

PRIVATE AND CONFIDENTIAL

# Lux Island Resorts Ltd

## Reply Document

Issued under Rule 18 of the Securities (Takeover) Rules 2010, in reply  
to the Offer Document issued by IBL Ltd dated 05 April 2018  
to the attention of the shareholders of Lux Island Resorts Ltd (“LIR”).

This Reply Document should not be read or otherwise construed as an investment advice. If you are in any doubt about the Reply Document or its contents or what action you should take, you are recommended to seek your own personal financial advice immediately from an independent adviser.

## Table of Contents

<b>I. INTRODUCTION</b>	<b>1</b>
<b>II. VIEWS OF THE BOARD OF LIR</b>	<b>2</b>
A. Recommendation of the Directors on the Offer	2
B. Board's proceedings	3
<b>III. DIRECTORS' INTEREST IN THE OFFEREE</b>	<b>4</b>
<b>IV. SHAREHOLDING IN IBL</b>	<b>5</b>
<b>V. STATED CAPITAL OF LIR</b>	<b>5</b>
<b>VI. FINANCIAL INFORMATION</b>	<b>5</b>
A. Audited Financial Statements	5
B. Interim statements and announcements	5
C. Material changes since last audited financial statements	5
D. Accounting policies	5
E. Financial highlights	6
<b>VII. STRATEGY OF LIR</b>	<b>7</b>
<b>VIII. MATERIAL CONTRACTS</b>	<b>8</b>
<b>IX. ARRANGEMENTS AFFECTING DIRECTORS</b>	<b>8</b>
<b>X. DIRECTOR'S SERVICE AGREEMENT</b>	<b>8</b>
<b>XI. THE DIRECTORS STATEMENT</b>	<b>9</b>
<b>ANNEXURE A:</b> Public Announcement made by LIR	11
<b>ANNEXURE B:</b> Summary of Independent Adviser's Report	12
<b>ANNEXURE C:</b> Interim statements and announcements made by LIR since the last published audited financial statements	15

**To the shareholders of Lux Island Resorts Ltd**

Dear Shareholder,

**Re: Reply Document made pursuant to Rule 18 of the Securities (Takeover) Rules 2010****I. INTRODUCTION**

On 15 December 2017, IBL Ltd (“IBL”) or (the “Offeror”) acquired 13,723,072 ordinary shares of LIR (representing 10.1% of the issued capital of LIR) from The Mauritius Commercial Bank Ltd and MCB Equity Fund Ltd (the “MCB Shares”) for a price of MUR 71.50 per share.

On 12 February 2018, IBL notified to the Board of Directors (the “Board”) of Lux Island Resorts Ltd (“LIR” or the “Offeree”) its firm intention to make an unconditional offer (the “Offer”) to acquire, all the ordinary shares in issue and held by shareholders of LIR (other than IBL) registered as at 23 March 2018 representing 69,543,494 ordinary shares and 50.72% of the share capital of LIR (the “Offer Shares”) at a price of MUR 71.50 per share (the “Offer Price”) payable in cash.

A public announcement dated 14 February 2018 was forthwith published in the press to that effect as detailed in Annexure A.

The Offer Price has been determined in accordance with Rule 14(2) of the Securities (Takeover) Rules 2010 (the “Takeover Rules”).

The Board of IBL has confirmed to LIR that sufficient financial resources are available to the Offeror to satisfy in full all acceptances in respect of the Offer.

MCB Stockbrokers Ltd, a licensed investment dealer (including underwriting), has agreed to underwrite the transaction and, after the completion of the Offer, to purchase and/or cause to be purchased from the Offeror, any of the Offeree’s shares that the Offeror may decide to sell. MCB Stockbrokers Ltd holds eighteen (18) ordinary shares in LIR.

No agreement has been entered into between the Offeror and the Offeree in relation to the Offer Shares.

Subsequently, on 03 April 2018, the Board of LIR received a copy of the Offer Document issued by IBL detailing the Offer and specifying that the Offer opened on 05 April 2018 and would remain open for acceptance for a period of 43 days until 5.00 pm Mauritius time on 18 May 2018. This Reply Document is issued by the Board of LIR pursuant to Rule 18 of the Takeover Rules to the shareholders registered on the share register of LIR at close of business on 23 March 2018. The Offer Document was addressed to them. This Reply Document is provided for your benefit and your advisers in order to allow you to make an informed decision about the Offer. It may not be disclosed to, or relied upon by, any other person or used for any other purpose.

If you have sold or otherwise transferred your shares in LIR prior to 23 March 2018, you should send this Reply Document, as soon as possible, to the purchaser or transferee or to the agent through whom the sale or transfer was executed for onward transmission to the purchaser or transferee.

## II. VIEWS OF THE BOARD OF LIR

### A. Recommendation of the Directors on the Offer

Following receipt of the IBL's Offer Document, the Board has examined the Offer and hereby draws the attention of the shareholders of LIR to the following salient features of the Offer:

- i. The Offeror has not been (and will not be) allotted any share under a preferential allotment during the 12 months' period up to 18 May 2018, the closing date of the Offer.
- ii. The Offer Price has been determined in accordance with Rule 14(2) (a) of the Takeover Rules. It is the price paid by the Offeror for the acquisition of the MCB Shares (namely MUR 71.50 per share) on 15 December 2017. That price is higher than the average of the weekly high and low of the closing prices of the shares of the Offeree as listed on the official market of the Stock Exchange of Mauritius Ltd ("SEM") during the 6 months preceding the date of announcement of the intention of IBL to make an unconditional Offer (namely MUR 63.68 per share).

Pursuant to Rule 21 of the Takeover Rules and in the interest of the shareholders of LIR, the Board appointed BDO & Co ("BDO") as independent adviser ("Adviser") to:

- i. carry out a valuation of LIR as at 28 February 2018;
- ii. advise the Board whether the price per share offered by IBL (namely MUR 71.50) to acquire the Offer Shares is fair and reasonable; and
- iii. submit a report to the Board with respect to (i) and (ii) above.

The Adviser has concluded as follows:

- BDO has valued each Offer Share at MUR. 72.40 on a minority marketable basis, applying a minority discount of 20%.
- IBL's Offer of MUR 71.50 approximates the fair value of MUR 72.40 determined by BDO, which fair value represents a premium of 1.25% on the Offer Price.
- On the basis of the above, the Adviser is of the opinion that the Offer of IBL to the holders of the Offer Shares is fair and reasonable.

The basis and methodology used by the Adviser in arriving at its conclusion is as follows:

- (a) BDO has relied on management forecasts of the operating companies of LIR Group for the period ending 30 June 2018 and years ending 30 June 2019 to 30 June 2022 for the purpose of the valuation.
- (b) BDO has used the income-based approach methodology which it considers as the most appropriate method to determine the value of the shares of LIR.
- (c) BDO did not consider the impact of the intention of the Board to separate Lux Hospitality Ltd ("LHL" or the "Management Company") from the rest of the business of LIR by way of a distribution in specie of the shareholding of LIR in LHL in the near future.

- (d) The valuation of LHL in respect of hotels managed for third party owners has been based on hotels where definitive management agreements have been signed and openings expected before 30 June 2022. Management contracts already signed or under negotiation and with expected openings after June 2022 have not been taken into account.

The Board has given due consideration to the report of the Adviser for the purposes of reaching its own opinion regarding the Offer and the Offer Price.

After examination of the terms of the Offer and based on the Adviser's report, the Board notes that:

- i. BDO has valued an Offer Share at MUR 72.40 and found that the Offer Price of MUR 71.50 is fair and reasonable.
- ii. Any potential positive impact of the matters described above relating to the restructuring of LIR Group business and the management contracts as mentioned above has not been factored in the valuation of MUR 72.40 per Offer Share.
- iii. The share price of LIR on the official market of the SEM has never matched the Offer Price of MUR 71.50 over the last five years and the Offer affords shareholders with an opportunity to cash in on the Offer Shares.
- iv. The Offer Price of MUR 71.50 represents a premium of 12.28% on the average weekly high and low of the closing prices of LIR shares for the six months preceding the date of the public announcement of IBL.
- v. The Offer Price of MUR 71.50 represents a premium of 17.90% on the average share price of LIR over the last six months (namely MUR 60.65) prior to the transaction with MCB Ltd and MCB Equity Fund on 15 December 2017.
- vi. The MCB Shares were purchased for a price of MUR 71.50 per share from MCB Ltd and the MCB Equity Fund Ltd, both of which were independent third parties.

In the light, inter alia, of the above, the Board reached the conclusion that the Offer is fair and reasonable and resolved to recommend that the shareholders of LIR should accept the Offer.

Pursuant to Rule 22(3) of the Takeover Rules, a summary of the Adviser's report is enclosed as Annexure B.

The valuation report of the Adviser is available for consultation at the registered office of LIR, Pierre Simonet Street, Floréal, upon request by any shareholder or by any person authorized in writing by a shareholder of LIR.

## **B. Board's proceedings**

The Board resolved to make the recommendation set out in Section IIA above at a meeting held on 17 April 2018.

In line with the Constitution of the Company, common Directors of IBL and LIR and those having material interest in LIR (namely, its Executive Directors) have not voted on the recommendation.

The intention of the Directors of LIR in connection with the Offer is set out below:

- Mr Jean de Fondaumière, an Independent Director, who has voted on the recommendation, has confirmed his intention to accept the Offer.

- Mrs Pascale Lagesse, an Independent Director, who has voted on the recommendation does not hold any shares in LIR.
- Mr Paul Jones and Mr Désiré Elliah, both Executive Directors, have confirmed their intention not to accept the Offer.
- The remaining Directors are connected with IBL and have not voted on the recommendation; they have confirmed their intention not to accept the Offer.

### III. DIRECTORS' INTEREST IN THE OFFEREE

The aggregate shareholding of ordinary shares in IBL and in LIR, as at 15 December 2017, in which the Directors of LIR have an interest are as follows:

Directors of LUX	LIR		IBL	
	Direct holding (%)	Indirect holding (%)	Direct holding (%)	Indirect holding (%)
<b>Arnaud Lagesse</b>	0.02	0.59	-	4.02
<b>Paul Jones</b>	0.21	-	-	-
<b>Jean-Claude Béga</b>	0.06	0.04	-	-
<b>Laurent de la Hogue</b>	0.01	-	-	-
<b>Jean de Fondaumière</b>	0.02	-	-	-
<b>Désiré Elliah</b>	0.55	-	-	-
<b>Pascale Lagesse</b>	-	-	-	-
<b>Thierry Lagesse</b>	0.00	0.02	1.82	1.03
<b>Maxime Rey</b>	0.00	-	-	-
<b>Dev Poolovadoo (alternate to Désiré Elliah)</b>	0.25	-	-	-

The dealings in the shares of LIR by the directors of LIR within six months prior to the public announcement of the Offer are as follows:

#### Jean de Fondaumière

- ▶ Sale of 4,500 shares on 27 November 2017 at MUR 63.75;
- ▶ Sale of 1,500 shares on 29 November 2017 at MUR 63.75;
- ▶ Sale of 16,000 shares on 5 February 2018 at MUR 68.50;
- ▶ Sale of 3,000 shares on 14 February 2018 at MUR 68.00;
- ▶ Sale of 600 shares on 14 February 2018 at MUR 70.00;
- ▶ Sale of 300 shares on 19 February 2018 at MUR 69.75;
- ▶ Sale of 4,500 shares on 20 February 2018 at MUR 68.50; and
- ▶ Sale of 6,600 shares on 21 February 2018 at MUR 68.50.

#### IV. SHAREHOLDING IN IBL

Neither LIR nor any of its subsidiaries own shares in IBL.

Neither LIR nor any of its subsidiaries have dealt in the shares of IBL within the six months prior to the public announcement of the Offer.

#### V. STATED CAPITAL OF LIR

The stated capital of LIR as at 31 December 2017 is MUR 1,371,159,430 consisting of 137,115,943 shares of MUR 10 each.

Each ordinary share confers to its holder:

- ▶ The right to one vote on a poll at a meeting of the Company on any resolution
- ▶ The right to an equal share in dividends authorized by the Board
- ▶ The right to an equal share in the distribution of the surplus assets of the Company
- ▶ Pre-emptive rights in case of an issue of shares conducted by the Company

The ordinary shares are listed on the official market of the SEM.

No share of LIR has been issued since the end of the last financial year.

#### VI. FINANCIAL INFORMATION

##### A. Audited Financial Statements

Copies of the audited financial statements of LIR for the last three years ended 30 June 2015, 30 June 2016 and 30 June 2017 are available for inspection at the registered office of LIR, Pierre Simonet Street, Floréal.

##### B. Interim statements and announcements

All interim statements made by LIR since the last published audited financial statements are included in Annexure C.

##### C. Material changes since last audited financial statements

In the quarter ended 31 December 2017, LIR repossessed Hotel Le Recif in Ile de La Reunion. The buyer of Hotel Le Recif has not been in a position to secure its financing to settle the amount due to LIR following the sale of the hotel two years ago. Both parties have come to an agreement whereby LIR has repossessed the hotel as from 1 October 2017.

##### D. Accounting policies

The significant accounting policies are included in the financial statements of LIR referred to in (A) above. There has been no change in the accounting policy of LIR since the last audited financial statements.

**E. Financial highlights**

	<b>The Group</b>		
<b>Currency: MUR'000</b>	<b>FY17</b>	<b>FY16</b>	<b>FY15</b>
<b>Revenue</b>	5,438,384	5,158,256	4,655,096
<b>Profit before taxation</b>	582,859	480,930	451,592
<b>Income tax expense</b>	(75,123)	(62,451)	(67,547)
<b>Profit for the year</b>	507,736	418,479	384,045
<b>Financial Ratios</b>	<b>The Group</b>		
	<b>FY17</b>	<b>FY16</b>	<b>FY15</b>
<b>Net Asset per share (MUR)</b>	42.26	43.90	41.86
<b>Earnings per share (MUR)</b>	3.75	3.06	2.92
<b>Return on Equity</b>	9%	7%	6%
<b>Return on Assets</b>	4.5%	3.4%	3.1%
<b>Dividend per share (MUR)</b>	1.25	1.15	1.00



## LIR share price information



## VII. STRATEGY OF LIR

Since the launch of the LUX\* brand in December 2011, the brand has grown consistently both in strength and attractiveness, offering distinctive and imaginative hospitality experiences that have become over the years the very hallmark of LIR. The aim is to continue to inspire, surprise and delight both the guests and owners, whilst ensuring alignment of the key hospitality metrics with best international benchmarks.

Over the last few years, the Strategy has been built around 2 poles:

1. The reinforcement of the Indian Ocean (the Core); consolidating the foundation success in our legacy base, through uplifting our owned assets, whilst continuing to strengthen our competitive advantage, and securing third-party hotel management contracts.
2. The growth around and beyond the Core, by planting the seeds for global expansion.

As LIR embark on its VISION 2020 Strategic Plan, it will continue to invest in the uplift of its properties, whilst pursuing its geographical expansion, extending its brand presence through its subsidiary and management company, LHL, across the Indian Ocean, China, South East Asia, Europe, Middle East and Africa. The ambition of the Board within the next 3 years is to increase substantially both the number of hotels managed, as well as the key regions where LUX\* will be present.

**Keys indicators**

2016		2020
10	Hotel managed	>20
2	Regions where LUX* is present	5
4%	Hotel Rooms outside the Indian Ocean	>40%

To date, our pipeline of third-party Hotel Management Contracts includes 6 in China, 1 in South East Asia, 1 in the Indian Ocean, 1 in the Middle East, and 1 in Europe/Eastern Mediterranean.

In order to support our growth ambition, we are consolidating our current organizational structure, to maximize effectiveness and respond in a timely way to all Business Development opportunities. We are confident that this will leverage our efforts towards achieving our VISION 2020 Strategy.

**VIII. MATERIAL CONTRACTS**

There is no material contract entered into by the Offeree and its subsidiaries more than 2 years before the date of the Offer other than in the ordinary course of business, except for the sales and leaseback agreement entered into by LIR with GRIT (previously known as Mara Delta) in 2017.

**IX. ARRANGEMENTS AFFECTING DIRECTORS**

LIR does not anticipate any payment of benefit to Directors as compensation for loss of office in connection with the Offer.

There is no agreement between any Director of LIR and any other person that is conditional on the outcome of the Offer or otherwise connected with the Offer.

There are no material contracts entered into by IBL in which a director of LIR has any interest.

**X. DIRECTOR'S SERVICE AGREEMENT**

The Chief Executive Officer ("CEO") and the Chief Sales and Marketing Officer ("CSMO") have service contracts which expire on 30 June 2019. The Board is in discussion with the CEO and CSMO for the extension of their service contract.

The Executive Director of White Sand Resorts & Spa Pvt Ltd has a service contract which expires on 30 July 2019.

The other Executive Directors of the Group have no service contract. Their employment is only subject to the Employment Rights Act and has no expiry date.

## XI. THE DIRECTORS STATEMENT


The Board of LIR accepts full responsibility for the correctness of information contained in this Reply Document, and having made all reasonable enquiries, states that, to the best of their knowledge and belief, there are no material facts, the omission of which would make any statement herein, whether of fact or opinion, misleading.

17 April 2018

On behalf of the Board of LIR

A handwritten signature in dark ink, appearing to read 'Pascale Lagesse', with a long horizontal stroke extending to the right.

Pascale Lagesse  
Director

A handwritten signature in dark ink, appearing to read 'Jean de Fondaumière', with a long horizontal stroke extending to the right.

Jean de Fondaumière  
Director



## ANNEXURE A: Public Announcement made by LIR

**LUX ISLAND RESORTS LTD****PUBLIC ANNOUNCEMENT**

The Board of Directors of Lux Island Resorts Ltd ('LIR' or the 'Offeree') wishes to inform its shareholders and the public in general, that, on 12<sup>th</sup> February 2018, it has been notified of the firm intention of IBL Ltd ('IBL' or the 'Offeror') to make an unconditional offer (the 'Offer') to acquire all the voting shares of LIR not already held by it, representing 69,543,494 ordinary shares and 50.72% of the share capital of LIR (the 'Minority Shares') at a price of Rs 71.50 per share (the 'Offer Price'). The Offer Price has been determined according to Rule 14 (2) of the Securities (Takeover) Rules 2010. The notification of IBL's firm intention follows the announcements made on 15<sup>th</sup> December 2017.

The Board of IBL has confirmed to LIR that:

- Sufficient financial resources are available to satisfy the acceptance of the Offer
- No agreement has been entered into between the Offeror and the Offeree in relation to the Minority Shares

According to the Rules, The Offeror shall submit an Offer document to the shareholders of LIR, following which the Board of LIR will communicate to its shareholders a Reply document to enable them to reach an informed decision about the Offer.

The shareholders of LIR and the public are therefore advised to exercise caution when dealing in the shares of LIR and will be kept informed of any future developments.

By Order of the Board

LUX Hospitality Ltd  
Secretary

This 14<sup>th</sup> February 2018

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*This Public Announcement is issued pursuant to Listing Rule 11.3, Rule 12 (1)(a) of the Securities (Takeover) Rules 2010, and Rule 5 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007. The Board of Directors of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in this Public Announcement.*

## **ANNEXURE B: Summary of Independent Adviser's Report**

### **SUMMARY OF THE INDEPENDENT ADVISER'S REPORT**

BDO & Co has been requested to carry out an independent valuation of the shares of LIR as at 28 February 2018 to determine whether the Offer was fair and reasonable to the shareholders of LIR to whom the Offer has been addressed. They have adopted the income based approach methodology which they considered is most appropriate to determine the value of the shares of LIR.

BDO submitted its report on 17 April 2018.

In carrying the valuation of the shares of LIR, BDO has relied, but not limited to, the following sources of information:

- ▶ Audited financial statements of the companies under valuation (the "Companies") for the years ended 30 June 2016 and 30 June 2017;
- ▶ Management accounts of the Companies for the period ended 28 February 2018;
- ▶ Extracts of latest budgets of the Companies;
- ▶ Management forecasts and business plans of the operating companies for the period ending 30 June 2018 and years ending 30 June 2019 to 30 June 2022;
- ▶ Discussions with management;
- ▶ Website of the Bank of Mauritius and the Stock Exchange of Mauritius Ltd; and
- ▶ Other publicly available information which we considered to be relevant to the valuation exercise.

For the purpose of this valuation:

- ▶ BDO did not consider the impact of any eventual restructuring or distribution by the Group.
- ▶ The valuation of LHL in respect of hotels managed for third party owners has been based on hotels where definitive management agreements have been signed and openings expected before 30 June 2022. Management contracts already signed or under negotiations and expected openings are after June 2022 have not been taken into account.

### **OPINION OF THE INDEPENDENT ADVISOR**

The opinion of the Independent Adviser was extracted from the Independent Adviser's report submitted to the Board of LIR on 17 April 2018.

- ▶ BDO valued LIR share at MUR. 72.40 on a minority marketable basis, applying a minority discount of 20%.
- ▶ IBL's Offer of MUR 71.50 approximates the fair value of MUR 72.40 which represents a premium of 1.25% on the Offer Price.
- ▶ On the basis of the above, the Adviser is of the opinion that the Offer of IBL to the holders of the Offer Shares is fair and reasonable.

**QUALIFICATIONS, EXPERTISE AND INDEPENDENCE OF THE INDEPENDENT ADVISER**

BDO & Co. (“BDO”) is a leading firm of Chartered Accountants with 21 partners and more than 590 professional staff and is a member firm of BDO International and is registered with the Stock Exchange of Mauritius as an independent valuer. Most of BDO’s professional staff are members of the Institute of Chartered Accountants in England and Wales (ICAEW) or the Association of Chartered Certified Accountants (ACCA).

The firm has advised on numerous valuation assignments both locally and overseas, be it in respect of mergers and acquisitions, takeovers and other prominent transactions. BDO is therefore well positioned to advise the board in respect of the Offer.

BDO is an independent accountancy, advisory and audit firm and has no relationship with LIR or its subsidiaries which could lead to a potential conflict of interest.

BDO gave its consent to include the summary of the valuation report in the Reply Document of LIR dated 17 April 2018.





## ANNEXURE C: Interim statements and announcements made by LIR since the last published audited financial statements

# LUX\*

RESORTS &amp; HOTELS

## LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES

The group results for the year ended 30 June 2017 are as follows:

### GROUP ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30th June 2017	Year ended 30th June 2016
	Rs 000 (Audited)	Rs 000 (Audited)
Revenue	5,438,384	5,158,256
Earnings before Interest, Tax, Depreciation and Amortisation	1,266,904	1,123,926
Depreciation and amortisation	(442,214)	(422,472)
Operating profit	824,690	696,454
Net finance costs	(241,831)	(215,524)
Profit before income tax	582,859	480,930
Taxation	(73,123)	(62,451)
Profit after taxation	509,736	418,479
Non-controlling interest	7,213	125
Profit attributable to the group	514,949	418,604
Other comprehensive income		
Movement for the year	(561,569)	5,493
Total recognised gain	(46,620)	424,097
Earnings per share	3.75	3.06
Average number of shares	137,219,213	136,847,969
SEGMENTAL INFORMATION		
Segment revenue:		
Mauritius	3,766,542	3,408,193
Maldives	1,016,413	1,168,387
Reunion	655,429	581,676
Total revenue	5,438,384	5,158,256
Segment results:		
Mauritius	854,879	652,543
Maldives *	(44,055)	47,435
Reunion	13,866	(3,524)
Results before net finance costs	824,690	696,454

\* The results of the Maldives for the financial year ended 30th June 2017 are after accounting for a closure cost of Rs 132m.

### GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

	30th June 2017	30th June 2016
	Rs 000 (Audited)	Rs 000 (Audited)
ASSETS		
Non current assets		
Property, plant & equipment	8,636,882	8,518,723
Intangible assets	1,639,799	1,466,251
Other financial assets	5	5
Deferred tax assets	115,064	52,341
Current assets		
Assets held for sale	10,391,750	10,037,320
	1,146,409	1,148,827
TOTAL ASSETS	11,538,159	12,223,202
EQUITY AND LIABILITIES		
Shareholders' interest		
Non-controlling interest	5,791,479	6,007,393
Non-current liabilities	2,578	3,459
Current liabilities	3,522,532	3,338,270
Liabilities associated with assets held for sale	2,221,570	2,348,487
TOTAL EQUITY AND LIABILITIES	11,538,159	12,223,202
Net Assets per Share	Rs. 42.24	43.88
Net Assets per Share including value of leasehold land	Rs. 54.97	58.68

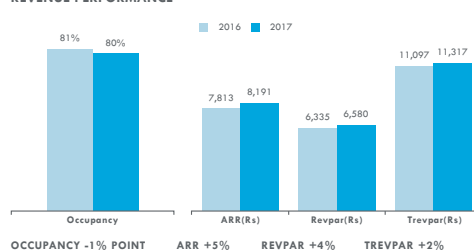
### GROUP ABRIDGED STATEMENT OF CASH FLOWS

	30th June 2017	30th June 2016
	Rs 000	Rs 000
Net cash flows from operating activities	847,528	784,374
Net cash flows from investing activities	(43,107)	(811,778)
Net cash flows from financing activities	(584,149)	(3,974)
Net increase/(decrease) in cash & cash equivalents	220,272	(31,378)
Cash and bank balance	(293,881)	(262,503)
At end of year	(73,609)	(293,881)

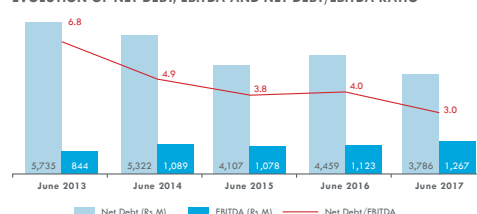
### GROUP ABRIDGED STATEMENT OF CHANGES IN EQUITY

	30th June 2017	30th June 2016
	Rs 000	Rs 000
At beginning of year	6,007,393	5,712,769
Other movement in Equity	(7,747)	21,924
Total recognised gain	(46,620)	424,097
Issue of shares	9,834	5,993
Dividend	(171,381)	(157,390)
At end of year	5,791,479	6,007,393

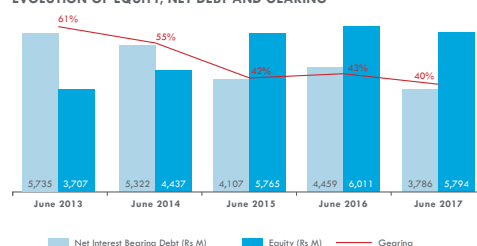
### REVENUE PERFORMANCE



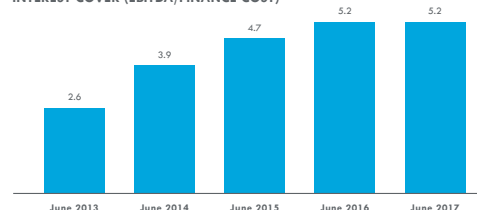
### EVOLUTION OF NET DEBT, EBITDA AND NET DEBT/EBITDA RATIO



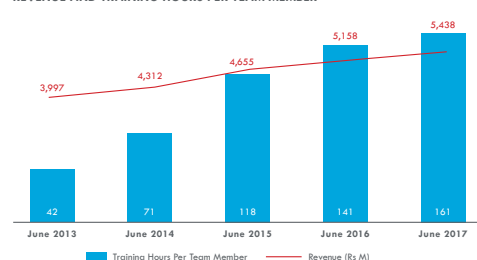
### EVOLUTION OF EQUITY, NET DEBT AND GEARING



### INTEREST COVER (EBITDA/FINANCE COST)



### REVENUE AND TRAINING HOURS PER TEAM MEMBER



#### Notes to the Financial Highlights

- The Financial Highlights have been prepared in accordance with International Financial Reporting Standards (IFRSs).
- The Financial Highlights have been prepared on the same basis as the accounting policies set out in the audited statutory Financial Statements of the Group for the year ended 30 June, 2017.
- The Financial Highlights are issued pursuant to Listing Rule 12.14 and published according to the Securities Act 2005.
- Copies of the Financial Highlights and the statement of direct and indirect interests of officers of the Company required under Rule 8 (2) (m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 are available free of charge, upon request, from the Company Secretary, at the Company's registered office, Lux Island Resorts Ltd, Pierre Simonet Street, Floréal.
- The Board of Directors of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in the Financial Highlights.

# LUX\*

RESORTS & HOTELS

## COMMENTARY

TRAINING HOURS PER TEAM MEMBER	ARR	TOTAL REVENUE	ATTRIBUTABLE PROFIT	EARNINGS PER SHARE	DIVIDEND PER SHARE
<b>+14%</b>	<b>+5%</b>	<b>+5%</b>	<b>+23%</b>	<b>+23%</b>	<b>+9%</b>
2016: 141 hrs 2017: 161 hrs	2016: Rs 7,813 2017: Rs 8,191	2016: Rs 5.16bn 2017: Rs 5.44bn	2016: Rs 419m 2017: Rs 515m	2016: Rs 3.06 2017: Rs 3.75	2016: Rs 1.15 2017: Rs 1.25

### OVERVIEW

The Group results for the financial year ended 30th June 2017 were influenced by the following:

- the sale and lease back of Tamassa hotel to Grit (previously Mara Delta) resulting in a gain of Rs 195m on disposal of property, plant and equipment
- the unfavorable exchange rates, notably the GBP following the Brexit vote
- the closure for renovation of LUX\* South Ari Atoll in Maldives during the months of July and August 2016 and the closure of LUX\* Grand Gaube for refurbishment as from May 2017. The total closure cost incurred on both renovations and accounted in the financial year under review amounted to Rs 165m.

Against the above background, the Group delivered commendable results for the year ended 30th June 2017 with Earnings per Share growing by 23% from Rs 3.06 to Rs 3.75. This performance is the result of the dedication, passion and energy of all our people, the strength of our brand as well as our relentless focus on delivering on our strategy. The Board would like to express its heartfelt gratitude to the 3,225 team members for their dedication in ensuring the continued growth and success of LUX\* Group.

### MARKET ENVIRONMENT

Tourist arrivals to Mauritius for the financial year ended 30th June 2017 increased by 9% to reach 1,314,622. Arrivals from Europe, our main market, increased by 12% on last year to reach 714,483. Our three main markets in Europe namely France, UK and Germany improved by 3%, 10% and 25% respectively. Arrivals from Asia increased by 7% on last year to 211,620 mainly due to the increase in arrivals from India which grew by 14%. Arrivals from China went down by 9% on last year to 78,862. The number of tourist arrivals in Maldives for the financial year ended 30th June 2017 amounted to 1,324,754, a growth of 6% on the corresponding period last year. The Chinese market, which remains the number one source market for the Maldives with 23% of the total number of arrivals, has however decreased by 9% to a total of 308,057.

With regard to Reunion Island, tourist arrivals to the destination increased by 16% on last year to 486,453.

### GROUP RESULTS

Total revenue for the year under review reached Rs 5.4 billion, up by 5% on 2016 and EBITDA (Earnings before Interest Tax Depreciation and Amortization) amounted to Rs 1.3 billion, an improvement of 13% on last year. Depreciation and Amortization increased by Rs 15m or 3.4% on the prior year mainly due to the renovation of LUX\* South Ari Atoll, and finance costs increased by Rs 27m due to interest on the loan contracted to finance

the renovation works. The interest cover for the year is still very healthy at 5.2 times. Attributable profit for the year improved by 23% to Rs 515m. In line with its policy to revalue its properties every three years, the Group revalued all its properties at 30th June 2017. The valuation exercise was carried out by a Chartered Valuer who used as basis the Open Market Value by reference to recent market transactions at arm's length as well as the cash flow generated by each property. The revaluation exercise resulted in a net decrease in the value of the properties of Rs 476m mainly due to the renovation of LUX\* South Ari Atoll and LUX\* Grand Gaube whereby part of the properties were demolished. Since the decrease in value represents the reversal of a revaluation surplus of the same assets recognised in prior years, the decrease has been

accounted as a movement in Other Comprehensive Income. Other movements in Other Comprehensive Income are explained by the translation of foreign subsidiaries and foreign currency loans.

Total net interest bearing debt as at 30th June 2017 amounted to Rs 3.8 billion compared to Rs 4.5 billion last year, a net decrease of Rs 700 million. The gearing of the Group at 30 June 2017 stood at 40% compared to 43% a year ago and continues to be well below the industry average.

The Net Asset Value per share as at 30th June 2017 decreased by Rs 1.64 to Rs 42.24 due to the write down following the revaluation carried out at end of year. This value increases to Rs 54.97 if the market value of leasehold land of the Group is taken into consideration.

### LUX\* STRATEGY - VISION 2020

Since we launched the LUX\* brand in December 2011, the brand has grown consistently both in strength and attractiveness, offering distinctive and imaginative hospitality experiences that have become over the years the very hallmark of LUX\*. We aim to continue to inspire, surprise and delight both our guests and owners, whilst ensuring alignment of the key hospitality metrics with the international benchmarks.

Over the last few years, we have built our Strategy around 2 poles:

- 1) The reinforcement of the Indian Ocean (the Core); consolidating the foundation for success in our legacy base, through uplifting our owned assets, whilst continuing to strengthen our competitive advantage,

and securing third-party hotel management contracts

- 2) The growth around and beyond the Core, by planting the seeds for global expansion

“Our ambition within the next 3 years is to at least double both the number of hotels managed, as well as the key regions where LUX\* will be present”

As we embark on our VISION 2020 Strategic Plan, we will continue to invest in the uplift of our properties, whilst pursuing our geographical expansion, extending our brand presence across the Indian Ocean, China, South East Asia, Europe, Middle East and Africa. Our ambition within the next 3 years is to increase substantially both the number of hotels managed, as well as the key regions where LUX\* will be present.

### KEY INDICATORS:

2016	2020
10 Hotels managed	>20
2 Regions where LUX* is present	5
4% Hotel Rooms outside the Indian Ocean	>40%

To date, our pipeline of third-party Hotel Management Contracts includes 6 in China, 1 in South East Asia, 1 in the Indian Ocean, 1 in the Middle East, and 2 in Europe/ Eastern Mediterranean.

In order to support our growth ambition, we are consolidating our current organisational structure, to maximise effectiveness and respond in a timely way to all Business Development opportunities. We are confident that this will leverage our efforts towards achieving our VISION 2020 Strategy.

### OUTLOOK

Although the Global Economic Environment remains uncertain, it is encouraging to note that tourist arrivals are increasing in the destinations where we are operating.

The renovation of LUX\* Grand Gaube is progressing well with an expected opening on the 1st December 2017. This spectacular new resort will contribute positively to the results of the group.

Business currently held for the first quarter ending September 2017 is showing good growth on last year across all properties. With the Maldives fully open for business this year compared to the closure last year and notwithstanding the closure of LUX\* Grand Gaube this year, we anticipate good growth in EBITDA.

By order of the Board

LUX Hospitality Ltd  
Company Secretary

25th August 2017.

# LUX\*

RESORTS &amp; HOTELS

## LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES.

The group un-audited results for the quarter ended 30<sup>th</sup> September 2017 are as follows:

### GROUP ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Quarter to 30th September 2017 Rs 000 (Un-audited)	2016 Rs 000 (Un-audited)	Year ended 30th June 2016 Rs 000 (Audited)
Continuing operations			
Revenue	1,063,115	894,423	5,438,384
Earnings before Interest, Tax, Depreciation and Amortisation	100,194	76,453	1,266,904
Depreciation and amortisation	(125,334)	(112,799)	(442,214)
Operating (loss)/profit	(25,140)	(36,346)	824,690
Net finance costs	(49,020)	(60,697)	(241,831)
Closure Costs	(77,420)	(131,825)	-
(Loss)/profit before taxation	(151,580)	(228,868)	582,859
Income tax credit/(expense)	19,500	22,036	(75,123)
(Loss)/profit for the period	(132,080)	(206,832)	507,736
Non-controlling interest	2,384	1,178	7,213
(Loss)/profit attributable to the group	(129,696)	(205,654)	514,949
Other comprehensive income			
Movement for the period	(7,604)	-	(561,569)
Total recognised income	(137,300)	(205,654)	(46,620)
Basic and Diluted - (Loss)/Earnings per share	Rs (0.95)	(1.50)	3.75
Weighted average number of shares	137,115,843	136,909,403	137,219,213
<b>SEGMENTAL INFORMATION</b>			
Segment revenue:			
Mauritius	626,557	724,773	3,766,542
Maldives	291,510	34,092	1,016,413
Reunion	145,048	135,558	655,429
Total revenue	1,063,115	894,423	5,438,384
Segment results:			
Mauritius	4,379	28,006	854,879
Maldives	(22,460)	(55,691)	(44,055)
Reunion	(7,059)	(8,661)	13,866
Results before net finance costs	(25,140)	(36,346)	824,690

### GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

	30th September 2017 Rs 000	30th September 2016 Rs 000	30th June 2017 Rs 000
<b>ASSETS</b>			
Non current assets			
Property, plant & equipment	8,777,747	8,762,912	8,636,882
Intangible assets	1,626,613	1,461,883	1,639,799
Other financial assets	5	5	5
Deferred tax assets	114,989	52,341	115,064
	10,519,354	10,277,141	10,391,750
Current assets	1,206,663	2,072,559	1,146,409
<b>TOTAL ASSETS</b>	<b>11,726,017</b>	<b>12,349,700</b>	<b>11,538,159</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' interest	5,654,179	5,801,739	5,791,479
Non-controlling interests	194	2,281	2,578
Non-current liabilities	3,608,908	3,630,850	3,522,532
Current liabilities	2,462,736	2,914,830	2,221,570
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,726,017</b>	<b>12,349,700</b>	<b>11,538,159</b>
Net Assets per Share	Rs. 41.24	42.38	42.24
Net Assets per Share (including the market value of leasehold land)	Rs. 53.97	57.18	54.97

### GROUP ABRIDGED STATEMENT OF CASH FLOWS

	30th September 2017 Rs 000	30th September 2016 Rs 000	30th June 2017 Rs 000
Net cash flows from operating activities	(32,190)	286	847,527
Net cash flows from investing activities	(267,038)	(347,511)	(45,106)
Net cash flows from financing activities	176,802	228,298	(584,149)
Net (decrease)/increase in cash & cash equivalents	(122,426)	(118,927)	220,272
Cash and bank balance	(73,609)	(293,881)	(293,881)
At beginning of period	(73,609)	(293,881)	(293,881)
At end of period	(196,035)	(412,808)	(73,609)

### ABRIDGED STATEMENT OF CHANGES IN EQUITY

	30th September 2017 Rs 000	30th September 2016 Rs 000	30th June 2017 Rs 000
At beginning of period	5,791,479	6,007,393	6,007,393
Other movement	-	-	(7,747)
Issue of shares	-	-	9,834
Total recognised income	(137,300)	(205,654)	(46,620)
Dividend	-	-	(171,381)
At end of period	5,654,179	5,801,739	5,791,479

### Commentary

Tourist arrivals to Mauritius for the quarter ended 30th September 2017 increased by 5% to reach 308,820. Arrivals from Europe, our main market, went up by similar percentage mostly driven by the increase in arrivals from France and Germany which grew by 10% and 6% respectively. Arrivals from UK decreased by 7% for the quarter. Arrivals from Asia were similar to last year at around 53,000 passengers. Chinese arrivals decreased during the quarter under review by 8% to 21,231.

At time of this report, arrivals to the Maldives were not available for the month of September 2017. For the two months of July and August, arrivals increased by 5% to 234,485 and China remains the main source market with 29% of total arrivals.

### Group Results

The quarter under review is regarded as the low season for the hotel industry in the Indian Ocean. LUX\* Grand Gaube hotel was closed for renovation for the entire quarter whilst LUX\* South Ari Atoll in the Maldives did not operate for the full months of July and August last year.

Our hotels which were in operation in Mauritius during the quarter, posted an occupancy rate of 87%, up by one percentage point on the corresponding quarter last year. ADR (Room Revenue per occupied room) improved by 11%. The increase in occupancy and ADR resulted in an increase of 12% in RevPAR (Room Revenue per available room).

LUX\* Saint Gilles in Reunion Island continued its progression with occupancy up by 11 percentage points to reach 81%. ADR was similar to last year and as a result RevPAR increased by 11%.

As mentioned above, LUX South Ari Atoll in the Maldives operated only for two months last year and therefore the figures are not comparable. For the quarter under review, the hotel posted an occupancy of 65%. Its ADR and Rev PAR were USD 346 and USD 224 respectively which compare favourably with the established competitive set.

Against the above background, total revenue for the quarter under review reached Rs 1.063 billion, up by 19% on corresponding quarter last year and EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) amounted to Rs 100 million, an increase of 31% on last year. Operating loss was lower than last year by Rs 11 m from Rs 36m to Rs 25m. Net finance charges and closure costs went down by Rs 12 million and Rs 54m respectively. The loss for the quarter was lower by Rs 76m from Rs 206m to Rs 130m.

### Project Development

The renovation of LUX\* Grand Gaube is progressing well with an expected opening in December 2017. This spectacular resort will contribute positively to the results of the Group.

### LIR Bond Conversion

We would like to inform the holders of LIR Convertible Bonds that the Bonds will arrive at maturity on the 31st December 2017. Pursuant to section 12.1 of the Listing particulars, the Company will redeem the 873,658 bonds which are still in issue. Each Convertible Bond will be redeemed at its principal amount (Rs 10) together with unpaid accrued interest thereon on the Maturity Date.

### Outlook

Tourist arrivals from the main and emerging markets to Mauritius are showing good increases since January 2017. This has been driven by strong growth from Germany (+11%), Italy (+13%), Switzerland (+17%) and Russia (+14%). With the number of new flights announced for the high season, we are expecting the upward trend to be maintained. Based on the latest available data on tourist arrivals, Statistics Mauritius is forecasting 1.36 million visitors for the calendar year 2017 an anticipated growth of 6%. This augurs very well for our hotels in Mauritius.

With regard to the Maldives, after a slow start during the first months of the calendar year 2017, arrivals have shown a good increase in the last few months. For the period January to August 2017, tourist arrivals increased by 6% to reach 892,025. Over the years, the international arrival growth to the Maldives has been driven by the Chinese. However, over the last two years, the number of Chinese tourists declined by 10%, primarily attributable to the competition from alternative destinations. The Maldives has been able to maintain its positive growth thanks to other markets like India (+23%), Russia (+35%), USA (+21%). With its pristine natural islands, crystal clear water and white sandy beaches, the Maldives is today one of the most expensive and aspirational leisure destinations worldwide. We believe it will retain its appeal in the long-term.

Concerning Reunion Island, the increase in arrivals is very encouraging and we believe that this trend will continue based on the initiatives taken by all the key stakeholders.

Business currently on the books for the quarter ending 31st December 2017 is showing good growth on last year across all properties. Although LUX\* Grand Gaube will operate only for one month for the next quarter and assuming that there is no deterioration in the current environment, we are confident that the Group will post good growth in EBITDA for Q2.

By the order of the Board

Lux Hospitality Ltd  
Company Secretary  
23rd October 2017

### Note to the above:

- The above Financial Highlights have been prepared in accordance with International Financial Reporting Standards (IFRSs).
- The Financial Highlights are issued pursuant to Listing Rule 12.20 and published according to the Securities Act 2005.
- The Financial Highlights have been prepared on the same basis of the accounting policies set out in the statutory Financial Statements of the Group for the year ended June 30, 2017, except for the adoption of relevant amendments to published Standards, Standards and Interpretations issued and effective for accounting period starting on July 1, 2017.
- Copies of the Financial Highlights and the statement of direct and indirect interests of officers of the Company required under Rule 8 (2) (m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 are available free of charge, upon request, from the Company Secretary, at the Company's registered office, Lux Island Resorts Ltd, Pierre Simonet Street, Floréal.
- The Board of Directors of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in the Financial Highlights



RESORTS &amp; HOTELS

## LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES.

The group results for the quarter and half year ended 31st December 2017 are as follows:

## GROUP ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	Quarter to 31st December		Half year to 31st December		Year ended 30th June
	2017 Rs 000 (Un-audited)	2016 Rs 000 (Un-audited)	2017 Rs 000 (Un-audited)	2016 Rs 000 (Un-audited)	2017 Rs 000 (Audited)
<b>Continuing Operations</b>					
Revenue	1,756,413	1,654,123	2,819,528	2,548,546	5,438,384
Earnings before Interest, Tax, Depreciation and Amortisation	583,059	533,809	683,253	610,262	1,266,904
Depreciation and amortisation	(130,578)	(113,309)	(255,912)	(226,108)	(442,214)
Operating profit	452,481	420,500	427,341	384,154	824,690
Gain on repossession of hotel	74,491	-	74,491	-	-
Profit on sale of property, plant and equipment	-	195,000	-	195,000	-
Net finance costs	(50,150)	(58,810)	(99,170)	(119,507)	(241,831)
Closure Costs	(88,066)	-	(165,486)	(131,825)	-
Profit before Income tax	388,756	556,690	227,176	327,822	582,859
Taxation	(41,606)	(58,326)	(22,106)	(36,290)	(75,123)
<b>Profit after tax</b>	347,150	498,364	215,070	291,532	507,736
Non-controlling Interest	(2,779)	(1,350)	(395)	(172)	7,213
<b>Profit attributable to the group</b>	344,371	497,014	214,675	291,360	514,949
<b>Other comprehensive income</b>					
Movement for the period	-	-	(24,678)	(36,597)	(561,569)
Total recognised gain	-	-	189,997	254,763	(46,620)
Basic - Earnings per share	Rs 2.51	3.63	1.57	2.13	3.75
Average number of shares	137,115,943	136,909,403	137,115,943	136,909,403	137,092,673
<b>SEGMENTAL INFORMATION</b>					
Segment revenue:					
Mauritius	1,019,146	1,124,052	1,645,703	1,848,825	3,776,398
Maldives	428,047	327,896	719,557	361,988	1,016,413
Reunion	309,220	202,175	454,268	337,733	645,573
Total revenue	1,756,413	1,654,123	2,819,528	2,548,546	5,438,384
Segment results:					
Mauritius	327,632	378,090	332,011	406,096	855,734
Maldives	69,969	12,686	47,509	(43,005)	(44,055)
Reunion	54,880	29,724	47,821	21,063	13,011
Results before net finance costs	452,481	420,500	427,341	384,154	824,690

## GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

	31st December 2017 Rs 000 (Un-audited)	31st December 2016 Rs 000 (Un-audited)	30th June 2017 Rs 000 (Audited)
<b>ASSETS</b>			
Non current assets			
Property, plant & equipment	9,468,093	8,875,647	8,636,882
Intangible assets	1,648,658	1,458,394	1,639,799
Other financial assets	140,835	28,809	115,064
Deferred tax assets	11,257,591	10,362,855	10,391,750
Current assets	1,628,324	1,477,661	1,146,409
<b>TOTAL ASSETS</b>	12,885,915	11,840,516	11,538,159
<b>EQUITY AND LIABILITIES</b>			
Shareholders' interest	5,981,476	6,271,990	5,791,479
Non-controlling interest	2,973	3,631	2,578
Non-current liabilities	3,993,876	3,744,749	3,522,532
Current liabilities	2,907,590	1,820,146	2,221,570
<b>TOTAL EQUITY AND LIABILITIES</b>	12,885,915	11,840,516	11,538,159
Net Assets per Share	Rs. 43.62	45.74	42.24
Net Assets per Share including value of leasehold land	Rs. 56.49	57.64	54.97

## GROUP ABRIDGED STATEMENT OF CASH FLOWS

	31st December 2017 Rs 000	31st December 2016 Rs 000	30th June 2017 Rs 000
Net cash flows from operating activities	128,837	145,084	847,527
Net cash flows from investing activities	(995,320)	638,140	(43,106)
Net cash flows from financing activities	743,474	(394,721)	(584,149)
Net (decrease)/increase in cash & cash equivalents	(123,009)	388,503	220,272
Cash and bank balance	(73,609)	(293,881)	(293,881)
At beginning of period	(196,618)	94,622	(73,609)
At end of period	-	-	-

## ABRIDGED STATEMENT OF CHANGES IN EQUITY

	31st December 2017 Rs 000	31st December 2016 Rs 000	30th June 2017 Rs 000
At beginning of period	5,791,479	6,007,393	6,007,393
Other adjustments	-	-	(7,747)
Total recognised gain	189,997	254,763	(46,620)
Issue of shares	-	9,834	9,834
Dividend	-	-	(171,381)
At end of period	5,981,476	6,271,990	5,791,479

## Commentary

Tourist arrivals to Mauritius for the quarter ended 31st December 2017 amounted to 407,181 up by 3.3% on the corresponding quarter last year. Arrivals from Europe increased by 7% with UK and Germany posting an increase of 17% and 22% respectively. Our main source market, France, decreased slightly by 1%. Arrivals from Asia went down by 9% to around 46,000 mainly due to a significant reduction in the number of Chinese tourists by approximately 24% partially mitigated by an increase in arrivals from India, UAE and Saudi Arabia.

In the Maldives, the number of visitors for the quarter under review reached 391,533 up by 15% on the corresponding quarter last year. China remains the main source market with 18% of the arrivals.

For the semester ended 31st December 2017, tourist arrivals to Mauritius amounted to 716,001 an increase of 4% on last year. Arrivals in the Maldives for the semester increased to 732,002 up by 10% on last year.

## Group Results

The Group results for the quarter and semester under review were influenced by the following:

- The repossession of hotel le Recif in Ile de La Reunion. The buyer of hotel Le Recif has not been in a position to secure its financing to settle the amount due to LUX\* following the sale of the hotel two years ago. Both parties have come to an agreement whereby LUX\* has reposessed the hotel as from 1st October 2017. On the basis of the good performance of the hotel over the past years and the reduction in its borrowings, the Group has recognised during the current quarter a profit of Rs 74m. The gain represents the difference between the value of the assets of the hotel and the financial commitments on that hotel. The operating results of hotel le Recif as from 1st October 2017, are accounted in the Group Operating Profit in the current quarter.
- The closure for renovation of LUX\* Grand Gaube for almost the entire period. During the corresponding period last year, LUX\* South Ari Atoll in Maldives was closed for two months.
- The property of Tamassa hotel was disposed and leased back in the corresponding quarter last year.

Against the above background, the Group delivered good results during both periods under review with operating profit for the quarter growing by 7% from Rs 420m to Rs 452m. For the semester, operating profit increased by 11% to Rs 427m.

Our hotels which were fully operational in Mauritius during the quarter, posted an occupancy rate of 89%, up by 2 percentage points on the corresponding quarter last year. ADR (Room Revenue per occupied room) improved significantly by 18%. The increase in occupancy and ADR resulted in an increase of 20% in Rev PAR (Room Revenue per available room). LUX\* Saint Gilles in Reunion Island posted an occupancy of 85% up by 6 percentage points on last year with a similar ADR. Its Rev PAR improved by 7%. As mentioned above, Hotel Le Recif has been consolidated as from 1st October 2017. Its occupancy for the quarter under review was 76% and the ADR compared to last year increased by 6%. LUX\* South Ari Atoll in Maldives achieved very good results with an occupancy of 75% for the quarter, up by 9 percentage points and posted a similar ADR as last year. RevPAR improved by 11%.

Total revenue for the quarter reached Rs 1.8bn, up by 6% on the corresponding quarter last year and EBITDA (Earnings Before Interest Tax, Depreciation and Amortisation) amounted to Rs 583m a progression of 9%.

The turnover of the Group for the six months to 31st December 2017 increased by 11% to Rs 2.8bn and EBITDA for the same period increased by 12% to Rs 683m. Depreciation and amortization increased by Rs 30m or 13% mainly due to the renovation of LUX South Ari Atoll carried out last year, whilst finance costs decreased by Rs 20m due to the loan repaid during the period and the reimbursement of the Tamassa loan following the sale of the property. On a like for like basis, excluding the sale of Tamassa and profit on repossession of Hotel Le Recif, attributable profit for the semester increased by 45% from Rs 97m to Rs 144m.

Total net interest bearing debt as at 31st December 2017 amounted to Rs 4.7bn compared to Rs3.8bn at 30th June 2017, an increase of Rs900m or 24% due to the loan contracted to finance the renovation of LUX\* Grand Gaube. The gearing of the Group at 31st December 2017 increased to 44% compared to 40% at 30th June 2017 and remains well below the industry average. The increase in current liabilities is mainly due to short term financing raised for the renovation of LUX\* Grand Gaube which will be converted into long term loan upon completion of the project after 31st December 2017.

## Project Development

LUX\* Grand Gaube reopened on the 23rd December 2017. However, there are a number of rooms still to be completed as well as snagging works. The hotel is spectacular and we are confident that it will contribute positively to the results of the Group.

## Outlook

Although the Global Economic Environment remains uncertain, it is encouraging to note that tourist arrivals are increasing in all the destinations where we operate. Tourist arrivals to Mauritius have been increasing steadily over the last five years and Statistics Mauritius just reported a growth of 5.2% for the calendar year 2017 bringing the total arrivals for the year to 1.34 million. This has been driven by strong growth from our main markets namely Germany (+14.5%) and UK (+5.6%). However, the drop in Chinese tourists is a source of concern which has to be addressed by all stakeholders.

Maldives is also showing good growth lately, after a slowdown in the arrivals at the beginning of the calendar year. The arrivals to the destination for the twelve months up to December 2017 reached 1.39 million an increase of 8%, fueled by growth from Germany, UK and India. It is also interesting to note that the decline in travellers from China to the Maldives has slowed and we expect improvements going forward. With regard to Reunion Island, arrivals continue on an upward trend resulting from the increase in the number of new flights coming to the destination.

The delay in the full reopening of LUX\* Grand Gaube will impact on the performance of our Mauritius hotels during Q3. With regards to the Maldives, both occupancy and ADR are ahead of last year and we expect both the revenue and EBITDA of the hotel to be better than last year. LUX\* Saint Gilles and hotel le Recif in Reunion Island should continue on the same trend as Q2 and should perform well for the current quarter.

With regards to the performance of the group, providing there is no unexpected adverse events arising, our results for the third quarter should be similar to last year.

By order of the Board

LUX Hospitality Ltd  
Company Secretary  
25<sup>th</sup> January 2018.

## Notes to the Financial Highlights

- The Financial Highlights have been prepared in accordance with International Financial Reporting Standards (IFRSs).
- The Financial Highlights have been prepared on the same basis as the accounting policies set out in the audited statutory Financial Statements of the Group for the period ended June 30, 2017, except for the adoption of relevant amendments to published Standards, Standards and Interpretations issued and effective for accounting period starting on July 1, 2017.
- The Financial Highlights are issued pursuant to Listing Rule 12.14 and published according to the Securities Act 2005.
- Copies of the Financial Highlights and the statement of direct and indirect interests of officers of the Company required under Rule 8 (2) (m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 are available free of charge, upon request, from the Company Secretary, at the Company's registered office, Lux Island Resorts Ltd, Pierre Simonet Street, Floréal.
- The Board of Directors of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in the Financial Highlights.



**\*LIGHTER. BRIGHTER.**