

LUX ISLAND RESORTS LTD

PREFERENTIAL OFFER DOCUMENT

in respect of

THE ISSUE BY LUX ISLAND RESORTS LTD OF
100 REDEEMABLE CONVERTIBLE SECURED BONDS
OF MUR 10,000,000 EACH
TO THE MAURITIUS INVESTMENT CORPORATION LTD
FOR A PRINCIPAL AMOUNT OF MUR 1,000,000,000

AND

LISTING PARTICULARS

in respect of

THE FUTURE LISTING OF UP TO 29,832,935 ORDINARY SHARES
OF LIR TO BE ISSUED TO MIC IN THE EVENT OF THE CONVERSION
IN ACCORDANCE WITH THE TERMS AND CONDITIONS
OF THE ABOVE BONDS ISSUE

This document is not an invitation or a statement in lieu of a prospectus for the public or for any person, other than the Mauritius Investment Corporation Ltd (MIC), in Mauritius or elsewhere to subscribe for the bonds.

This document is issued by virtue of the statutory obligations of Lux Island Resorts Ltd (LIR) and for the purpose of giving information in relation to the bonds issue and potential share issue and includes an overview of the activities and results of LIR.

This document is intended only for the use of the person to whom it is addressed and is not to be redistributed, reproduced or used, in whole or in part, for any other purpose.

A copy of this document is required to be filed with the Financial Services Commission ('FSC') pursuant to the Securities (Preferential Offer Rules) 2017 (the "FSC rules") and approved by the Listing Executive Committee ('LEC') pursuant to the listing rules (the "Listing Rules") of the Stock Exchange of Mauritius Ltd (SEM)

Neither the LEC nor the SEM, nor the FSC assumes any responsibility for the contents of this Document. The LEC, SEM and the FSC make no representation as to the accuracy or completeness of any of the statements made or opinions expressed in this document and expressly disclaim any liability whatsoever for any loss arising from or in reliance upon the whole or any part of this Document.

The SEM, the LEC and the FSC do not vouch for the financial soundness of LIR for the accuracy of any statements made or opinion expressed with regard to it.

This document should be read in its entirety. In case of doubt, please consult your professional advisers immediately.

LP NUMBER: LEC/P/09/2020

BRN: C06006590

DATE: 4 December 2020

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1. DECLARATION BY DIRECTORS

This document includes particulars given in compliance with FSC rules, the Listing Rules, the Companies Act 2001, the Securities Act 2005 (the “Act”) and any applicable rules and regulations made thereunder for the purpose of giving information with regard to the bonds issue and the potential issue of shares of LIR. The directors, whose names appear in Section 7 of the Document, collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement herein misleading and that this document complies with the Act, the Listing Rules and the FSC Rules.

The board draws attention to the fact that the bonds issue will be made in accordance with the terms and conditions of the subscription agreement signed between LIR and MIC on 3 December 2020 (the “Subscription Agreement”) and is conditional to the approval of the shareholders of LIR and is subject to the risk factors (as defined hereunder). The obligations of LIR and MIC under the Subscription Agreement will be subject to the satisfaction of certain conditions precedent agreed by the parties in the Subscription Agreement. The terms of the bonds are set out in section 5.2. There is no certainty that those conditions will be satisfied. LIR will issue communiqués in relation to the status of those conditions in due course.

The bonds issue and the issue and allotment of the bonds is subject to the approval of the shareholders of LIR.

The future listing of ordinary shares of LIR to be issued to MIC in the event of the conversion must be approved by the LEC and an application for such approval was made on 12 October 2020. The LEC has given its approval on 4 December 2020.

A copy of this document will be filed with the FSC.

For and on behalf of the Board of Directors of LUX ISLAND RESORTS LTD

4 December 2020



Director



Director

2. CORPORATE INFORMATION

Company name	Lux Island Resorts Ltd	
Date of incorporation	11 December 1987	
Registered number	6590	
Registered address	58, Pierre Simonet Street, Floréal	
Company secretary	IBL Management Ltd	
Auditors	PricewaterhouseCoopers Ltd	
Principal bankers	Name of Banks	Address
	Barclays Bank Plc	Main Branch, Sir William Newton, Sir S. Ramgoolam Street, Port Louis
	State Bank of Mauritius Ltd	State Bank Tower, 1, Queen Elizabeth II Avenue, Port Louis
	The Mauritius Commercial Bank Ltd	9-15, Sir William Newton Street, Port Louis
	Bank One Ltd	16, Sir William Newton Street, Port Louis
	Standard Bank (Mauritius) Ltd	6th Floor, Medine Mews Building, La Chaussée Street, Port Louis
	AfrAsia Bank Ltd	Bowen Square, 10, Dr Férière Street, Port Louis
	HSBC Ltd (Mauritius)	6th Floor, HSBC Centre, 18, Cybercity, Ebène
	HSBC (UK)	West End Commercial Centre, 90, Baker Street, London W1U 6AX
	HSBC Ltd (Germany)	Konigsallee 21/23, 40212, Dusseldorf, Germany
	HSBC Ltd (Maldives)	1st Floor, MTCC Tower, 24 Boduthakkurufaanu Magu, Malé 20-05 Republic of Maldives
	Bank of Ceylon	No 12, Boduthakurufaanu Magu, Male, Maldives
	Banque de la Réunion	27, rue Jean Chatel, 97711 St Denis Messag cedex 9
	Banque Française Commerciale de Paris	29 Boulevard Haussmann, 75009 Paris
	Standard Bank Group Ltd	9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg 2001, PO Box 7725
	Mauritius Commercial Bank (Seychelles) Ltd	PO Box 122. Manglier Street, Victoria, Mahe, Seychelles
	ABC Banking Ltd	Weal House, Duke of Edinburgh Avenue, Place d'Armes, Port Louis
	Maubank Ltd	25 Bank Street, Cybercity, Ebène
	State Bank of India (Mauritius) Ltd	6th & 7th Floor, SBI Tower Mindspace, Cybercity, Ebène
	Caisse d'Epargne Provence Alpes Corse	35 r Labourdonnais, 97400 St Denis, Ile de la Réunion.
Legal advisor to the Bond issue	Bridges Ltd Director: Vony Ramsamy 5 Unicorn House, 5 Royal Street, Port-Louis T: +230 212 6680 E: vony@bridges-llc.com	

3. DEFINITIONS

In this Document, where the context permits, the expressions set out below bear the following meanings:

Act	Securities Act 2005, as amended
Board	The board of directors of LIR
Bonds	100 redeemable convertible secured bonds of MUR 10,000,000 each to be issued pursuant to the Bonds Issue;
Bonds issue	the issue of 100 Bonds of nominal amount MUR 10,000,000 each for a total principal amount of MUR 1,000,000,000 to MIC, convertible into ordinary shares as particularised in this Document;
CA 2001	Companies Act 2001, as amended
Conversion	The conversion of each outstanding Bond into such number of New Shares in accordance with the Terms of the Bonds issue as set out in clause 5.2;
Conversion Price	At the date of this Document, MUR 33.52, being the volume-weighted average price of the ordinary shares of LIR as published by the Stock Exchange of Mauritius during the period 01 January 2020 to 30 June 2020, inclusively, as may be adjusted in case of (a) capitalization of profits or reserves, (b) capital distribution, dividends (save for dividends in line with LIR's policy and that satisfy the solvency test) or share repurchases, (c) rights issues of shares or options over shares, (d) rights issues of other securities, (e) issues of shares or options over shares, (f) issues of securities which carry rights of conversion into, or exchange or subscription for shares, (g) modification of rights of conversion, exchange or subscription attaching to any other securities issued and which are convertible into shares, (h) issue of securities in the context of an offer to shareholders, and (i) share splits;
Document	This preferential offer document and listing particulars prepared pursuant to the FSC Rules and the Listing Particulars respectively;
FSC	The Financial Services Commission of Mauritius;
FSC Rules or SPOR	The Securities (Preferential Offer) Rules 2017;
Group	LIR and the operating subsidiaries of LIR
Issuer or LIR	Lux Island Resorts Ltd
SEM	The Stock Exchange of Mauritius Ltd
LEC	The Listing Executive Committee of the SEM;
MUR	Mauritian Rupees
NAV	Net Asset Value
Listing Rules	The rules governing securities listed on the Official Market of the SEM
Listing particulars	This Document prepared pursuant to the Listing Rules in connection with an application for the future admission of New Shares;
New Shares	Up to 29,832,935 new Shares to be issued by LIR to MIC in the future as a result of the Conversion ;
Person	Any natural person, corporation, company, partnership, firm, voluntary association, joint venture, trust, unincorporated organisation, authority or any other entity whether acting in an individual, fiduciary or other capacity;
Principal Amount of the Bonds	MUR 1,000,000,000, being the amount committed by MIC to acquire all of the Bonds
Security	A floating charge over the assets of LIR ranking after existing charges;
Shares	Ordinary shares of LIR;
Subscriber or MIC	Mauritius Investment Corporation Ltd ;
Subscription agreement	The subscription agreement between LIR and MIC in connection with the subscription and issuance of the Bonds;
Transaction agreements	The Subscription Agreement and the document witnessing the Security.

4. COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES

4.1 Background

LIR was incorporated on 11 December 1987 in Mauritius under registration number 6590 as a company limited by shares of unlimited duration. It was admitted to the Official List of SEM in November 2005. Its registered office address is 58, Pierre Simonet Street, Floréal.

LIR has recently undergone a restructuring which involved the separation of the real estate cluster and hotel operation company, LIR, from its management company, The Lux Collective Ltd (formerly known as LUX Hospitality Ltd). Following the restructuring, the activities of LIR are now undertaken by the two separate companies:

- (a) LIR, the investment property holding company, owns the real estate assets and the hotel operations which are managed by The Lux Collective Ltd under long-term management contracts;
- (b) The Lux Collective Ltd, the management company, owns a portfolio of brands, namely LUX*, Tamassa, SALT, SOCIO and Café LUX*. The Lux Collective Ltd manages the hotels owned by LIR and by other owners. Its income comprises principally of management fees from the hotels.

The main activities of the Group involves owning and operating hotels in the Indian Ocean. LIR is involved in hotel operations and the non-hotel segment remains immaterial both in terms of revenue and trading results of the Group.

The contribution of the hotel units in Réunion Island (via Hotel Prestige Réunion) and for the unit in Maldives (via White Sand Resorts & Spa Pvt Ltd) for the year to 30th June 2020 represent more than 10% in terms of revenue. The table below depicts a geographical analysis of the operations of LIR:

Geographical location	Mauritius	Reunion	Maldives	Total
For the year ended 30 June 2020*	Rs'000	Rs'000	Rs'000	Rs'000
Segment revenue	2,776,252	768,554	1,109,101	4,653,907
Segment result before finance charges	(136,105)	11,489	(247,835)	(372,451)
Segment assets	8,418,870	1,706,823	5,478,358	15,604,051
Capital expenditure	776,728	29,501	23,456	829,685
For the year ended 30 June 2019				
Segment revenue	3,642,634	961,013	1,552,707	6,156,354
Segment result before finance charges	532,978	32,691	330,212	895,881
Segment assets	6,936,368	1,324,439	4,050,850	12,311,657
Capital expenditure	104,439	30,073	52,768	187,280

* Financial year 2020 results have been affected by Covid-19.

4.2 LIR properties

Properties owned and leased by the Group are detailed hereunder:

Company	Site / Hotel	Surface area	Type	Lease Expiry	Grading	Number of keys
Lux Island Resorts Ltd	Head Office	3,900.18 m ²	Freehold	-	-	-
Les Pavillons Resorts Ltd	LUX* Le Morne	59,090 m ²	Leasehold	30/09/2069	5*	149
MSF Leisure Company Ltd	Restaurant Emba Filao	4,220.87 m ²	Leasehold	30/06/2063	-	-
Beau Rivage Co Ltd	LUX* Belle Mare	59,174m ²	Leasehold	15/02/2069	5*	174
Blue Bay Tokey Island Limited	Ile des deux Cocos	45,163 m ²	Leasehold	30/06/2051	-	-
Merville Limited	LUX* Grand Baie	21,193.11m ² 47,453.22 m ²	Leasehold Freehold	30/09/2069	5* -	116 -
Holiday & Leisure Resorts Limited	LUX* Grand Gaube	103,048 m ² 56,684.43 m ²	Leasehold Freehold	31/03/2068	5* -	186 -
Néréide Limited	Tamassa	91,888.78m ²	Leasehold	29/06/2026	4*	214
White Sands Resorts & Spa Pvt Ltd	LUX* South Ari Atoll	107,679.78m ²	Headlease/ Sublease	12/04/2094	5*	193
Les Villas du Lagon SA	LUX* Saint Gilles	68,200 m ²	Leasehold	30/09/2031	5*	174

4.3 Impact of COVID-19 on LIR

The Covid-19 pandemic has triggered an unprecedented crisis in the hospitality industry. The global lockdown in the fourth quarter of the financial year ended 30 June 2020 led to a sudden and severe drop in global tourism numbers and receipts. The three destinations in which the Group operates – Mauritius, the Maldives and Reunion Island – have not been spared.

The impact of the Covid-19 pandemic began to make itself felt as of the end of February 2020, with an abrupt year on year decline in tourist arrivals in each of the Group's destinations. By March 2020, all of the Group's destinations were in lockdown. Its hotels remained closed for the rest of the financial year, with its Reunion properties reopening in July 2020 and the Maldives hotels reopening in August 2020. In Mauritius, the Group reopened Tamassa and LUX Grand Gaube at the end of August/beginning of September 2020.

Over the last few months, The Group moved quickly and decisively to mitigate the impact of COVID-19 on the business. In addition to significantly reducing its operating expenses, a number of measures were implemented to strengthen the financial position of the Group by rescheduling its debts by extending their average maturities, reducing its cash outlays significantly, and the disposal of certain non-core assets. In that respect, the Group disposed of Hôtel le Recif in Reunion Island in August 2020 for Euro 9m and received Euro 7m at the time of sale. Out of the balance, Euro 1m is payable in June 2024 with the final Euro 1m coming due in December 2024.

LIR first approached its principal bankers, which have responded positively by granting the following:

- A moratorium of one year on all capital repayments, which will fall due between 1st July 2020 and 30th June 2021, in addition to the 3 months extension granted from April to June 2020;
- A Covid-19 sponsored loan for an amount of MUR 160m at a interest rate of 1.5% per annum. The 1st repayment of the Covid-19 sponsored loan will start as from July 2021;
- A term loan of USD 8 million to meet the working capital requirement of the Maldives operations;
- A French Government sponsored term loan of EUR 2 million to finance working capital of the Reunion operation.

Furthermore, the Board approached the Mauritius Investment Corporation Ltd ("MIC") with a view to providing funding to the Group. The terms and conditions including the permitted use of the subscription proceeds are detailed under section 5.2 of the Document.

The Board is of the view that the injection of Mauritius Rupees One Billion (MUR 1,000,000,000) and term loans from commercial banks coupled with other initiatives taken by the Board to stabilise the business of the Group should ensure adequate liquidity to meet its financial commitments for at least the next twelve (12) months.

5. PARTICULARS OF THE BONDS ISSUE

5.1 Background to and purpose of the Bonds issue

The COVID-19 outbreak brought the world to a standstill, and the hospitality sector is one of the hardest hit economic sectors, mainly due to the introduction of travel restrictions. In Mauritius, the hospitality sector represents a fair share of the economy and one of many forecasts made about the impacts of the pandemic is a contraction of 20 percent, which will span over the next three to five years.

The sanitary crisis has also other unquantifiable impacts on the tourism sector including the loss of livelihoods of locals, loan repayment commitment of impacted businesses, low to no occupancy rates of hotels that may lead to temporary or permanent closure, and cash flow issues.

In this context, LIR approached the MIC to discuss the possibility of availing itself of the necessary financial support, estimated by management at Mauritius Rupees One Billion (MUR 1,000,000,000), for the purpose of stabilising its finances during those challenging times. Accordingly, the management of LIR entered into negotiations with MIC for the injection of an amount Mauritius Rupees One Billion (MUR 1,000,000,000) in LIR.

As a result of the negotiations, the Company and MIC have agreed that the Company will issue Mauritius Rupees One Billion (MUR 1,000,000,000) worth of Bonds to which MIC will fully subscribe. Consequently, on 3 December 2020, LIR and MIC signed a Subscription Agreement setting out the commercial and other terms and conditions of the Bonds.

Estimated net proceeds from the Bonds issue

	MUR
Proceeds:	
- Bonds Issue	1,000,000,000
Estimated expenses (see below)	(6,185,000)
Estimated net proceeds	993,815,000

The estimated costs associated with the Bonds issue, payable by LIR, are as follows:

	MUR
Details of issue costs	
Front end fees payable to MIC	4,500,000
Business advisory fees	500,000
Legal advisory fees	800,000
Printing costs	200,000
SEM application fee	185,000
Total estimated expenses	6,185,000

5.2 Terms of the Bonds issue

Committed amount:	Mauritius Rupees One Billion (MUR 1,000,000,000)
Permitted purpose:	<p>(a) operating expenses for LIR and its subsidiaries for its Mauritius operations (the “Subsidiaries”);</p> <p>(b) working capital for LIR and the Subsidiaries;</p> <p>(c) interest charges arising on interest-bearing debts outstanding in the books of LIR or the Subsidiaries and payable to a commercial bank or a bondholder;</p> <p>(d) capital expenditure as provided in the business plan in respect of ongoing projects as at 18 September 2020;</p> <p>The expenses in (a) and (b) above can only include payments to related parties if those related parties are dealing at arm’s length and in line with the existing business model of LIR. The expenses in paragraphs (a) to (d) above can only be paid if they relate to Mauritius operations. LIR may use the subscription proceeds from the Bonds for any purpose not listed above provided that it pays interest based on the market rate for that portion of the subscription proceeds so used.</p>
Nominal amount of each Bond:	Mauritius Rupees Ten Million (MUR 10,000,000).
Number of Bonds to be issued:	One hundred (100).
Maturity date:	9 years from the first date of subscription of the Bonds (the “Maturity Date”).
Interest rate:	3% per annum.
Default interest:	2% above the interest rate.
Interest period:	Every 6 months payable on the last business day of the interest period but any interest accruing prior to the Financial Completion Date will accumulate and become payable within thirty (30) days after the Financial Completion Date and such interest shall not be capitalised.
Front-end fee:	0.5% on the first Mauritius Rupees Five Hundred Million (MUR 500,000,000) of subscription money and 0.4% on the next Mauritius Rupees Five Hundred Million (MUR 500,000,000) of subscription money payable out of the proceeds of the first subscription.
Long stop date:	31 January 2021, being the last date for satisfaction of the initial conditions precedent under the Subscription Agreement or such further date as may be mutually agreed.
Commitment period:	Twelve (12) months from the date of satisfaction of the initial conditions precedent under the Subscription Agreement or such other date as may be mutually agreed
Opening/closing of subscription:	<p>In respect of the first subscription the date on which the initial conditions precedent under the Subscription Agreement have been fulfilled and in respect of subsequent subscriptions, the date on which the subsequent conditions precedent are fulfilled.</p> <p>The first subscription of Bonds is expected to be in December 2020 or early January 2021 after fulfilling the initial conditions precedent under the Subscription Agreement.</p> <p>The Bonds will be issued in four (4) tranches provided that there is a minimum of three (3) months between the delivery of any two subscription requests under the Subscription Agreement.</p>
Initial conditions precedent:	<p>Customary for a transaction of this nature, including:</p> <p>(a) submission of a business plan (the “Business Plan”) and budget and cash flow forecast for the next 12 months;</p> <p>(b) completion of satisfactory legal, financial and operational due diligence, the scope of which will be agreed between LIR and MIC;</p> <p>(c) submission by Issuer of a detailed information memorandum setting out information about the status of the Group and their financial and operational affairs;</p> <p>(d) submission by Issuer of full particulars of the application made by a member of the Group to, or funds received by a member of the Group from, any scheme or other funding programme set up by the Government of Mauritius or any other authority, department or parastatal body in the context of the COVID-19 pandemic;</p> <p>(e) executed and fully perfected Transaction Agreements and related documents;</p> <p>(f) receipt of all relevant consents (including corporate and regulatory);</p> <p>(g) enactment of an amended constitution of Issuer to entrench the rights of Subscriber.</p>
Transferability:	Bonds which have not been redeemed prior to the Maturity Date are transferable to another entity wholly owned by the Bank of Mauritius or the Government of Mauritius on same terms and conditions but with consent of LIR. New Shares will be freely transferable upon their admission on the Official List of the SEM.
Conversion:	<p>The Bonds which have not been redeemed prior to the Maturity Date are convertible on the Maturity Date into New Shares in accordance with the following formula: $[(A+B)/C]$, where ‘A’ is the Nominal Amount of all Bonds held by MIC, ‘B’ is equal to the amount of outstanding and unpaid interest in relation to Bonds held by MIC, and ‘C’ is the conversion price.</p> <p>Any fraction of Ordinary Shares to be issued on the Maturity Date will be settled in cash. The New Shares must be listed on SEM.</p>

Conversion price:	The price at which the Bonds will convert into New Shares (the “Conversion Price”) will be the volume-weighted average price of the ordinary shares of LIR as published by the Stock Exchange of Mauritius during the period 01 January 2020 to 30 June 2020, inclusively, as may be adjusted in case of (a) capitalization of profits or reserves, (b) capital distribution, dividends (save for dividends in line with LIR’s policy and that satisfy the solvency test) or share repurchases, (c) rights issues of shares or options over shares, (d) rights issues of other securities, (e) issues of shares or options over shares, (f) issues of securities which carry rights of conversion into, or exchange or subscription for shares, (g) modification of rights of conversion, exchange or subscription attaching to any other securities issued and which are convertible into shares, (h) issue of securities in the context of an offer to shareholders, and (i) share splits. Where the parties agree that any of the above events will have an impact on the conversion price, they will appoint a senior partner of any of Ernst & Young, PricewaterhouseCoopers, Deloitte or KPMG to determine the adjusted conversion price. As at the date of this Document the Conversion Price stands at MUR 33.52.
Option to redeem Bonds:	LIR has the option to redeem the Bonds at any time before the Maturity Date at the option price detailed hereunder (the “Option Price”).
Option price:	On or before the 4th anniversary of the date of issue of the first tranche of the Bonds, the Option Price will be equal the nominal value of the Bonds. After the 4th anniversary of the date of issue of the first tranche of the Bonds but before the maturity date, the Option Price will be equal to 100.5% of the nominal amount of the Bonds.
Financial covenants:	Debt service coverage ratio, at least 1:1. Interest cover ratio, at least 2.00:1. Gearing ratio, not exceeding 55% for the first financial year after the date where the average break-even occupancy rate of the hotels operated by LIR and the Subsidiaries is equal or greater than 55% over two (2) consecutive quarters, and 50% for the immediately succeeding financial year.
Dividends:	Dividends are not allowed if an event of default is continuing or if the ratios under the financial covenants have not been met. LIR may declare dividends in line with its dividend policy and subject to internal cash flow requirement. Dividends may be paid out of existing banking facilities but may not be financed by new facilities.
Security:	A floating charge over the assets of LIR ranking after existing charges.
Default:	Customary for a transaction of this nature, and as morefully described in clause 13 of the Subscription Agreement, including: (a) failure to pay any sum when due after the applicable grace period; (b) breach of covenants and breach of other obligations in the Subscription Agreement; (c) representations or warranties found to be untrue or misleading when made or deemed repeated; (d) cross default; (e) material adverse change which has a material adverse effect (f) insolvency and related events; (g) cessation of business; (h) failure to comply with judgment or award of at least MUR 20,000,000; (i) change of control; (j) repudiation; (k) unlawfulness and invalidity of transaction documents; (l) audit qualification; (m) litigations having a material adverse effect; (n) lack of consents; (o) invalidity or unenforceability of security document; (p) failure to comply with the terms and conditions of any Government funding scheme from which a member of the Group has received funds; and (q) LIR or any member of the Group suspends, cancels or breaches a material contract which has the effect of prohibiting, restricting or delaying in material respect any payment to be made by LIR.
Consequences of default:	If a default occurs and is not cured within the time allocated for such default, MIC shall accelerate the conversion and request that the Bonds be converted into New Shares at the Conversion Price. Upon receipt of such a request, LIR may redeem the Bonds at the Option Price. If LIR has not redeemed the Bonds or fails to convert the Bonds on the Maturity Date or upon receipt of the above request, MIC may exercise its security.
Pre Conversion Governance:	Prior to Conversion, MIC has the right to nominate for appointment one (1) director on the Board.

Post Conversion Governance:	<p>After Conversion, if any, and for as long as MIC owns all the New Shares issued to it pursuant to the Conversion, MIC will have the right to nominate for appointment by LIR, one (1) director to the board of directors of LIR per portion of New Shares held by MIC representing at least twenty percent (20%) of the total number of the Shares. The director nominated by MIC will be a member of the audit and risk committee and the investment committee of LIR, to the extent that LIR has such committees.</p> <p>Subject to law and the appropriate amendments to the constitution of LIR being made, the affirmative vote of the director(s) nominated by MIC, if any, will be required before the following matters are, where required, recommended by the board of directors of LIR to the shareholders:</p> <ul style="list-style-type: none"> (a) the alteration of the constitution of the Issuer; (b) passing a resolution for the voluntary winding up of the Issuer; (c) change the nature or scope of the business of the company or commencing a new business not being ancillary or incidental to the current business of the Issuer; (d) ceasing or proposing to cease to carry on the current business of the Issuer; (e) the issue of shares by the Issuer, or granting or agreeing to grant any options for the issue or allotment of any share of Issuer; (f) permitting or causing to be proposed any amendment to the stated capital of Issuer by way of the sub-division of its stated capital, the creation of shares with differing rights and amendment of existing class rights; (g) entering into any merger, consolidation, partnership, joint venture, acquisition or investment in any other business or company; (h) creating any subsidiaries and associate companies ; (i) selling any asset or creating any security interest in or over any of the company assets; (j) making any loans to directors, companies or Affiliates; (k) awarding any discretionary bonus or commission payments to directors, companies or Affiliates except in the ordinary course of business; (l) entering into or varying any contract or arrangement (other than those negotiated and entered into at arm's length) with directors, companies or Affiliates; (m) changing the auditors or accounting reference date; (n) approving any merger, consolidation, recapitalization or other business combination transaction involving any related party; (o) terminating, or causing to be terminated, a Material Contract; (p) changing the dividend policy; (q) incurring any capital expenditure not budgeted for and exceeding Five Million Rupees (MUR 5,000,000); (r) engaging in renovations or new projects; (s) engaging in the early repayment of commercial bank facilities: and (t) repaying related party debts. <p>It is agreed that reserved matters (a) to (f), (m), (n) and (p) shall require such subsequent shareholder approval.</p>
Status and form:	<p>The payment obligations of LIR under Bonds are the direct obligations of LIR and rank pari passu among themselves and, save for debts required to be preferred by law applicable to companies generally, rank pari passu with all other present and future unsecured and unsubordinated obligations of LIR from time to time outstanding. The Bonds will be issued in certificated and registered form. New Shares to be issued to MIC, on conversion at the maturity date, will rank in all respects pari passu with all Ordinary Shares of LIR.</p>
Governing law	Mauritius law.

5.3 Approval by shareholders

The terms and conditions of Bonds issue must be approved by the shareholders of LIR. Such approval will be sought, and expected to be obtained, at the special meeting of LIR on 30 December 2020.

5.4 Listing of the New Shares upon conversion of Bonds

An application was made on 12 October 2020 to the LEC for the listing, upon conversion of the Bonds, of the New Shares on the Official List of the SEM.

The LEC has, on 4 December 2020, approved the above application.

5.5 Calendar of events

Board resolution of LIR to approve this Document and the Bond issue	3 December 2020
Approval of the LEC	4 December 2020
Special meeting of shareholders of LIR	30 December 2020
Filing of this Document and of the shareholders' approval to the FSC	31 December 2020

6. SHAREHOLDING STRUCTURE

6.1 Capital

As at 30th June 2020, LIR's stated capital was MUR 1,371,159,430. 137,115,943 Ordinary Shares were in issue at a nominal value of Rs.10.

6.2 Shareholding pattern as at 30 June 2020

LIR's shareholding profile as at 30th June 2020 was as follows:

Defined brackets	Number of shareholders	Number of shares owned	Percentage
1-500	2,373	314,551	0.229
501-1000	460	361,121	0.263
1001-5000	993	2,463,968	1.797
5001-10000	330	2,405,114	1.754
10001-50000	428	9,294,908	6.779
50001-100000	67	4,745,359	3.461
100001-250000	56	8,947,736	6.526
250001-1000000	26	12,216,594	8.91
1000001-1500000	4	5,071,803	3.699
Over 1,500,000	5	91,294,789	66.582
Total	4,742	137,115,943	100

Summary of shareholder by category as at 30th June 2020:

Category of shareholders	Number of shareholders	Number of shares owned	Percentage
Individual	4,327	19,261,053	14.047
Other Corporate Bodies	254	87,751,571	63.998
Pension & Providence Funds	118	24,065,497	17.551
Investment & Trust Cos	26	359,124	0.262
Insurance & Assurance Cos	17	5,678,698	4.142
Total	4,742	137,115,943	100

6.3 Shareholding pattern post conversion (based on 30 June 2020)

LIR's shareholding profile on the Maturity Date, assuming Conversion of the Principal Amount of the Bonds into New Shares, will be as follows:

Defined brackets	Number of shareholders	Number of shares owned	Percentage
1-500	2,373	314,551	0.188
501-1000	460	361,121	0.216
1001-5000	993	2,463,968	1.476
5001-10000	330	2,405,114	1.441
10001-50000	428	9,294,908	5.568
50001-100000	67	4,745,359	2.842
100001-250000	56	8,947,736	5.360
250001-1000000	26	12,216,594	7.318
1000001-1500000	4	5,071,803	3.038
Over 1,500,000	6	121,127,724	72.554
Total	4,743	166,948,878	100

Summary of shareholder by category on the Maturity Date, assuming Conversion of the Principal Amount of the Bonds into New Shares, based on the Conversion Price.

Category of shareholders	Number of shareholders	Number of shares owned	Percentage
Individual	4,327	19,261,053	11.537
Other Corporate Bodies	254	87,751,571	52.562
Pension & Providence Funds	118	24,065,497	14.415
Investment & Trust Cos	26	359,124	0.215
Insurance & Assurance Cos	17	5,678,698	3.401
MIC	1	29,832,935	17.870
Total	4,743	166,948,878	100

6.4 Risk related to the inability of LIR to fulfil its obligations in connection with the Bonds

If prior to the Maturity Date LIR has neither redeemed nor converted any of the Bonds, and consistent with its obligations under the Subscription Agreement LIR has paid all interest due in respect of the Bonds, on the Maturity Date, the total amount of Bonds that will be converted into New Shares will be MUR 1,000,000,000.

Based on its current cashflow forecasts but also on its available banking facilities and the quality of its assets, LIR reasonably expects to have sufficient cash to be able to service interests in respect of the Bonds as they fall due, and reasonably believes that it may even be in the position to redeem part of the Bonds as from year 2024.

However, if there is a change in circumstances which affects the current cash flow forecasts, the available banking facilities and the quality of the assets of LIR, which results to all or part of the interest due in respect of the Bonds remaining unpaid, or if MIC allows LIR to use the proceeds of the subscription of the Bonds for a non-permitted purpose but with a higher rate of interest which remains unpaid, the number of New Shares to be issued by LIR at Conversion may be higher than 29,832,935 in which event LIR will seek the relevant approvals to make such modifications to this Document as may be necessary to reflect the true state of affairs at the time.

6.5 Dilution effect on shareholding

In the event that the Principal Amount of the Bonds is converted into New Shares at the Maturity Date, the dilution effect Post Conversion of the Bonds will amount to 17.87%%.

There will be no change of control of LIR as a result of the Bonds issue or the Conversion into New Shares.

6.6 Number of shares held by shareholders who hold 15% or more of the paid-up share capital of LIR

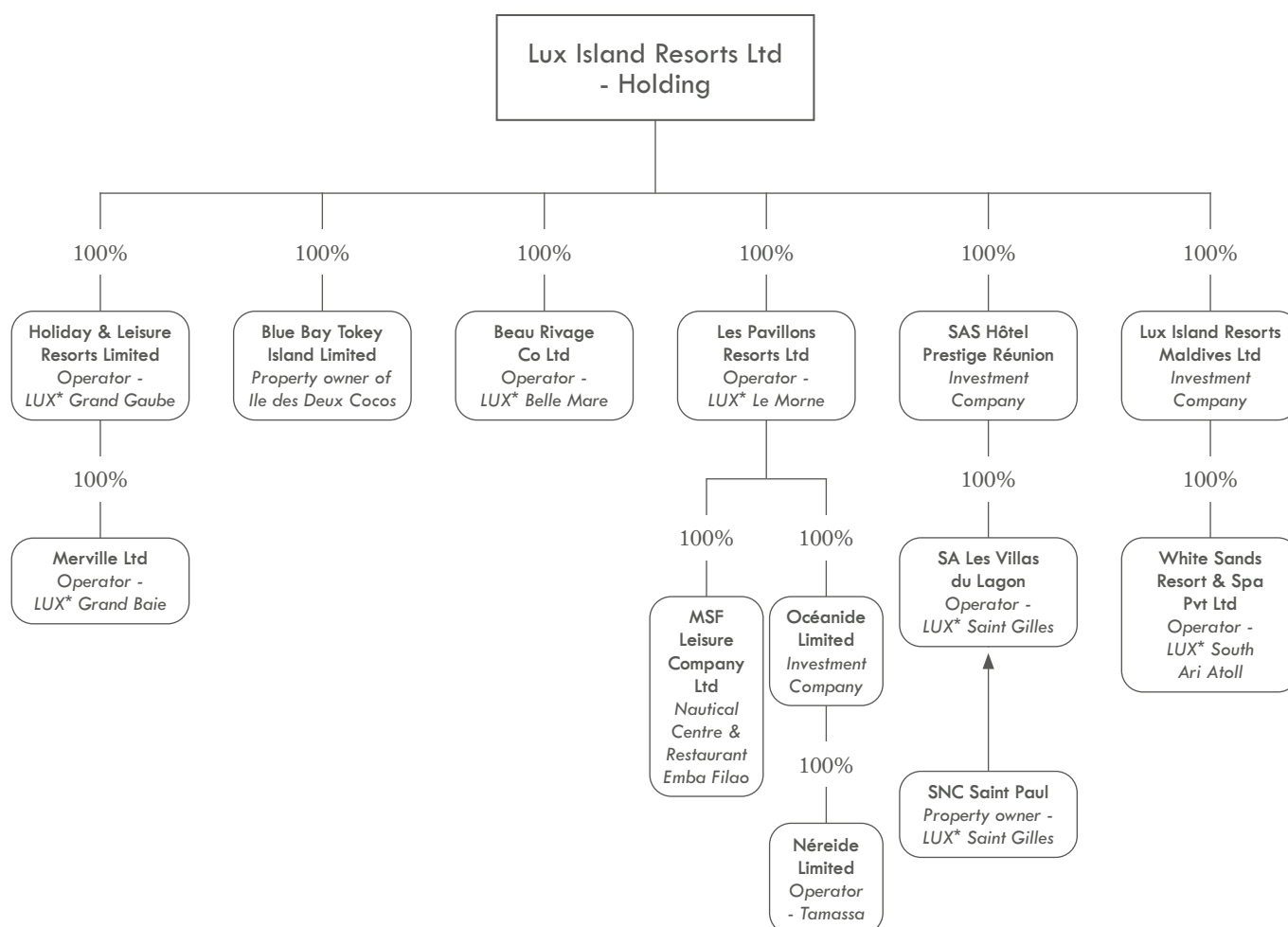
IBL Ltd holds 77,425,389 shares in LIR, representing 56.4671% of the share capital of LIR. All other shareholders own less than 15% of the share capital of LIR as at the date of this Document.

6.7 Number of shares held by members of the Board

The table below outlines the direct and indirect interests of each member of the Board in Ordinary Shares as at 30th June 2020.

Directors	Shares	Direct Interest %	Indirect Interest %
Jean-Claude Béga	79,651	0.06	0.04
Jan Boullé	-	-	0.05
Laurent de la Hogue	25,000	0.02	-
Désiré Elliah	759,977	0.55	-
Pascale Lagesse	-	-	-
Thierry Lagesse	1,378	0.00	0.05
Reshan Rambocus	-	-	-
Maxime Rey	4,000	0.00	-

6.8 Group structure as at 30 June 2020



7. PROFILE AND DETAILS OF MEMBERS OF THE BOARD

Name	Occupation	Description and address
Marie Philomène Gérard Jean-Claude Béga	Group Head of Financial Services and Business Development - IBL Ltd	<p>Born in 1963, Jean-Claude Béga is a Fellow of the Association of Chartered Certified Accountants. Jean-Claude Béga joined IBL Ltd – formerly known as GML - in 1997 and is currently the Group Head of Financial Services and Business Development and Executive Director of IBL Ltd. He currently leads IBL Group’s financial services and business development activities including Mergers & Acquisitions (M&A). He was appointed Director and member of the Audit and Risk Committee of the Company in June 2004, but resigned as member of same in January 2019 given his appointment as Chairman of the Company and as member of the Corporate Governance and Nomination Committee and of the Remuneration Committee.</p> <p>He is also the Non-Executive Chairman of Eagle Insurance Limited, The Bee Equity Partners Ltd, DTOS Ltd and Anglo African Investments Ltd and a Non-Executive Director of Phoenix Beverages Limited and some other companies.</p> <p>Directorship in other listed companies: Executive Director of IBL Ltd, Non-Executive Chairman of The Bee Equity Partners Ltd, Non-Executive Director of Phoenix Beverages Limited and of Blue Life Limited.</p> <p><i>Residential address: Calodyne Grand Gaube</i></p>
Jacques Désiré Laval Elliah	CEO - Lux Island Resorts Ltd	<p>Désiré Elliah has been appointed as Chief Executive Officer of Lux Island Resorts Ltd (LIR) on the 1st January 2019. He joined the Company in 2003 as Chief Financial Officer and has been a Director on the Board since October 2004. During his career with LIR, Désiré has gained significant executive experience in numerous aspects of the tourism industry. He is the senior executive responsible for managing the financial and corporate activities of the Group and has been closely involved with its development including equity and debt financings, and a wide range of other corporate transactions comprising acquisitions, disposals and restructurings. Prior to joining the Group, he worked at De Chazal Du Mée from 1984 to 2002, where he became a partner in the Audit and Business Advisory Department, in charge of a portfolio of prestigious clients operating in the main sectors of the Mauritius economy. He also acted as financial adviser on a number of World Bank funded projects in mainland Africa. He has served for seven years as non-executive Director of Golden Agri Resources Ltd, listed on the Stock Exchange of Singapore. He is currently the Vice Chairman of the Association des Hôteliers et Restaurateurs de l’île Maurice and is a member of its Finance Commission.</p> <p>He is also the Chairman of the IBL Pension Fund. Désiré Elliah is a Fellow of the Association of Chartered Certified Accountants.</p> <p>Directorship in other listed companies: None</p> <p><i>Residential address: Morcellement Bout du Monde, Ebène</i></p>

<p>Jan Fredrik Louis Gaetan Boullé</p>	<p>Chairman - IBL Ltd</p>	<p>Jan Boullé is an ‘Ingénieur Statisticien Economiste’, France and pursued post graduate studies in Economics at Université Laval, Canada. He worked for the Constance Group from 1984 to 2016 and occupied various executive positions and directorships, his latest position being Group Head of Projects and Development. He was appointed Non-Executive Chairman of IBL Ltd on the 1st July 2016 and is also a member of the Board of Directors of several major companies of IBL Group. He was appointed Director of the Company and as member of the Audit and Risk Committee in April 2018. He then resigned as member of the Audit and Risk Committee (in January 2019) and was appointed as member of the Corporate Governance and Nomination Committee and of the Remuneration Committee in January 2019.</p> <p>Directorships in other listed companies : Alteo Ltd, Bluelife Limited, IBL Ltd, Phoenix Beverages Limited, Phoenix Investment Company Limited, The Bee Equity Partners Ltd and The United Basalt Products Ltd</p> <p><i>Residential address: 62 Lees Street, Curepipe</i></p>
<p>Francois Laurent De La Hogue</p>	<p>Head of Financial Services - IBL Ltd</p>	<p>Laurent de la Hogue holds a Master degree in Management and Finance from the “Ecole Supérieure de Gestion et Finance” in Paris, France. He joined GML Management Ltée in 2001 as Treasurer for the setting up of the group central treasury management unit and then occupied the position of Finance Executive - Corporate & Treasury in 2011 where he was involved in project development. He was appointed Head of Financial Services of IBL Ltd in July 2016. He is currently the Chairman of IBL Treasury Ltd, AfrAsia Capital Management Ltd and LCF Securities Ltd. He also serves as Director on a number of organisations operating in the industrial, commercial, financial and investment sectors. He was appointed as Director of the Company in February 2011 and as member of the Audit and Risk Committee in January 2019.</p> <p>Directorship in other listed companies : The United Basalt Products Ltd and Eagle Insurance Limited</p> <p><i>Residential address: L’Oree Du Bois Royal Road Black River</i></p>
<p>Pascale Cotty Lagesse</p>	<p>Avocat à la Cour - Bredin Prat</p>	<p>Pascale Lagesse is an experienced lawyer who handles domestic and international matters for large corporations. She has been a Partner with the Paris law firm Bredin Prat since 2008 where she advises international corporate clients on a wide range of legal issues, with a particular focus on the employment aspects of mergers and acquisitions and corporate restructurings. Pascale graduated from the University of Paris II Panthéon-Assas with a “Maîtrise en Carrières Judiciaires.” She also holds a “DEA en Droit Privé” from the University Paris I Panthéon-Sorbonne. A member of the Paris Bar since 1989, she has had an illustrious legal career having worked at some of the city’s most prestigious law firms, including the Paris office of a Magic Circle firm. A frequent speaker and author of legal publications, she is recognized as one of the leading labour and employment lawyers on the French market. In 2013, she was the recipient of the “Outstanding Contribution to the Legal Profession Award” by Chambers Europe. She is involved in a variety of international legal organizations and associations. She holds numerous officer-level positions with the International Bar Association and is presently a member of the Management Board and a LPD Council member. She was the Chair of the Employment and Industrial Relations Law Committee from 2010-2011. Pascale plays an active role in the development of the legal profession in France, and is presently the “Responsable Pédagogique du Parcours de Droit Social” at the Paris Bar School and a Member of the “Conseil Académique et Commission de la Recherche du Conseil Académique” of the University of Paris II Panthéon Assas. She was elected to the National Bar Council of France in 2005. She was appointed as Director of the Company in April 2017 and as Chairman of the Corporate Governance and Nomination Committee and of the Remuneration Committee in January 2019.</p> <p>Directorships in other listed companies: None</p> <p><i>Residential address: Belle Mare, Poste de Flacq</i></p>

<p>Thierry Pierre Joseph Marie Lagesse</p>	<p>Director – IBL Ltd</p>	<p>Thierry Lagesse holds a ‘Maîtrise des Sciences de Gestion’ from the University of Paris Dauphine. He was the Non-Executive Chairman of IBL, Alteo Limited, Phoenix Beverages Limited and The United Basalt Products Ltd. Thierry Lagesse is presently a director of several well-known companies listed on the Stock Exchange of Mauritius namely: Alteo Limited, IBL Ltd, Lux Island Resorts Ltd, Phoenix Beverages Limited, The United Basalt Products Ltd and Phoenix Investment Company Limited. He is also the Executive Chairman of Parabole Group (direct to home satellite TV broadcaster). He was appointed as Director of the Company in July 2016.</p> <p>Directorship in other listed companies: Alteo Limited, IBL Ltd, Phoenix Beverages Limited, Phoenix Investment Company Limited and The United Basalt Products Ltd</p> <p><i>Residential address: Route Royale, Cap Malheureux</i></p>
<p>Kirti Reshan Rambocus</p>	<p>CEO - Safyr Utilis Ltd</p>	<p>Reshan Rambocus has significant industry expertise by virtue of his directorships on a number of boards – listed and unlisted companies – and his membership on various investment. Reshan is a former partner with Ernst & Young Mauritius. Prior to that, he was the Chief Financial Officer for HSBC Mauritius. Reshan returned to Mauritius in 1996 after spending a number of years with KPMG Tax Advisers in London. He is a member of the Institute of Chartered Accountants in England & Wales and the Chartered Institute of Taxation (UK). He was appointed as Director of the Company and as Chairman of the Audit and Risk Committee in July 2018 and as member of the Remuneration Committee in January 2019.</p> <p>Directorship in other listed companies: Phoenix Beverages Ltd and Compagnie Immobiliere Limitee.</p> <p><i>Residential address: Lot B 62, Lotissement Le Bout du Monde, Ebene</i></p>
<p>Désiré Pierre Ariste Maxime Rey</p>	<p>Director</p>	<p>Born in 1952, Maxime Rey qualified as an accountant and started his career in 1973 in Mauritius in auditing before joining the Sugar Industry. He moved to South Africa in 1981 where he worked for Kuehne and Nagel (Pty) Ltd, the South African arm of a leading global provider of innovative and fully integrated supply chain solutions. He was appointed Group Financial Controller in 1989 and Director in 1992. Back in Mauritius in 1993 he joined Swan, one of the market leaders in the local Insurance sector, becoming Senior Manager – Group Finance, Loans & Legal until he retired in 2016. He is a director of a number of Companies listed on the Stock Exchange of Mauritius and operating in the commercial, investment, sugar and tourism sectors. He was appointed as Director of the Company in September 2012 and is a member of the Audit & Risk Committee.</p> <p>Directorship in other listed companies: Belle Mare Holding Ltd, Constance La Gaieté Company Ltd, IBL Ltd, MFD Group Ltd and Tropical Paradise Company Ltd.</p> <p><i>Residential address: Allée des Flamboyants, Carlos, Tamarin</i></p>

8. FINANCIAL INFORMATION

Group statement of profit or loss for the three years ended 30th June 2020, 2019 and 2018:

CONTINUING OPERATIONS	2020 MUR'000	2019 MUR'000	2018 Re-stated MUR'000
Revenue	4,837,605	6,189,878	5,787,463
Earnings before interest, tax, depreciation and amortisation	196,068	1,365,903	1,222,631
Depreciation and amortisation	(568,519)	(470,022)	(492,371)
Operating profit	(372,451)	895,881	730,260
Net finance costs	(448,186)	(273,629)	(236,428)
(Loss)/profit before tax from continuing operations	(820,637)	622,252	493,832
Income tax expense	(57,006)	(91,889)	(78,460)
(Loss)/profit for the year from continuing operations	(877,643)	530,363	415,372
DISCONTINUED OPERATIONS			
Result from discontinued operations after tax	-	(3,171)	(731)
Gain on deemed disposal of subsidiary	-	198,338	-
Net results from discontinued operations	-	195,167	(731)
(Loss)/profit for the year	(877,643)	725,530	414,641
 (Loss)/profit for the year attributable to:			
- Owners of the parent	(877,643)	725,357	414,715
- Non-controlling interests	-	173	(74)
	(877,643)	725,530	414,641
 Other comprehensive income:			
Other comprehensive income/(loss) that may not be reclassified to profit or loss subsequently	357,110	(335,624)	14,507
Other comprehensive income/(loss) that may be reclassified to profit or loss subsequently	79,353	96,840	(41,677)
Total other comprehensive income/(loss), net of tax	436,463	(238,784)	(27,170)
Total comprehensive income for the year, net of tax	(441,180)	486,746	387,471
 Total comprehensive income attributable to:			
- Owners of the parent	(441,180)	486,573	386,954
- Non-controlling interests	-	173	517
	(441,180)	486,746	387,471
 (Loss)/earnings per share attributable to equity holders of the parent:			
Basic and diluted from Continuing and discontinued operations (Rs)	(6.40)	5.29	3.02
Basic and diluted from continuing operations (Rs)	(6.40)	3.87	3.03

Group statement of financial position for three years as at 30th June 2020, 2019 and 2018:

	2020 MUR'000	2019 Re-stated MUR'000	2018 Re-stated MUR'000
ASSETS			
Non-current assets	14,200,317	11,199,395	11,688,446
Current assets	874,789	1,112,262	1,234,480
Assets classified as held for sale	528,945	-	-
TOTAL ASSETS	15,604,051	12,311,657	12,922,926
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent	5,565,860	6,007,040	6,008,774
Non-controlling interests	-	-	1,523
TOTAL EQUITY	5,565,860	6,007,040	6,010,297
Non-current liabilities	5,587,183	3,842,466	4,302,665
Current liabilities	4,247,096	2,462,151	2,609,964
Liabilities associated with assets held for sale	203,912	-	-
TOTAL LIABILITIES	10,038,191	6,304,617	6,912,629
TOTAL EQUITY AND LIABILITIES	15,604,051	12,311,657	12,922,926

Group statement of cash flows as at 30th June 2020, 2019 and 2018:

	2020 MUR'000	2019 Re-stated MUR'000	2018 Re-stated MUR'000
Net cash flows from operating activities	464,240	1,015,043	826,861
Net cash flows used in investing activities	(831,850)	(428,986)	(1,421,909)
Net cash flows from/(used in) financing activities	297,781	(605,040)	654,557
Net (decrease)/ increase in cash & cash equivalents	(69,829)	(18,983)	59,509
Cash and cash equivalents at 1st July	(31,786)	(13,356)	(73,609)
Transfer to assets held for sale	(99,922)	-	-
Net foreign exchange difference	1,933	553	744
Cash and cash equivalents at 30th June	(199,604)	(31,786)	(13,356)

Dividends:

Year ended	Dividend declared MUR million	Dividend paid MUR million
30th June 2020	0	0
30th June 2019	460.7	460.7
30th June 2018	171.4	171.4
30th June 2017	171.4	171.4

Company's statement of profit or loss for the three years ended 30th June 2020, 2019 and 2018:

	2020 MUR'000	2019 MUR'000	2018 Re-stated MUR'000
Revenue	713,273	583,199	340,000
Earnings before interest, tax, depreciation and amortisation	(558,495)	439,126	272,788
Depreciation and amortisation	(528)	(485)	(807)
Operating (loss)/profit	(559,023)	438,641	271,981
Net finance costs	(19,686)	(46,312)	(55,404)
(Loss)/profit before tax	(578,709)	392,329	216,577
Income tax (expense)/credit	(35,889)	18,123	(2,656)
(Loss)/profit for the year	(614,598)	410,452	213,921
Other comprehensive income:			
Other comprehensive loss that may not be reclassified to profit or loss subsequently	(24,317)	(1,257)	-
Other comprehensive loss that may be reclassified to profit or loss subsequently	(176)	(279)	(912)
Total other comprehensive loss, net of tax	(24,493)	(1,536)	(912)
Total comprehensive income for the year, net of tax	(639,091)	408,916	213,009

Company's statement of financial position for the 3 years as at 30th June 2020, 2019 and 2018:

	2020 MUR'000	2019 Re-stated MUR'000	2018 Re-stated MUR'000
ASSETS			
Non-current assets	2,512,396	3,701,746	3,616,443
Current assets	2,240,360	1,591,785	2,005,000
TOTAL ASSETS	4,752,756	5,293,531	5,621,443
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent	3,426,445	4,065,536	4,117,332
Non-current liabilities	54,517	11,701	112,785
Current liabilities	1,271,794	1,216,294	1,391,326
TOTAL EQUITY AND LIABILITIES	4,752,756	5,293,531	5,621,443

Company's statement of cash flows for the years ended 30th June 2020, 2019 and 2018:

	2020 MUR'000	2019 Re-stated MUR'000	2018 Re-stated MUR'000
Net cash flows from operating activities	63,579	482,157	163,828
Net cash flows used in investing activities	(77)	(4,602)	-
Net cash flows used in financing activities	(102,256)	(470,217)	(162,600)
Net (decrease)/increase in cash & cash equivalents	(38,754)	7,338	1,228
Cash and cash equivalents at 1st July	32,512	25,174	23,946
Net foreign exchange difference	4,085	-	-
Cash and cash equivalents at 30th June	(2,157)	32,512	25,174

9. RISK MANAGEMENT

The global pandemic, COVID19, has had a major impact on the business in all locations, with no clear visibility on recovery. Due to the numerous uncertainties associated with COVID-19, the Group cannot presently estimate the financial impact of this unprecedented situation, which is highly dependent on the severity and duration of the pandemic and its impacts, but expects that COVID-19 will continue to have a material effect on Group's results. Additionally, Mauritius experienced an oil spill which affected the south-east of the island. Although LIR does not anticipate the spill to affect the beaches and lagoons where the Group's resorts are located, the long-term effects of the spill cannot be predicted, nor its impact on the Group's future hotel bookings. This section presents the main risks to which the Group considers itself exposed – as well as the mitigation measures in place to deal with them.

Risk Name	Risk Description	Mitigating measures
Destination Disruption	<p>Major natural or man-made catastrophes such as cyclones, floods, earthquakes, tsunami, oil spills, disease outbreaks and terrorist attacks in locations where the Group own properties could cause a decrease in demand for the Group's properties, which could adversely affect its revenues.</p> <p>Both COVID 19 and the Wakashio oil spill in Mauritius have had a direct impact on the business. The long-term effects of the oil spill on the operations in Mauritius are still unknown, but a decrease in bookings for this destination cannot be excluded.</p> <p>The global pandemic, COVID 19 and closure of country borders has caused a halt in hotel activities for a prolonged period. The Group remains at the mercy of government policies in the countries where the Group operate to re-open borders and re-start its hotel activities.</p>	<ul style="list-style-type: none"> • The Group has subscribed to insurance policies to cover operational losses caused by natural catastrophes. • Cost reduction measures in place in all the Group's resorts.
Air Accessibility	<p>The Group is highly dependent on flights that come to the countries where it operates. Hence its growth is directly linked to air access in these countries and the policies of governments and airlines on air access.</p> <p>The global pandemic has caused many airlines to stop or reduce their operations and this has a direct impact on the Group's business.</p> <p>In Mauritius, the uncertainty surrounding the future of our national carrier, Air Mauritius, may have a direct impact on the tourism industry in Mauritius and hence on the Group's business.</p>	<ul style="list-style-type: none"> • Working with authorities via hotelier associations in countries where the Group operates.
Competition in Hospitality Business	<p>Increase in luxury hotel supplies and other types of accommodation (such as Airbnb), in the markets where the Group operates, may result in price competition, pressuring its revenues and profits, especially during low season due to the pricing pressure with lower level of occupancy. The Group depends on the ability of its hotel manager, The Lux Collective, to adapt and react to these changing environments.</p> <p>COVID19 has heightened competition in a limited, price sensitive market. This could negatively impact the Group business performance in the near future.</p>	<ul style="list-style-type: none"> • Ensure the focus on the quality of service so that the Group's resorts are ranked at the top among competitors in each of the markets. • The LUX* brand is getting increased traction and its geographical diversification is increasing the 'brand awareness' which will benefit the Group's resorts.

Risk Name	Risk Description	Mitigating measures
Health and Safety Risk	<p>The health and safety of the guests and team members is of utmost importance, in order to maintain the Group's reputation and its revenue. However the Group still faces the risk of its infrastructure not being legally compliant and up to standard, leading to casualties and spread of diseases in its resorts (e.g. legionella).</p> <p>In addition, COVID19 has forced the Group to implement costly health and safety measures in all its resorts, which may sometimes act as hindrance to both the guests and team members.</p>	<ul style="list-style-type: none"> • COVID 19 safety certifications from trusted service providers such as SGS and Diversey. • Audits by reputable international companies and action plan by each resort which is closely monitored. • Regular trainings on health and safety to all the Group's team members.
Reputation Risk	<p>Negative comments made on social media or other media forms could damage the Group's reputation. In addition, monitoring and management of social media and other media forms could be costly and force the Group to divert its resources. Failure to maintain and protect the Group's reputation from social media and other media forms damage could tarnish its brands and impair its business.</p>	<ul style="list-style-type: none"> • Implementation of a Group-wide social media policy. • Dedicated teams continually monitor the media and social networks to respond to guests and to activate a crisis management plan as needed.
Macro-Economic Risk	<p>Economic slowdowns in the regions where the Group operates, adversely affect demand for leisure activities, particularly vacation travel. This means that the Group is exposed to the consequences of economic crisis and declines in consumer spending, which affect its growth rates and margins.</p> <p>The global pandemic has affected the spending power of the Group's client base and their ability to spend on vacation travel. The cost of vacation travel is also likely to increase as PCR tests are requested in all destinations where the Group operates. This will continue to have an effect on the Group in the foreseeable future with no clear timeline on recovery of its main markets.</p>	<ul style="list-style-type: none"> • Broadening our customer base • Diverse geographical presence • Flexible business model • Working with an experienced hotel manager
Political Risk	<p>An unstable political situation in The Group's countries of operation could cause a decrease in demand for the destination and hence its properties. This in turn could adversely affect its revenues.</p>	<ul style="list-style-type: none"> • Insurance cover on equity and expropriation • Diversification of the Group's operations to various countries
Currency Risk	<p>The Group's reporting currency is in MUR and its main revenue is in foreign currency (GBP, USD and EUR). Since its hotel rates are fixed at least 6 months before start of the new season and are in foreign currency valid for the next 12 months, any fluctuations in these major currencies affect its revenue, EBITDA, cash flow and demand for its hotels.</p>	<ul style="list-style-type: none"> • Hedging and treasury management, matching revenues and expenses in same currency as far as possible.
Technology Disruption Risk	<p>The Group is not an IT company but technology is important if the Group wants to be known as an innovator in the industry. The Group faces the risk of losing its competitive edge due to obsolescence of its technology, which results in decreased customer loyalty and a loss in market share.</p>	<ul style="list-style-type: none"> • Dedicated technology team working closely with international professional services firms to ensure that the Group anticipates and remains at the forefront of the latest trends in our industry.

Risk Name	Risk Description	Mitigating measures
Food Safety Risk	<p>Food safety is a priority for the Group. However, the nature of its business exposes it to food safety risks in all its food outlets. Moreover, the increasing number of food allergens and people with allergic reactions to certain foods increases the risk of food poisoning or allergies in its resorts.</p>	<ul style="list-style-type: none"> • Procedures in place based on HACCP to identify and follow-up on allergies guests may have. • Insurance cover against legal claims. • Investment in temperature recording automation.
3rd Party Risk	<p>Some of the services provided at the Group’s resorts, such as the boathouse and diving services, are outsourced to third party service providers.</p> <p>Although The Group only works with trusted providers, its reputation is at risk if these providers use old obsolete equipment, if there are accidents at sea while guests are using the services offered by these providers or the third party staff are not adequately trained.</p>	<ul style="list-style-type: none"> • Insurance cover against legal claims. • The Group only works with reputable service providers who are licensed. • The Group commissions regular independent audits on 3rd parties.
Security Risk	<p>Inappropriate behaviour on the part of the TMs or suppliers, or the circulation in the media of damaging information could harm the Group’s reputation, affect its guests’ trust and cause an adverse impact on sales.</p>	<ul style="list-style-type: none"> • Screening measures in place to recruit the right people. • Training of TMs in the Group’s ethics and values. • Controls in place at operational level • Insurance cover for wrongful acts by TMs.
Credit Risk	<p>The Group’s credit risk is primarily attributable to business transacted with its tour operators (TOs). It has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.</p>	<ul style="list-style-type: none"> • Insurance cover on trade receivables. • Credit checks on TOs. • Increased business via direct channels.
Cyber Security Risk	<p>Despite the Group’s efforts, information networks and systems may be vulnerable to threats such as system, network or internet failures, computer hacking or business disruption, cyber-terrorism, viruses, worms or other malicious software programs, employee error, negligence, fraud, or misuse of systems, or other unauthorised attempts by third parties to access, modify or delete its proprietary and personal information.</p>	<ul style="list-style-type: none"> • Network security and internal controls measures in place. • IT Security audits.
Liquidity Risk	<p>The Group is exposed to liquidity risk where sufficient funds might not be available to meet financial commitments for loan and interest payment, to finance maintenance Capex as well as major renovation projects.</p>	<ul style="list-style-type: none"> • Prudent investment decisions maintained by the Group to ensure all covenants with financial institutions are met. Furthermore, the Group has unused overdraft facilities as well as unused short-term facilities which can be used to meet short-term commitments.
Interest Rate Risk	<p>The Group is exposed to interest rate risk as it borrows at variable interest rates (LIBOR, PLR, EURIBOR) + a margin. Any increase in these rates will adversely impact the results of the Group.</p>	<ul style="list-style-type: none"> • Ability of the Group to secure competitive interest rates for borrowings contracted over the past years.

10. ADDITIONAL DISCLOSURES

10.1 Employees

	As at 30 June 2020	As at 30 June 2019
Number of employees	2,944	2,412

10.2 Director's remuneration

In 2019, LIR participated in a 'remuneration survey' conducted by Korn Ferry. The results of the survey have demonstrated that the remuneration paid to the members of the Board of LIR are well under industry practices. Furthermore, the remuneration of members of the Board has not changed since 2005. Based on the above, the Board in accordance with LIR's constitution, has approved the following new remuneration structure as from 1st January 2019:

BOARD	MUR
Chairperson	250,000
Board members' fee	200,000
Meeting fee	20,000
<i>Audit & Risk Committee</i>	
Chairperson	150,000
Committee member's fee	80,000
<i>Corporate Governance and Nomination Committee</i>	
Chairperson	75,000
Committee members' fee	50,000
<i>Remuneration Committee</i>	
Chairperson	75,000
Committee member's fee	50,000

The level of directors' fees is reviewed periodically by the Board, taking into account factors such as contributions, regulatory changes, responsibilities and market benchmarks. In designing the compensation structure, LIR seeks to ensure that the level and mix of remuneration is competitive, relevant and suitable.

The remuneration structure for executive directors and key management personnel consists of:

- (a) fixed remuneration;
- (b) variable bonus; and/ or
- (c) other benefits.

The executive directors do not receive directors' fees. The level of remuneration is determined by various factors including Group performance, industry practices and the individual's performance and contributions towards meeting conditions for the year.

The previous executive share scheme was terminated last year and the remuneration committee of the Board is working on a 'phantom share scheme'. However, due to the Covid-19 pandemic, the Board has decided to delay the implementation of the said scheme.

At the corporate governance committee of the Board held on 21 August 2020, the committee members have approved a 30% decrease on directors' fees for the period 01 January 2020 to 30 June 2020.

10.3 Dividends

Dividends are usually declared in July and November and paid in August and December respectively. Subject to internal cash flow requirements and the need for future capital investments, it is LIR's policy to declare 50% dividends out of profits available for distribution. The audit committee of the Board and the Board ensure that LIR satisfies the solvency test at each dividend declaration and that dividends are paid in accordance with the CA 2001 and the International Reporting Standards.

The Board may consider making a dividend payment during the current financial year depending on profitability and cash flows of the Group but subject to the terms and conditions of the Bonds issue.

There are no arrangements under which the payment of future dividends by LIR has been waived.

However, please refer to the section of this Document describing the terms of the Bonds and the limits imposed on dividends declaration pursuant to the Bonds issue.

10.4 Dependence on customers and suppliers

LIR is not dependent on any particular customers or suppliers or patents or other intellectual property rights, licences on particular contracts which are of fundamental importance to the business.

10.5 Alterations in share capital

There have been no material alterations in the share capital of LIR and its subsidiaries within the two (2) years preceding the issue of this Document.

10.6 Options on the capital of any member of the Group

No member of the Group has any capital which is under option, or agreed conditionally or unconditionally to be put under option.

10.7 Particulars of any commissions, discounts, brokerages or other special terms

There have been no commissions, discounts, brokerages or other special terms granted within the two (2) years immediately preceding the issue of the listing particulars in connection with the issue of sale of any capital of any member of the Group to any directors.

10.8 Public listed companies under common management

There are no public listed companies under the common management of LIR.

11 . STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board is responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance, and cash flow of LIR and which comply with the CA 2001 and are in accordance with the International Financial Reporting Standards ('IFRS'). The Board is also responsible for safeguarding the assets of LIR and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Other main responsibilities of the Board include the assessment of the management team's performance relative to corporate objectives, overseeing the implementation and upholding of good corporate practices, acting as the central coordination body for the monitoring and reporting of the sustainability performance of LIR and ensuring timely and comprehensive communication to all stakeholders on events which are significant to LIR.

The Board must cause accounting records to be kept that:

- correctly record and explain the transactions of LIR;
- at any time enable the financial position of LIR to be determined with reasonable accuracy;
- and
- enable LIR to prepare financial statements that comply with the CA 2001 and IFRS.

In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether or not the CA 2001 and IFRS have been adhered to and explain material departures thereto;
- and
- prepare these financial statements on the going concern basis, unless it is inappropriate to presume that LIR will continue in business.

The directors of LIR confirm that they have complied with the above requirements in preparing the financial statements.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from 8 December 2020 to 30 December 2020 during office hours at LIR's registered office at 58, Pierre Simonet Street, Floréal, being the address where the statutory records of LIR are kept:

- the constitution of LIR dated 13 December 2010;
- the original copy of this Document;
- subject to any confidentiality obligations, the Subscription Agreement;
- Annual Report for the years 30 June 2018 to 30 June 2020.

Date: 4 December 2020

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LUX* SAINT GILLES • TAMASSA • ILE DES DEUX COCOS**