting out the terms of its Offer. In accordance with Rule 18 of the Rules, the board of Lavastone is hereby communicating its recommendation to its shareholders by way of a Reply Document to enable them to reach an informed decision about the mandatory offer.
- 1.5 The Offer Price proposed by KAM is determined according to Rule 14(2) of the Rules which stipulates that the Offer Price shall be the sum of any premium and of the highest of:
 - (a) the price paid by the Offeror or a person acting in concert for any acquisition during the 6 months preceding the date of public announcement;
 - (b) the price paid by the Offeror under a preferential allotment made to him or to a person acting in concert at any time during the 12 months period up to the date of closure of the Offer; or
 - (c) the average of the weekly high and low of the closing prices of the shares of the Offeree as listed on the securities exchange where the shares of the Offeree are most frequently traded during the 6 months preceding the date of the public announcement.

2. VIEWS OF THE BOARD OF LAVASTONE

2.1 Independent Adviser

2.1.1 In accordance with Rule 21 of the Rules, the board has appointed Ernst & Young Ltd (“EY”), an Independent Adviser to (i) carry out a valuation of Lavastone and to submit a report to the board of Lavastone and (ii) advise and report to the board as to whether the Offer is fair and reasonable.

2.1.2 The Independent Adviser submitted its report to the board on 15 October 2021.

2.2 Summary of the independent report

Ernst & Young Ltd (“EY”) have been requested to complete an independent valuation as at 31 August 2021 to determine whether the Offer was fair and reasonable to the minority shareholders of the Company.

EY has adopted a sum-of-the-part valuation with a combination of the Income approach valuation methodology and the Net Asset Value approach methodology, to value the Company and its investee companies and based its conclusion on the following, but not limited to, sources of information:

- Audited financial statements of the Company and its investee companies for the financial years ended 30 September 2019 and 30 September 2020;
- Management accounts of the Company and its investee companies for the period ended 31 August 2021;
- Latest property valuation reports;
- Management forecasts of selected investee companies;
- Discussions with management of the Company and its investee companies; and
- Other publicly available information that was considered to be relevant to the valuation exercise, including information obtained from S&P Capital IQ, a multinational financial information provider delivering insights on global public and private companies.

The valuation report of the Independent Adviser is available for consultation at the registered office of the Company, upon request by any shareholder of the Company or by any person authorised in writing by a shareholder.

2.3 Opinion of the Independent Adviser

- 2.3.1 The opinion of the Independent Adviser was extracted from the Independent Adviser's report.
- 2.3.2 EY valued the share in the Company at MUR2.98, on a minority marketable basis. Therefore, the Offer Price of MUR1.76 represents a discount of 41% to the fair value arrived at by the Independent Adviser. On that basis, EY concluded that the Offer Price is not fair and not reasonable to the minority shareholders.

2.4 Board recommendation

- 2.4.1 AH KANG Gaetan, TAYLOR Colin, TAYLOR Matthew, TAYLOR Sebastian and VAUDIN Nicolas, (altogether, the 'conflicted directors') are conflicted by virtue of being a shareholder, director or closely related to a shareholder of the Offeror or having acted in connection with the transaction that triggered the Mandatory Offer.
- 2.4.2 The directors (excluding the conflicted directors), in advising about the Mandatory Offer, have at all times acted only in the capacity as directors without regard to any personal or family interests. With regards to their discharge of their duties for this Reply Document, the directors have had regard only to the interests of the shareholders, employees and creditors; and have acted in good faith at all times.
- 2.4.3 The board has given due consideration to the Independent Adviser report, the terms and conditions of the Offer, and the mechanism for determining the Offer Price.
- 2.4.4 The board, excluding the conflicted directors, recommends that Lavastone shareholders reject the Mandatory Offer.
- 2.4.5 The board of Lavastone reached this conclusion based on the following:
- The Independent Adviser has advised that the Offer was not fair and not reasonable;
 - The Offer Price is not representative of the fair value of a share in Lavastone;
 - The Offer Price of MUR1.76 per share represents a discount of 41% to the fair value per share as determined by the Independent Adviser; and
 - The Offer Price is lower than the share price of MUR2.00 at the date of the opening of the Mandatory Offer (01 October 2021).
- 2.4.6 The directors or any person dealing directly on their behalf do not intend to accept the Offer.

3. DIRECTORS

3.1 Directors' interests in Lavastone shares

- 3.1.1 The following directors have a beneficial interest in the issued share capital of Lavastone

| Director | Date | Direct stake % | Indirect stake % |
|------------------|----------|----------------|------------------|
| TAYLOR Colin | 08Sept21 | 0.1445 | 10.1 |
| VAUDIN Nicolas | 08Sept21 | 0.1910 | 0.009 |
| TAYLOR Matthew | 08Sept21 | 0.0059 | 0.0024 |
| TAYLOR Sebastian | 08Sept21 | Nil | 0.0024 |
| AH KANG Gaetan | 08Sept21 | 0.0543 | Nil |
| ARUNASALOM Jose | 08Sept21 | 0.0015 | Nil |

None of the directors acquired or sold any Lavastone shares within six months prior to the public announcement of the Offer.

3.2 Arrangements affecting directors

- 3.2.1 Lavastone does not anticipate any payment of benefit to its directors as compensation for loss of office in connection with the Mandatory Offer.
- 3.2.2 There is no arrangement between any director of Lavastone and any other person that is conditional on the outcome of the Mandatory Offer or otherwise in connection with the Mandatory Offer.
- 3.2.3 There are no material contracts entered into by KAM in which a director of Lavastone has any interest.

3.3 Directors' service agreement

The directors who served during the year were appointed to serve by resolutions of the shareholders and their appointments are not subject to fixed terms of service. Letters of appointment between individual directors and the Company have been implemented as applicable.

4. SHAREHOLDING IN THE OFFEROR

4.1 Neither Lavastone nor any of its subsidiaries:

4.1.1 hold shares in the Offeror as at the last practicable date; and

4.1.2 have purchased or sold any shares in the Offeror within six months prior to the public announcement of the Offeror.

4.2 Directors of Lavastone's shareholding in the Offeror

4.2.1 Only the following director holds shares in the Offeror

| Director | Date | Number | Stake % |
|--------------|----------|------------|---------|
| TAYLOR Colin | 15Sept21 | 60,412,000 | 16.74 |

None of the Offeree's directors purchased or sold shares in the Offeror within six months prior to the public announcement of the Offer

5. STATED CAPITAL OF LAVASTONE

5.1 The authorised and issued share capital of the Company is as follows:

| Stated capital | MUR 000 |
|---|-----------|
| Issued and authorised shares 680,523,310 ordinary shares | 1,721,081 |

No shares of Lavastone have been issued since the end of its last financial year being 30 September 2021.

5.3 The shareholders holding the ordinary shares shall be entitled to cast one vote for each ordinary share held with respect to all matters subject to approval of the shareholders under the constitution. Each shareholder is entitled to an equal share of dividends and other distributions made by Lavastone, if declared, and an equal share in the distribution of surplus assets.

5.4 Lavastone's ordinary shares are listed on the Development & Enterprise Market ("DEM") of the Stock Exchange of Mauritius ("SEM"). Lavastone does not have any unlisted securities in issue.

6. FINANCIAL INFORMATION

6.1 Audited financial statements

Highlights of the audited financial statements of Lavastone are set out in **ANNEXURE 1** of this Reply Document. Copies of the full version of the audited financial statements of Lavastone for the last three financial years are available on demand at the registered office: c/r Edith Cavell & Mere Barthelemy Streets, Port Louis, 11324.

6.2 Material changes

There have been no material changes in the financial or trading position of Lavastone since the last published audited financial statements for the year ended 30 September 2020.

6.3 Interim statements and preliminary public announcements

All interim statements and announcements made by Lavastone since the last published audited financial statements are included in ANNEXURE 2 and are available on the Company's website.

6.4 Accounting policies

6.4.1 The significant accounting policies are included in audited accounts of Lavastone referred to in Section 6.1.

6.4.2 There has been no change in the accounting policies of Lavastone since the last financial year end.

7. MATERIAL CONTRACTS

Other than as disclosed in paragraph 6.2 above, Lavastone nor any of its subsidiaries have entered any other material contract of more than two years before the date of the Offer, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Company.

8. DIRECTORS' RESPONSIBILITY STATEMENT

- 8.1 The directors of Lavastone jointly and severally accept full responsibility for the accuracy of the information contained in this Reply Document and confirm, that having made all reasonable enquiries and to the best of their knowledge, opinions expressed in this Reply Document have been arrived at after due and careful consideration and that there are no other facts omitted from this Reply Document, which omission would make any statement in this Reply Document misleading.
- 8.2 The recommendation of the directors of Lavastone has been guided by the report of Ernst & Young Ltd, the Independent Adviser appointed as per the Rules.

For and on behalf of Lavastone Ltd

This Reply Document was signed on behalf of all the directors of Lavastone on 15 October 2021.

Signed on behalf of the board



Colin Taylor
Chairman



Nicolas Vaudin
Director

15 October 2021

ANNEXURE 1: AUDITED FINANCIAL STATEMENTS HIGHLIGHTS**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACTS)**

| In MUR 000 | Year ended 30 Sep 2020 | Year ended 30 Sep 2019 | Year ended 30 Sep 2018 |
|--|---------------------------|---------------------------|---------------------------|
| Total Revenue | 197,207 | 162,449 | 140,285 |
| Net operational income | 150,970 | 110,987 | 99,634 |
| Operating profit | 98,287 | 59,897 | 71,964 |
| (Loss)/Profit before net finance income/(cost) | (93,535) | 188,125 | 72,515 |
| (Loss)/Profit before tax | (105,825) | 186,248 | 81,427 |
| (Loss)/Profit for the year | (103,440) | 156,376 | 66,260 |
| Total comprehensive income | (103,715) | 156,376 | 66,260 |
| Attributable to: | | | |
| Equity holder of the parent | (95,940) | 167,039 | 66,260 |
| Non-controlling interests | (7,775) | (10,663) | - |
| Basic/diluted earnings per share (Rs) | (0.14) | 0.35 | 136.51 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACTS)

| In MUR 000 | 30 Sep 2020 | 30 Sep 2019 | 30 Sep 2018 |
|---|-------------|-------------|-------------|
| Non-current assets | 3,322,747 | 2,910,999 | 1,282,333 |
| Current assets | 146,860 | 211,425 | 302,769 |
| Total assets | 3,469,607 | 3,122,424 | 1,585,102 |
| Equity attributable to equity holders of the parent | 2,419,460 | 2,517,131 | 1,536,568 |
| Non-controlling interests | 324,924 | 337,071 | - |
| Total equity | 2,744,384 | 2,854,202 | 1,585,102 |
| Non-current liabilities | 199,738 | 87,412 | 28,824 |
| Current liabilities | 525,485 | 180,810 | 19,710 |
| Total liabilities | 725,223 | 268,222 | 48,534 |

ANNEXURE 2 PUBLIC ANNOUNCEMENTS AND ABRIDGED UNAUDITED FINANCIAL STATEMENTS**Communique 8th September 2021**

The Board of Lavastone Ltd ('Lavastone') wishes to inform its shareholders and the public that it has been advised on 06 September 2021 of the firm intention of Kingston Asset Management Ltd (the 'Offeror') to make a mandatory offer ('Mandatory Offer') to the shareholders of Lavastone to acquire all the voting shares, not already held by the Offeror at a price of Rs 1.76 per share (the 'Offer Price'). The Mandatory Offer follows, and is triggered by, the acquisition by the Offeror of 203,120,004 shares in Lavastone at a price of Rs 1.76 on 06 September 2021 (the 'Transaction').

| | BEFORE THE TRANSACTION | | AFTER THE TRANSACTION | |
|-------------------------------|---|---------------------------------|---|---------------------------------|
| | Number of voting shares held in Lavastone | % of the ordinary share capital | Number of voting shares held in Lavastone | % of the ordinary share capital |
| Kingston Asset Management Ltd | 203,877,712 | 29.96% | 406,997,716 | 59.81% |

Effective control is defined in Rule 2 of the Securities (Takeover) Rules 2010 (the 'Rules') as the holding of securities by any person, either individually or together with a person acting in concert, which will result in that person, either individually or together with a person acting in concert, having the right to exercise more than 30% of the rights attached to the voting shares of the company.

Pursuant to Rule 33(1)(b) and (c) of the Securities (Takeover) Rules 2010, if a person, either individually or together with a person acting in concert, acquires effective control of a company, that person shall make an Offer in accordance with the Rules, on all voting shares of the Offeree not already held by the Offeror.

The Offer Price is determined according to Rule 14(2) of the Securities (Takeover) Rules 2010 which stipulates that the Offer Price shall be the sum of any premium and of the highest of:

- (a) the price paid by the Offeror or a person acting in concert for any acquisition during the 6 months preceding the date of public announcement;
- (b) the price paid by the Offeror under a preferential allotment made to him or to a person acting in concert at any time during the 12 months' period up to the date of closure of the Offer; or
- (c) the average of the weekly high and low of the closing prices of the shares of the Offeree as listed on the securities exchange where the shares of the Offeree are most frequently traded during the 6 months preceding the date of the public announcement.

The Board of the Offeror further confirmed that:

- (a) sufficient financial resources are available to Kingston Asset Management Ltd to satisfy the acceptance of the Mandatory Offer;
- (b) there exist no agreements between Kingston Asset Management Ltd on the one hand and Lavastone on the other hand in relation to the relevant shares;
- (c) the Mandatory Offer is not subject to any condition;
- (d) the Mandatory Offer to shareholders of Lavastone will be made as soon as practicable; and
- (e) there is no intention to change the business plans or strategy of Lavastone nor to delist Lavastone from the DEM of the SEM.

According to the Rules, the Offeror must submit an Offer Document to the shareholders of Lavastone, following which the Board of Lavastone will communicate to its shareholders a Reply Document to enable them to reach an informed decision about the Mandatory Offer.

The shareholders and the investing public are advised to exercise caution when dealing in the shares of Lavastone and will be kept informed of further developments in respect of this matter.

Communique 19th July 2021

Notice is hereby given that the Annual Meeting of Shareholders of LAVASTONE LTD (the "Company") will be held at "La Galerie du Génie", 246 Edith Cavell Court, 6 Edith Cavell Street, Port Louis, on Monday 09 August at 13.30 hours, to transact the following business in the manner required for passing ordinary resolutions:

6. To consider the Company's Annual Report for 2020.
7. To receive the Auditors' report for the year ended 30 September 2020.
8. To consider and approve the Company's audited financial statements for the year ended 30 September 2020.

ORDINARY RESOLUTION I

"Resolved that the Company's audited financial statements for the year ended 30 September 2020 be hereby approved."

9. To re-elect Mrs Vijaya Lakshmi (Ruby) SAHA as Director of the Company, to hold office until the next Annual Meeting, in accordance with Section 138 (6) of the Companies Act 2001.

ORDINARY RESOLUTION II

"Resolved that Mrs Vijaya Lakshmi (Ruby) SAHA be hereby re-elected as Director of the Company, to hold office until the next Annual Meeting, in accordance with Section 138 (6) of the Companies Act 2001."

10. To re-elect, by way of separate resolutions, the following persons as Directors¹ of the Company:
Messrs Jean France Gaetan AH KANG, Jose ARUNASALOM, Vedanand Singh MOHADEB, Alexander Matthew TAYLOR, Colin Geoffrey TAYLOR, Sebastian Callum TAYLOR and Marie Joseph Nicolas VAUDIN.

ORDINARY RESOLUTION III-IX

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

III. Jean France Gaetan AH KANG

IV. Jose ARUNASALOM

V. Vedanand Singh MOHADEB

VI. Alexander Matthew TAYLOR

VII. Colin Geoffrey TAYLOR

VIII. Sebastian Callum TAYLOR

IX. Marie Joseph Nicolas VAUDIN

11. To re-appoint Messrs BDO & Co Ltd as auditors of the Company, to hold office until the next Annual Meeting of Shareholders, and to authorise the Board of Directors to fix their remuneration for the financial year 2020/2021.

ORDINARY RESOLUTION X

“Resolved that Messrs BDO & Co Ltd be re-appointed as auditors of the Company, to hold office until the next Annual Meeting of Shareholders, and that the Board be hereby authorised to fix the auditors’ remuneration for the financial year 2020/2021.”

12. Shareholders’ question time

Notes:

1. *A shareholder of the Company entitles to attend and vote at this meeting may appoint a proxy or a representative (in the case of a shareholder company), whether a shareholder of the Company or no, to attend and to vote on his/its behalf.*
2. *The instrument appointing the proxy or the representative should reach the Company Secretary, Cim Administrators Ltd, c/r Edith Cavell & Mère Barthélemy streets, Port Louis, not less than twenty-four (24) hours before the Meeting or any adjourned meeting at which the person named on such instrument proposes to vote, and in default, the instrument of proxy shall not be treated as valid.*
3. *The Directors of the Company have resolved that, for the purposes of the Annual Meeting of Shareholders and in compliance with Section 120 (3) of the Companies Act 2001, only those shareholders whose names are registered in the share register of the Company as at 12 July 2021 will be entitled to receive this Notice and accordingly be allowed to attend and vote at the Annual Meeting of Shareholders.*
4. *A Proxy form and a corporate resolution form are annexed to this notice. They are also available at the Registered Office of the Company, c/r Edith Cavell & Mère Barthélemy Streets, Port Louis, and can also be downloaded on the Company’s website: www.lavastone.mu*
5. *The minutes of proceedings of the last Annual Meeting of Shareholders held on 10 July 2020 are available for consultation at the registered office of the Company during business hours.*
6. *Appropriate social distancing and sanitary measures will be enforced during the meeting, in line with the guidelines from the authorities.*
7. *Should there be a full or partial lockdown on 09 August 2021, the Annual Meeting of Shareholders of the Company will be postponed to a later date. We will communicate such date through the media and via our website www.lavastone.mu.*

Communiqué 7th July 2021

The Board of Directors of Lavastone Ltd (‘Lavastone’) wishes to inform its shareholders and other stakeholders that it has approved the amalgamation of its wholly-owned subsidiary SWTD Bis Ltd with and into Lavastone. The surviving company will be Lavastone.

Communique 12th May 2021

Notice is hereby given that the Board of Directors of Lavastone Ltd (the 'Company') has declared an interim dividend of MUR0.02 per share payable in respect of all the ordinary shares of the Company. This dividend is in respect of the financial year ending 30 September 2021 and will be payable in full to all the shareholders of the Company registered at close of business on 02 June 2021. The payment of this dividend will take place on or about 18 June 2021. The shares of the Company will be traded cum-dividend on the Stock Exchange up to the market day of 28 May 2021 and ex-dividend as from 31 May 2021.

Communique 10th March 2021

The Board of Directors of Lavastone Ltd ('Lavastone') wishes to inform its shareholders that due to the confinement and curfew measures decided by the Government, the Annual Meeting of Lavastone scheduled for 15 March 2021 has been cancelled and will be reconvened when possible. Shareholders will be kept informed of the new date in due course. The Board of Lavastone extends its best wishes to its shareholders in these challenging times and urges all shareholders to follow the Government's directives and stay home to protect themselves and their fellow citizens.

Communique 18th February 2021- Corrigendum

Further to the communiqués issued on 27 November 2019 and 10 July 2020, the Board of Directors of Lavastone Ltd (the "Company") is pleased to announce that, following the approval of the shareholders of the Company pursuant to Rule 4(3) of the Securities (Preferential Offer) Rules 2017 issued by the Financial Services Commission, the Company has successfully raised MUR 1.5 billion under the secured notes programme (the "Notes") by way of a private placement. Part of the Notes, amounting to MUR 1 billion, has been assigned a CARE MAU A- Stable rating by Care Ratings (Africa) Private Limited. Shareholders of Lavastone Ltd and the public at large are advised to disregard the communiqué dated 15 February 2021 and published on 16 February 2021 and to consider the above amended communiqué instead.

Communique 15th February 2021

Further to the communiqués issued on 27 November 2019 and 10 July 2020, the Board of Directors of Lavastone Ltd (the "Company") is pleased to announce that, following the approval of the shareholders of the Company pursuant to Rule 4(3) of the Securities (Preferential Offer) Rules 2017 issued by the Financial Services Commission, the Company has successfully raised MUR 1.5 billion under the secured notes programme (the "Notes") by way of a private placement. These Notes have been assigned a 'A' rating by Care Ratings (Africa) Private Limited.

Communique 18th December 2020

Notice is hereby given that the abridged audited group financial statements of LAVASTONE LTD (the 'Company') for the year ended 30 September 2020 have been approved by the Board on 18 December 2020. A copy of the abridged audited group financial statements has been published and can also be viewed on the Company's website www.lavastone.mu. Copies of the abridged audited group financial statements can be obtained free of charge at the registered office of the Company at c/r Edith Cavell & Mère Barthélemy streets, Port Louis.

The Board has declared a final dividend of MUR 0.02 per share payable in respect of all the ordinary shares of the Company. This dividend is in respect of the financial year ended 30 September 2020 and will be payable to the shareholders of the Company registered at close of business on 08 January 2021. The payment of this dividend will take place on or about 25 January 2021. The shares of the Company will be traded cum-dividend on the Stock Exchange up to the market date of 05 January 2021 and ex-dividend as from 06 January 2021.

Communique 1st December 2020

Following a restructuring exercise at the holding company level and pursuant to section 87 (1) of the Securities Act 2005, the Board of Lavastone Ltd wishes to inform the public that the company no longer has a controlling shareholder.

¹ Profiles and categories of the Directors proposed for re-election can be found on pages 16 to 18 of the Company's Annual Report 2020, and can be viewed on the Company's website: www.lavastone.mu

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| In MUR (000) | Unaudited quarter ended 31-12-2020 | Unaudited quarter ended 31-12-2019 | Audited year ended 30-09-2020 |
|--|------------------------------------|------------------------------------|-------------------------------|
| Rental income and recoveries | 51,837 | 43,231 | 190,085 |
| Other operating income | 1,249 | 1,291 | 7,122 |
| Revenue | 53,086 | 44,522 | 197,207 |
| Direct operating expenses | (13,729) | (10,383) | (46,237) |
| Net operational income | 39,357 | 34,139 | 150,970 |
| Administrative expenses | (11,576) | (10,673) | (52,683) |
| Operating profit | 27,781 | 23,466 | 98,287 |
| Other gains and losses | - | - | (190,567) |
| (Loss)/profit on disposal of investment properties | (4,226) | - | 3,371 |
| Profit/(loss) before finance costs | 23,555 | 23,466 | (89,909) |
| Interest income | 473 | - | 5,416 |
| Finance costs | (9,055) | (1,891) | (17,706) |
| Share of results in associates | 219 | - | (4,626) |
| Profit/(loss) before tax | 15,192 | 21,575 | (105,825) |
| Income tax (expense)/credit | (3,291) | (4,001) | 2,385 |
| Profit/(loss) for the period/year | 11,901 | 17,574 | (103,440) |
| Other comprehensive income | - | - | (275) |
| Total comprehensive income for the period/year | 11,901 | 17,574 | (103,715) |
| Total comprehensive income attributable to: | | | |
| - Ordinary equity holders of the parent | 14,589 | 17,341 | (95,940) |
| - Non-controlling interests | (2,688) | 233 | (7,775) |
| | 11,901 | 17,574 | (103,715) |
| Number of ordinary shares in issue | 680,523,310 | 680,523,310 | 680,523,310 |
| Class A | - | - | - |
| Weighted average number of ordinary shares in issue | 680,523,310 | 680,523,310 | 680,523,310 |
| Basic earnings/(loss) per share (MUR) | 0.02 | 0.03 | -0.14 |
| Net asset value per share (MUR) | 3.56 | 3.70 | 3.56 |
| Interim dividend per share (MUR) | - | - | - |
| Final dividend per share (MUR) | - | - | 0.02 |

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

| In MUR (000) | Group | Stated Capital | Retained Earnings | Capital & Other reserves | Non-Controlling Interests | Total |
|---|-------|------------------|-------------------|--------------------------|---------------------------|------------------|
| Balance at 01 October, 2019 | | 1,721,081 | 664,997 | 131,053 | 337,071 | 2,854,202 |
| Impact of IFRS 16 | | - | 9,534 | - | 4,110 | 13,644 |
| Changes in ownership interest in subsidiaries that do not result in a loss of control | | - | 2,345 | - | (8,482) | (6,137) |
| Dividend paid | | - | (13,610) | - | - | (13,610) |
| Total comprehensive income for the year | | - | (95,940) | - | (7,775) | (103,715) |
| At 30 Sep, 2020 | | 1,721,081 | 567,326 | 131,053 | 324,924 | 2,744,384 |
| Balance at 01 October, 2020 | | 1,721,081 | 567,326 | 131,053 | 324,924 | 2,744,384 |
| Dividend payable | | - | (13,610) | - | - | (13,610) |
| Total comprehensive income for the period | | - | 14,589 | - | (2,688) | 11,901 |
| At 31 December, 2020 | | 1,721,081 | 568,305 | 131,053 | 322,236 | 2,742,675 |

UNAUDITED STATEMENTS OF FINANCIAL POSITION

| In MUR (000) | Unaudited quarter ended 31-12-2020 | Unaudited quarter ended 31-12-2019 | Audited year ended 30-09-2020 |
|---------------------------------------|------------------------------------|------------------------------------|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investment properties | 2,786,329 | 2,545,638 | 2,835,622 |
| Investment property under development | 353,637 | 403,309 | 336,221 |
| Plant, property and equipment | 7,682 | 1,334 | 2,468 |
| Investment in associates | 148,583 | 153,456 | 148,364 |
| Intangible assets | 288 | 104 | 72 |
| Total non-current assets | 3,296,419 | 3,103,841 | 3,322,747 |
| Current assets | 176,984 | 185,309 | 146,860 |
| Total assets | 3,473,403 | 3,289,150 | 3,469,607 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Equity | | | |
| Stated capital | 1,721,081 | 1,721,081 | 1,721,081 |
| Capital reserves | 131,053 | 131,053 | 131,053 |
| Retained earnings | 568,305 | 668,728 | 567,326 |
| Non-controlling interests | 322,236 | 337,304 | 324,924 |
| Total equity | 2,742,675 | 2,858,166 | 2,744,384 |
| Non-current liabilities | | | |
| Borrowings | 289,593 | 35,694 | 91,417 |
| Other liabilities | 108,624 | 51,620 | 106,321 |
| Total non-current liabilities | 398,217 | 87,314 | 199,738 |
| Current liabilities | | | |
| Borrowings | 204,535 | - | 345,095 |
| Other liabilities | 127,976 | 34,567 | 180,390 |
| Total current liabilities | 332,511 | 343,670 | 525,485 |
| Total equity and liabilities | 3,473,403 | 3,289,150 | 3,469,607 |

UNAUDITED STATEMENTS OF CASH FLOWS

| In MUR (000) | Unaudited quarter ended 31-12-2020 | Unaudited quarter ended 31-12-2019 | Audited year ended 30-09-2020 |
|--|------------------------------------|------------------------------------|-------------------------------|
| Net cash generated from operating activities | 16,362 | 41,175 | 242,852 |
| Net cash (used in)/from investing activities | (29,299) | (248,125) | (558,623) |
| Net cash from financing activities | 149,678 | - | 38,762 |
| Net increase/(decrease) in cash and cash equivalents | 136,741 | (206,950) | (277,009) |
| Cash and cash equivalents - opening | (316,214) | (39,205) | (39,205) |
| Cash and cash equivalents - closing | (179,473) | (246,155) | (316,214) |

COMMENTS ON THE QUARTER ENDED 31 DECEMBER 2020
Operational review

Revenue and operating profit increased by approximately 19.2% and 18.4% respectively due to the operations of 246 Edith Cavell Court and the yearly rental escalations. The increase in direct operating expenses is due to the impact of a full quarter of trading at 246 Edith Cavell Court compared to two weeks of trading in the prior financial year and the effect of the remuneration order on cleaning and security expenses.

As part of its strategy to convert or dispose of non-yielding /low yielding properties, the 4th floor of Labourdoms Court, which was vacant for the last nine months and a non-yielding plot of land at Case Noyale, have been disposed and this has positively impacted on the Group's cash flow.

Occupancy stood at 95.6% across the portfolio due to vacant office space still available at 246 Edith Cavell Court as at 31 December 2020.

Financial review

The Secured Notes Programme as approved by the shareholders in July 2020 has been finalised. This Notes Programme will be primarily used to reimburse Lavastone Ltd's overdraft and also finance earmarked development projects as and when they materialise. It will reduce the weighted average cost of borrowing of the Group and provide liquidity for acquisitive opportunities.

Outlook

Works on our projects under development are progressing as planned. Management continues with the development plans for its land at Case Noyale. The next phase of the development will include both a residential and a commercial component.

Infrastructure works for the two morcellement projects at Case Noyale have been completed. The contractor and consulting team are busy completing remedial works requested by the authorities to issue their final clearance. This will culminate in the issuance of the morcellement permits for the two projects in the current year.

The start of vaccination across the world and in Mauritius is bringing optimism that there will be an easing of restrictions to international travellers during the later part of the year. Management and the Board are closely monitoring the evolution of the pandemic and its effects on the local economy and on the businesses of our tenants.

By order of the Board
9th February 2021

KEY FIGURES FOR THE QUARTER ENDED

| | | | | | | | | | |
|----------------------|------------|-------|--------------|------------|------|---------------------------|---------|-----------|-------------------|
| NET OPERATING INCOME | MUR 39.4 m | + 15% | TOTAL ASSETS | MUR 3.5 bn | 5.6% | NET ASSET VALUE PER SHARE | MUR 3.6 | OCCUPANCY | 95.6% |
| | | | | | | | | | (Dec 2019: 98.3%) |

The board of directors of Lavastone Ltd accepts full responsibility for the accuracy of the information contained in this report. The abridged group financial statements are unaudited and have been prepared using same accounting policies as the audited financial statements for the year ended 30 September 2020 except for the adoption of new International Financial Reporting Standards issued which are now effective. Copies of this report are available free of charge and upon request from the Company Secretary at the registered office of Lavastone Ltd. The abridged audited financial statements are issued pursuant to DEM Rule 17. The statement of direct and indirect interests of Officers pursuant to rule corner Edith Cavell Street & Miere Barthelemy Street, Port Louis, 11324

ABRIDGED UNAUDITED GROUP FINANCIAL STATEMENTS

For the quarter and six months ended 31 March 2021

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| In MUR (000) | Unaudited quarter ended 31-03-2020 | Unaudited quarter ended 31-03-2021 | Unaudited 6 months ended 31-03-2020 | Unaudited 6 months ended 31-03-2021 | Audited year ended 30-09-2020 |
|---|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| Rental income and recoveries | 52,778 | 49,140 | 92,371 | 104,615 | 190,085 |
| Other operating income | 1,313 | 902 | 2,562 | 2,193 | 7,122 |
| Revenue | 54,091 | 50,042 | 94,933 | 106,808 | 197,207 |
| Direct operating expenses | (13,299) | (16,496) | (27,027) | (26,879) | (46,237) |
| Net operational income | 40,792 | 33,546 | 67,906 | 80,929 | 150,970 |
| Administrative expenses | (13,448) | (11,454) | (22,127) | (20,225) | (52,683) |
| Operating profit | 27,344 | 22,092 | 45,779 | 60,704 | 98,287 |
| Other gains and losses | - | - | - | - | (190,567) |
| (Loss)/Profit on disposal of investment properties | (112) | - | (4,338) | - | 3,371 |
| Profit/(loss) before finance costs | 27,232 | 22,092 | 41,441 | 60,704 | (88,909) |
| Net Finance costs | (4,432) | (4,215) | (7,790) | (6,106) | (6,059) |
| Effect of exchange difference | 6,088 | 3 | 864 | 3 | (6,231) |
| Share of results in associates | (445) | (1,211) | (226) | (1,211) | (4,626) |
| Profit/(loss) before tax | 28,443 | 16,669 | 43,635 | 38,244 | (105,825) |
| Income tax (expense)/credit | (4,228) | (3,372) | (7,519) | (7,373) | 2,385 |
| Profit/(loss) for the period/year | 24,215 | 13,297 | 36,116 | 30,871 | (103,440) |
| Other comprehensive income | - | - | - | - | (275) |
| Total comprehensive income for the period/year | 24,215 | 13,297 | 36,116 | 30,871 | (103,715) |

Total comprehensive income attributable to:

| | | | | | |
|---|---------------|---------------|---------------|---------------|------------------|
| - Ordinary equity holders of the parent | 24,889 | 16,395 | 39,478 | 33,736 | (95,940) |
| - Non-controlling interests | (674) | (3,098) | (3,362) | (2,865) | (7,775) |
| | 24,215 | 13,297 | 36,116 | 30,871 | (103,715) |

Number of ordinary shares in issue

| | | | | | |
|---------|-------------|-------------|-------------|-------------|-------------|
| Class A | 680,523,310 | 680,523,310 | 680,523,310 | 680,523,310 | 680,523,310 |
|---------|-------------|-------------|-------------|-------------|-------------|

Weighted average number of ordinary shares in issue

| | | | | | |
|---------------------------------------|------|------|------|------|--------|
| Basic earnings/(loss) per share (MUR) | 0.06 | 0.05 | 0.06 | 0.05 | (0.14) |
| Net asset value per share (MUR) | 3.59 | 3.73 | 3.59 | 3.73 | 3.56 |
| Interim dividend per share (MUR) | 0.02 | - | 0.02 | - | - |
| Final dividend per share (MUR) | - | - | - | - | 0.02 |

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

| In MUR (000) | Group | Stated Capital | Retained Earnings | Capital & Other reserves | Non-Controlling Interests | Total |
|---|-------|------------------|-------------------|--------------------------|---------------------------|------------------|
| Balance at 01 October, 2019 | | 1,721,081 | 664,997 | 131,053 | 337,071 | 2,854,202 |
| Impact of IFRS 16 | | - | 9,534 | - | 4,110 | 13,644 |
| Changes in ownership interest in subsidiaries that do not result in a loss of control | | - | 2,345 | - | (8,482) | (6,137) |
| Dividend paid | | - | (13,610) | - | - | (13,610) |
| Total comprehensive income for the year | | - | (95,940) | - | (7,775) | (103,715) |
| At 30 Sep, 2020 | | 1,721,081 | 567,326 | 131,053 | 324,924 | 2,744,384 |
| Balance at 01 October, 2020 | | 1,721,081 | 567,326 | 131,053 | 324,924 | 2,744,384 |
| Dividend payable | | - | (13,610) | - | - | (13,610) |
| Total comprehensive income for the period | | - | 39,478 | - | (3,362) | 36,116 |
| At 31 March, 2021 | | 1,721,081 | 593,194 | 131,053 | 321,562 | 2,766,890 |

UNAUDITED STATEMENTS OF FINANCIAL POSITION

| In MUR (000) | Unaudited half year ended 31-03-2020 | Unaudited half year ended 31-03-2021 | Unaudited half year ended 30-09-2020 |
|---------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investment properties | 2,796,707 | 2,840,132 | 2,835,622 |
| Investment property under development | 387,755 | 180,053 | 336,221 |
| Plant, property and equipment | 8,230 | 1,297 | 2,468 |
| Investment in associates | 148,138 | 148,755 | 148,364 |
| Intangible assets | 265 | 94 | 72 |
| Total non-current assets | 3,341,095 | 3,170,331 | 3,322,747 |
| Current assets | 294,800 | 141,022 | 146,860 |
| Total assets | 3,635,895 | 3,311,353 | 3,469,607 |

EQUITY AND LIABILITIES

| | | | |
|---------------------------|------------------|------------------|------------------|
| Shareholders' Equity | | | |
| Stated capital | 1,721,081 | 1,721,081 | 1,721,081 |
| Capital reserves | 131,053 | 131,053 | 131,053 |
| Retained earnings | 593,194 | 686,905 | 567,326 |
| Non-controlling interests | 321,562 | 316,969 | 324,924 |
| Total equity | 2,766,890 | 2,856,008 | 2,744,384 |

Non-current liabilities

| | | | |
|--------------------------------------|----------------|----------------|----------------|
| Borrowings | 648,376 | 85,328 | 91,417 |
| Other liabilities | 10,915 | 53,486 | 108,321 |
| Total non-current liabilities | 757,532 | 138,814 | 199,738 |

Current liabilities

| | | | |
|----------------------------------|----------------|----------------|----------------|
| Borrowings | - | 232,927 | 345,095 |
| Other liabilities | 111,473 | 83,604 | 180,390 |
| Total current liabilities | 111,473 | 316,531 | 525,485 |

Total equity and liabilities

| | | | |
|--|------------------|------------------|------------------|
| | 3,635,895 | 3,311,353 | 3,469,607 |
|--|------------------|------------------|------------------|

UNAUDITED STATEMENTS OF CASH FLOWS

| In MUR (000) | Unaudited half year ended 31-03-2021 | Unaudited half year ended 31-03-2020 | Audited year ended 30-09-2020 |
|---|--------------------------------------|--------------------------------------|-------------------------------|
| Net cash generated from operating activities | 43,222 | 104,071 | 242,852 |
| Net cash used in investing activities | (79,229) | (321,044) | (558,623) |
| Net cash from financing activities | 512,670 | 36,024 | 38,762 |
| Net increase/(decrease) in cash and cash equivalents | 476,663 | (180,949) | (277,009) |
| Cash and cash equivalents - opening | (316,214) | (39,205) | (329,205) |
| Cash and cash equivalents - closing | 160,449 | (220,154) | (316,214) |

COMMENTS ON THE HALF YEAR ENDED 31 MARCH 2021

Operational review

Year on year revenue and operating profit are in line with expectations with an increase of 13.3% and 21.0% respectively. This increase is mainly attributable to the full six months of operations of 246 Edith Cavell Court in the current financial period of 2021 as compared to only three months of operations in the prior year.

Occupancy stood at 93.7% (Dec20:95.6%), this fall in occupancy is temporary as a replacement tenant has already been onboarded.

With measures implemented in the past year, the Group's operations suffered little to no business interruptions during the second lockdown. The usual precautionary measures were reinforced with all sites secured with the presence of an emergency team at all times to ensure the well being and safety of our tenants. Management is continually monitoring the impact of Covid-19 and have put necessary measures in place across its portfolio of properties to prepare for the full re-start of operations.

Financial Review

R\$50m out of the approved R\$1.5bn of the secured Notes Programme has been issued in February 2021. The Notes Programme has been used to reimburse Lavastone Ltd's temporary overdraft and also finance earmarked development projects as and when they materialise. It will reduce the weighted average cost of borrowing of the Group and provide liquidity for acquisitive opportunities.

Interim dividend

In light of the results of the Company, the Board has approved a dividend of R\$0.02 per share.

Outlook

The Mayrouk Ebony Hotel in Rodrigues was closed for renovations in February 2021. The new hotel at Belle Mare remains on track to open during the last quarter of the year.

Infrastructure works for the two morcellement projects at Case Royale have been completed. With the end of the second lockdown, remedial works requested by the authorities have resumed and on its completion, it will allow the authorities to issue the morcellement permits.

Management and the Board continue to closely monitor the evolution of the pandemic and its impact on the local economy and on the businesses of our tenants.

By order of the Board
12th May 2021

KEY FIGURES FOR THE HALF YEAR ENDED

| | | | | | | | |
|------------------------|------------|--------------|------------|---------------------------|---------|-----------|--|
| NET OPERATIONAL INCOME | MUR 80.2 m | TOTAL ASSETS | MUR 3.6 bn | NET ASSET VALUE PER SHARE | MUR 3.6 | OCCUPANCY | 93.7% |
| | 18% | | 9.8% | | -3.7% | | (Mar 2020: 98.3%) (Dec 2020: 95.6%) |

The board of directors of Lavastone Ltd accepts full responsibility for the accuracy of the information contained in this report. The audited financial statements for the year ended 30 September 2020 except for the addition of new international Financial Reporting Standards issued which are now effective. Copies of this report are available free of charge and upon request from the Company Secretary at the registered office of Lavastone Ltd. The audited financial statements are issued pursuant to DEM Rule 17. The statement of direct and indirect interests of Officers pursuant to rule corner Edith Cavell Street & Mare Barthelemy Street, Port Louis, 1524

Lavastone Ltd | Incorporated in the Republic of Mauritius | Business Registration No: C12108298 | corner Edith Cavell Street & Mare Barthelemy Street, Port Louis, 1524, Mauritius | T: + 230 213 7601 | E: info@bylavastone.mu | www.lavastone.mu

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| In MUR (000) | Unaudited quarter ended 30-06-2021 | Unaudited 9 months ended 30-06-2021 | Unaudited 9 months ended 30-09-2020 | Audited year ended 30-09-2020 |
|--|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| Rental income and recoveries | 49,667 | 45,864 | 158,234 | 190,085 |
| Other operating income | 1,733 | 1,536 | 3,729 | 7,122 |
| Revenue | 51,400 | 47,400 | 158,577 | 197,207 |
| Direct operating expenses | (14,391) | (11,673) | (41,401) | (38,559) |
| Net operational income | 37,009 | 35,727 | 117,176 | 150,970 |
| Administrative expenses | (12,633) | (12,357) | (37,676) | (52,683) |
| Operating profit | 24,376 | 23,370 | 79,500 | 98,287 |
| Other gains and losses | - | - | - | (190,567) |
| Profit/(loss) on disposal of investment properties | 30 | - | (4,307) | 3,371 |
| Profit/(loss) before finance costs | 24,406 | 23,370 | 75,193 | (89,909) |
| Net finance costs | (3,476) | (2,416) | (11,266) | (6,059) |
| Effect of exchange difference | (19,963) | (1,664) | (19,099) | (6,231) |
| Share of results in associates | (578) | (2,122) | (804) | (3,333) |
| Profit/(loss) before tax | 389 | 17,168 | 44,024 | 55,412 |
| Income tax (expense)/credit | (2,704) | (4,052) | (10,223) | 2,385 |
| (Loss)/Profit for the period/year | (2,315) | 13,116 | 33,801 | (103,440) |
| Other comprehensive income | - | - | - | (275) |
| Total comprehensive income for the period/year | (2,315) | 13,116 | 33,801 | (103,715) |
| Total comprehensive income attributable to: | | | | |
| - Ordinary equity holders of the parent | (1,029) | 13,146 | 38,449 | 46,882 |
| - Non-controlling interests | (1,286) | (30) | (4,648) | (2,995) |
| | (2,315) | 13,116 | 33,801 | (103,715) |
| Number of ordinary shares in issue | 680,523,310 | 680,523,310 | 680,523,310 | 680,523,310 |
| Class A | 680,523,310 | 680,523,310 | 680,523,310 | 680,523,310 |
| Weighted average number of ordinary shares in issue | 680,523,310 | 680,523,310 | 680,523,310 | 680,523,310 |
| Basic earnings/(loss) per share (MUR) | 0.06 | 0.07 | 0.06 | 0.07 |
| Net asset value per share (MUR) | 3.57 | 3.75 | 3.57 | 3.56 |
| Interim dividend per share (MUR) | 0.02 | - | 0.02 | - |
| Final dividend per share (MUR) | - | - | - | 0.02 |

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

| In MUR (000) GROUP | Unaudited quarter ended 30-06-2021 | Unaudited 9 months ended 30-06-2021 | Unaudited 9 months ended 30-09-2020 | Audited year ended 30-09-2020 |
|---|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| Balance at 01 October, 2019 | 1,721,081 | 1,721,081 | 1,721,081 | 1,721,081 |
| Impact of IFRS 16 | - | - | - | - |
| Changes in ownership interest in subsidiaries that do not result in a loss of control | - | - | - | - |
| Dividend paid | - | - | - | (13,610) |
| Total comprehensive income for the year | - | (95,940) | (7775) | (103,715) |
| At 30 Sep, 2020 | 1,721,081 | 567,326 | 131,053 | 2,744,384 |
| Balance at 01 October, 2020 | 1,721,081 | 567,326 | 131,053 | 2,744,384 |
| Dividend payable | - | (2,722) | - | (2,722) |
| Total comprehensive income for the period | - | 38,449 | - | (4,648) |
| At 30 June, 2021 | 1,721,081 | 578,554 | 131,053 | 2,750,964 |

UNAUDITED STATEMENTS OF FINANCIAL POSITION

| In MUR (000) | Unaudited 9 months ended 30-06-2021 | Unaudited 9 months ended 30-06-2020 | Audited year ended 30-09-2020 |
|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investment properties | 2,785,684 | 2,903,335 | 2,835,622 |
| Investment property under development | 434,316 | 215,799 | 336,221 |
| Plant, property and equipment | 8,708 | 2,763 | 2,468 |
| Investment in associates | 147,560 | 146,633 | 148,364 |
| Intangible assets | 623 | 83 | 72 |
| Total non-current assets | 3,377,891 | 3,268,613 | 3,322,747 |
| Current assets | 256,654 | 133,760 | 146,860 |
| Total assets | 3,634,545 | 3,402,373 | 3,469,607 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Equity | | | |
| Stated capital | 1,721,081 | 1,721,306 | 1,721,081 |
| Capital reserves | 131,053 | 131,053 | 131,053 |
| Retained earnings | 578,555 | 700,050 | 567,326 |
| Non-controlling interests | 320,275 | 316,939 | 324,924 |
| Total equity | 2,750,964 | 2,869,348 | 2,744,384 |
| Non-current liabilities | | | |
| Borrowings | 671,916 | 875,565 | 91,417 |
| Other liabilities | 109,295 | 55,047 | 108,321 |
| Total non-current liabilities | 781,211 | 1,426,612 | 199,738 |
| Current liabilities | | | |
| Borrowings | - | 256,002 | 345,095 |
| Other liabilities | 102,370 | 134,411 | 180,390 |
| Total current liabilities | 102,370 | 390,413 | 525,485 |
| Total equity and liabilities | 3,634,545 | 3,402,373 | 3,469,607 |

UNAUDITED STATEMENTS OF CASH FLOWS

| In MUR (000) | Unaudited 9 months ended 30-06-2021 | Unaudited 9 months ended 30-06-2020 | Audited year ended 30-09-2020 |
|---|-------------------------------------|-------------------------------------|-------------------------------|
| Net cash generated from operating activities | 59,812 | 122,109 | 242,852 |
| Net cash used in investing activities | (132,907) | (368,080) | (558,623) |
| Net cash from financing activities | 503,317 | 38,761 | 38,762 |
| Net increase/(decrease) in cash and cash equivalents | 430,222 | (207,210) | (277,009) |
| Cash and cash equivalents - opening | (316,214) | (39,205) | (39,205) |
| Cash and cash equivalents - closing | 114,008 | (246,415) | (316,214) |

COMMENTS ON THE NINE MONTHS ENDED 30 JUNE 2021
Operational Review

The Group maintains an increase in Revenue by 11.7% and Operating Profit up by 15.3% as compared to last year.

The occupancy is at 93.1% and is expected to rise in the next quarter as intent to lease agreements have been signed by new tenants.

The profit after tax has suffered primarily due to the depreciation of the rupee with the revaluation of a EURO loan which is for the construction of the Sunrise Attitude Hotel at Belle Mare. It is important to note that once the hotel is in operation, the rental will be in EURO.

Outlook

The second lockdown has impacted our development projects which resulted in delays for the completion of the Sunrise Attitude Hotel and the start of renovations at the Play Mourouk Hotel. Renovation works at Play Mourouk Hotel will proceed once flights to Rodrigues resume.

Lavastone and Attitude teams are completing the final touches to the Sunrise Attitude Hotel which is planned to open in October 2021.

Works on the two morcellements at Case Noyale have been completed and awaiting the morcellement permits for the completion of sales.

In these uncertain times, management and the Board continue to monitor the impact of Covid-19 on the local economy and our business.

By order of the Board
13th August 2021
KEY FIGURES FOR THE NINE MONTHS ENDED

| | | | |
|---------------------------|--------------------|--------------|-------------------|
| NET OPERATIONAL INCOME | MUR 117.2 m | TOTAL ASSETS | MUR 3.6 bn |
| | 13% | | 6.8% |
| NET ASSET VALUE PER SHARE | MUR 3.6 | OCCUPANCY | 93.1% |
| | -0.60% | | (Mar 2021: 93.7%) |

The board of directors of Lavastone Ltd accepts full responsibility for the accuracy of the information contained in this report. The abridged group financial statements are unaudited and have been prepared using same accounting policies as the audited financial statements for the year ended 30 September 2020 except for the adoption of new International Financial Reporting Standards issued which are now effective. Copies of this report are available free of charge and upon request from the Company Secretary at the registered office of Lavastone Ltd. The abridged audited financial statements are issued pursuant to DEM Rule 17. The statement of direct and indirect interests of Officers pursuant to rule 6(2)(m) of the Securities (Disclosure Obligations of Reporting Issues) Rules 2007 is available, free of charge at the registered office: corner Edith Cavell Street & Mere Barthelemy Street, Port Louis, 11324

Lavastone Ltd | Incorporated in the Republic of Mauritius | Business Registration No: C121069298 | corner Edith Cavell Street & Mere Barthelemy Street, Port Louis, 11324, Mauritius | T: + 230 215 7601 | E: info@lavastone.com | www.lavastone.com

ANSWERS TO SOME QUERIES YOU MAY HAVE

Q1. Do I have to accept the Offer?

As shareholder of Lavastone to whom the Offer is made, you are not obliged to accept same. You may elect to accept the Offer or do nothing, in which case you will be deemed to have rejected the Offer.

Q2: What is a Reply Document?

A Reply Document is a document prepared by the Board of Directors of Lavastone in line with the Second Schedule (Rule 18) of the Rules. The Reply Document aims at providing you with relevant information to enable you to make an informed decision about the Offer you have received.

Q3. Am I obliged to follow the recommendation of the Directors?

You are not obliged to follow the recommendation of the Directors. You can decide to accept or reject the Offer as you deem fit.

Q4. Why did Lavastone appoint an Independent Adviser?

It is required by law for Lavastone to appoint, in the interests of its shareholders, an Independent Adviser under Section 21 of the Rules.

Q5. What is the role of an Independent Adviser?

In its role, the function of an Independent Adviser is to:

- (a) advise the Board of the Offeree as to whether the Offer is fair and reasonable;
- (b) carry out or cause to be carried out the valuation of the Offeree; and
- (c) submit a report to the Board of the Offeree.

Q6. Why did Lavastone issue a Reply Document?

Under Rule 18 of the Rules, the Board of Lavastone is required to communicate to its shareholders, within 21 days from the date of the posting of the Offer Document, a Reply Document, containing sufficient information, including a recommendation whether to accept or reject the Offer, to enable the shareholders of Lavastone to reach an informed decision.

The Reply Document is being sent only to the shareholders registered on the share register of Lavastone at close of business on 16 September 2021 and to whom the Offer Document was addressed.

If you have since sold or otherwise transferred your shares in Lavastone or any part of them, to a third party, the mandatory offer would not be applicable to you if you were not registered as a shareholder on 16 September 2021.

Q7. Do I have to inform Lavastone if I accept the Offer?

No, you do not have to inform Lavastone if you accept the Offer. You should follow the acceptance instructions you have received from the Offerors.

Q8. Do I have to inform Lavastone if I refuse the Offer?

No, you do not have to inform Lavastone if you refuse the Offer.

Q9. How many days do I have to reply if I accept the Offer?

You have 35 days as from the date of communication of the Offer (opening of the Offer 01 October 2021) to 05 November 2021 (closing of the Offer).

Q11. Can I share the Reply Document with my investment adviser?

The Reply Document is for the information of the shareholders of Lavastone eligible to the Offer. Any third party, if it is shared with, has to apply its own diligence in reading it.

The Board of Directors of Lavastone Ltd takes full responsibility for the correctness and accuracy of the questions and answers above which are provided for information purposes only.

LAVASTONE LTD

Head Office: 1st Floor, 246 Edith Cavell Court, 6 Edith Cavell Street, Port Louis, 11302

Registered Office: c/r Edith Cavell & Mère Barthélemy Streets, Port Louis, 11324

BRN C12108298 VAT 27140072