

MCB REAL ASSETS LTD

ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2021

MCB REAL ASSETS LTD

ANNUAL REPORT - YEAR ENDED JUNE 30, 2021

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MCB REAL ASSETS LTD

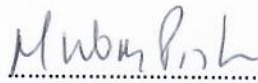
REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 30, 2021

The directors are pleased to present the Annual Report of MCB Real Assets Ltd for the year ended June 30, 2021 as set out on pages 3 to 28.

The shareholder agrees that in conformity with Section 221 (4) of The Mauritian Companies Act 2001 (the "Act"), the Annual Report of the Company need not comply with paragraphs (a), (d) and (e) of Section 221 (1) of the Act.

This report was approved by the Board of Directors on

27 DEC 2021


.....

Director
Margaret Wong Ping Lun


.....

Director
Gilbert Grany

MCB REAL ASSETS LTD

SECRETARY'S CERTIFICATE FOR YEAR ENDED JUNE 30, 2021

I certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritian Companies Act 2001.



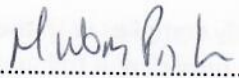
For and on behalf of


MCB Group Corporate Services Ltd
Company Secretary

Date: 27 DEC 2021

MCB Real Assets Ltd has not prepared a Corporate Governance Report for the year ended June 30, 2021, as per Section 75 of the Mauritian Financial Reporting Act 2004, for the following reasons:

- The Company is a wholly-owned subsidiary of MCB Group Limited, which already complies with the Code of Corporate Governance (the "Code") by providing a full and comprehensive Corporate Governance Report in its Annual Report and making the disclosures required by the said Code; and
- The Corporate Governance functions of the Company are discharged by the governance framework of MCB Group Limited, the Holding Company.


.....
Director


.....
Director

Date: **27 DEC 2021**

MCB REAL ASSETS LTD

STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2021

As per Section 75(3) of the Mauritian Financial Reporting Act

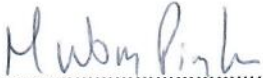
Name of Public Interest Entity : MCB Real Assets Ltd

Reporting Period : July 1, 2020 to June 30, 2021


We, the directors of MCB Real Assets Ltd (the "Company"), hereby confirm to the best of our knowledge that the Company has resolved not to prepare a Corporate Governance Report, as per Section 75 of the Mauritian Financial Reporting Act 2004, for the financial year ended June 30, 2021, for the reasons stated below:

- The Company is a wholly-owned subsidiary of MCB Group Limited, which already complies with the National Code of Corporate Governance for Mauritius (2016) (the "Code") by providing a full and comprehensive Corporate Governance Report in its Annual Report and making the disclosures required by the said Code; and
- The Corporate Governance functions of the Company are discharged by the governance framework of MCB Group Limited, the Holding Company.

Signed for and on behalf of the board of directors on 17 DEC 2021


.....

Chairman


.....

Director

MCB REAL ASSETS LTD

INDEPENDENT AUDITOR'S REPORT To the Shareholder of MCB Real Assets Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MCB Real Assets Ltd (the "Company"), on pages 6 to 28 which comprise the statement of financial position as at June 30, 2021, the statement of profit or loss, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 6 to 28 give a true and fair view of the financial position of the Company as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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





MCB REAL ASSETS LTD

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholder of MCB Real Assets Ltd

Other Information (Cont'd)

Corporate Governance Report

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.



MCB REAL ASSETS LTD

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholder of MCB Real Assets Ltd

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001


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

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

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


BDO & Co
Chartered Accountant



Ameenah Ramdin, FCCA, FCA
Licensed by FRC

Port Louis,
Mauritius.

December 27, 2021

MCB REAL ASSETS LTD

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Notes	2021 Rs.	2020 Rs.
ASSETS			
Non-Current Assets			
Investments in Subsidiary	5	1,459,749,731	1,459,749,731
Investments in Associates	6	735	-
Financial Assets at Amortised Cost	7	348,351,000	-
		<u>1,808,101,466</u>	<u>1,459,749,731</u>
Current Assets			
Financial Assets at Amortised Cost	7	2,090,106	-
Cash and cash equivalents	19(c)	23,742,444	992,734
		<u>25,832,550</u>	<u>992,734</u>
Total Assets		Rs. <u>1,833,934,016</u>	<u>1,460,742,465</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	8	1,000	1,000
Share application money pending allotment	9	1,459,147,780	1,459,147,780
Retained Earnings		187,244	1,450,882
Total Equity		<u>1,459,336,024</u>	<u>1,460,599,662</u>
Non Current Liability			
Borrowings	11	373,500,000	-
Current Liabilities			
Other Payables	10	131,220	126,510
Borrowings	11	933,750	-
Current Tax Liabilities	12(a)	33,022	16,293
		<u>1,097,992</u>	<u>142,803</u>
Total Equity and Liabilities		Rs. <u>1,833,934,016</u>	<u>1,460,742,465</u>

These financial statements have been approved for issue by the Board of Directors on: 27 DEC 2021

Mubashir)

DIRECTORS

S. S.)

The notes on pages 11 to 28 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

MCB REAL ASSETS LTD

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		Rs.	Rs.
Dividend Income	13	-	45,679,445
Interest Income	14	5,960,533	-
Foreign Exchange Transaction (Losses)/Gains		(14,518)	97,043
Administrative Expenses	15	(865,158)	(566,606)
Finance Costs	16	(6,311,675)	(282)
(Loss)/Profit before Tax		<u>(1,230,818)</u>	45,209,600
Income Tax Expense	12(b)	(32,820)	(16,293)
(Loss)/Profit for the Year		<u>(1,263,638)</u>	<u>45,193,307</u>
(Loss)/Earnings per Share (Rs.)	17	<u>(12,636.38)</u>	<u>451,933.07</u>

The notes on pages 11 to 28 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

MCB REAL ASSETS LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	Rs.	Rs.
(Loss)/Profit for the Year	(1,263,638)	45,193,307
Other Comprehensive Income	-	-
Total Comprehensive Income for the Year	(1,263,638)	45,193,307

The notes on pages 11 to 28 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

MCB REAL ASSETS LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

	Note	Stated Capital Rs.	Share application money pending allotment Rs.	Retained Earnings Rs.	Total Rs.
Balance at July 1, 2020		1,000	1,459,147,780	1,450,882	1,460,599,662
Loss for the Year		-	-	(1,263,638)	(1,263,638)
Balance at June 30, 2021		1,000	1,459,147,780	187,244	1,459,336,024

		Stated Capital Rs.	Share application money pending allotment Rs.	Retained Earnings Rs.	Total Rs.
Balance at July 1, 2019		1,000	1,459,147,780	1,937,019	1,461,085,799
Profit for the Year		-	-	45,193,307	45,193,307
Dividends declared	18	-	-	(45,679,444)	(45,679,444)
Balance at June 30, 2020		1,000	1,459,147,780	1,450,882	1,460,599,662

The notes on pages 11 to 28 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(b).

MCB REAL ASSETS LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	Notes	2021 Rs.	2020 Rs.
Cash used in Operating Activities			
Cash used in operations	19(a)	(874,966)	(466,101)
Interest received		3,931,878	-
Interest paid		(5,484,300)	(282)
Tax paid		(16,091)	(6,405)
Net Cash used in Operating Activities		(2,443,479)	(472,788)
Cash (used in)/ generated from Investing Activities			
Purchase of investment in associates		(1,470)	-
Proceeds from disposal of investment in associates		735	-
Purchase of investment in financial assets		(327,785,700)	-
Transfer of shares following rights issue		-	3,899
Dividend received from subsidiary		-	85,014,522
Net Cash (used in)/ generated from Investing Activities		(327,786,435)	85,018,421
Cash flows generated from/ (used in) Financing Activities			
Proceeds from borrowings		351,450,000	-
Dividend paid to holding Company		-	(85,014,521)
Net Cash generated from/ (used in) Financing Activities		351,450,000	(85,014,521)
Net Increase/ (Decrease) in Cash and Cash Equivalents		21,220,086	(468,888)
Movement in Cash and Cash Equivalents			
At July 1,		992,734	1,461,622
Increase / (Decrease) in cash and cash equivalents		21,220,086	(468,888)
Effect of foreign exchange rate changes		1,529,624	-
At June 30,	19(c)	23,742,444	992,734

The notes on pages 11 to 28 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1 GENERAL INFORMATION

MCB Real Assets Ltd is a private company, incorporated on August 8, 2017 and domiciled in Mauritius. The main activities of the Company consist of investment holding. Its registered address is 9-15, Sir William Newton Street, Port Louis, Mauritius.

The financial statements presented herewith are for the year ended June 30, 2021 and will be submitted for consideration and approval at the forthcoming annual meeting of shareholder of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of MCB Capital Markets Ltd comply with the Mauritian Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of an individual entity. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest rupee (Rs), except when otherwise indicated. Where necessary, comparative figures have been amended to conform with the change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

- (i) financial assets at fair value through profit or loss and relevant financial assets and liabilities are stated at their fair value; and
- (ii) financial assets at amortised cost and relevant financial assets and financial liabilities are stated at amortised cost.

Standards, amendments to published standards and interpretations effective in the reporting period

Definition of a Business (Amendments to IFRS 3) clarifies the definition of a business to help determine whether a transaction should be accounted for as a business combination or an asset acquisition and permits, in certain circumstances, a simplified assessment that an acquired set of activities and assets is not a business. The amendments have no impact on the Company's financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8) clarifies the definition of material and aligns the definitions used across IFRSs and other IASB publications. The amendments have no impact on the Company's financial statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period before the replacement of an existing interest rate benchmark with an alternative interest rate. The amendments have no impact on the Company's financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards relate to minor amendments to various standards to reflect the revised Conceptual Framework for Financial Reporting. The amendments have no impact on the Company's financial statements.

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) provides an option to apply a simplified accounting treatment to some lease modifications in the accounts of the lessee. The amendment has no impact on the Company's financial statements.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) extends the temporary exemption to accounting periods beginning before January 1, 2023. The amendments have no impact on the Company's financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(a) Basis of Preparation (cont'd)****Standards, amendments to published standards and interpretations issued but not yet effective**

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2021 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 17 Insurance Contracts
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Annual Improvements 2018-2020

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Amendments to IFRS 17
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Definition of accounting estimates (Amendments to IAS 8)
- Disclosure of accounting policies (Amendments to IAS 1)
- Deferred tax related to assets and liabilities arising from a single transaction (IAS 12)

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investments in Subsidiary

Separate Financial Statements of the investor

In the separate financial statements of the investor, investments in subsidiary company are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

(c) Foreign Currencies

(i) *Functional and Presentation Currency*

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

(ii) *Transactions and Balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cashflow hedges and qualifying net investment hedges.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

(d) Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(e) Financial Instruments**

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument.

Financial Assets

The Company classifies its financial assets into the category discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy is as follows:

(i) Amortised Cost

These assets arise principally from other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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

The Company's financial assets measured at amortised cost comprise of financial assets at amortised cost and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash at bank and other short term highly liquid investments with original maturities of three months or less.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (cont'd)

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

The Company classifies its financial liabilities into the following category, depending on the purpose for which the liability was acquired.

Other financial liabilities

Other financial liabilities include the following items:

Other payables and other short-term monetary liabilities which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Other short-term monetary liabilities comprise of bank overdrafts which are shown as current liabilities on the statement of financial position.

Bank borrowings are initially recognised at fair value. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire.

(f) **Stated Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the new shares are shown in equity as deduction, net of tax, from proceeds.

(g) **Current and Deferred Income Tax**

The tax expense for the period comprises of current tax, corporate social responsibility (CSR) and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly to equity.

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within profit or loss and the income tax liability on the statement of financial position. The Corporate Social Responsibility (CSR) charge for the current period is measured at the amount expected to be paid to the Mauritian Tax Authorities.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and Deferred Income Tax (cont'd)

The Company is subject to the Advanced Payment System (APS) whereby it pays income tax on a quarterly basis.

(i) *Current Tax*

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

(ii) *Deferred Tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

(h) **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle this obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(i) **Revenue Recognition**

Revenue earned by the Company is recognised on the following base:

- Dividend Income - when the shareholder's right to receive payment is established.
- Interest income is calculated by applying the effective interest rate to gross carrying amount of financial assets, except for :
 - (i) Purchased or originated credit-impaired ('POCI') financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
 - (ii) Financial assets that are not 'POCI' but have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

(j) **Related Parties**

Related parties are companies where the company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(k) **Dividend Distribution**

Dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the period in which the dividends are declared.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks. A description of the significant risk factors is given below together with the risk management policies applicable.

(i) Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties are accepted.

Financial Instruments by Category

	Amortised Cost	
	2021	2020
	Rs.	Rs.
ASSETS		
Financial Assets at amortised cost	350,441,106	-
Cash and Cash equivalents	23,742,444	992,734
Total Assets	374,183,550	992,734
LIABILITIES		
Borrowings	374,433,750	-
Other Payables	131,220	126,510
Total Liabilities	374,564,970	126,510

(ii) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below show the maturity analysis of the financial assets and liabilities of the Company.

As at June 30, 2021	Within	Between	More than	Non-	Total
	1 year	1 to 5 years	5 years	maturity items	
	Rs.	Rs.	Rs.	Rs.	Rs.
FINANCIAL ASSETS					
Financial Assets at Amortised Cost	2,090,106	-	348,351,000	-	350,441,106
Cash and Cash equivalents	-	-	-	23,742,444	23,742,444
	2,090,106	-	348,351,000	23,742,444	374,183,550
FINANCIAL LIABILITIES					
Borrowings	933,750	373,500,000	-	-	374,433,750
Other Payables	131,220	-	-	-	131,220
	1,064,970	373,500,000	-	-	374,564,970

3 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial Risk Factors (cont'd)

(ii) Liquidity Risk (cont'd)

As at June 30, 2020	Within 1 year Rs.	Between 1 to 5 years Rs.	More than 5 years Rs.	Non- maturity items Rs.	Total Rs.
FINANCIAL ASSETS					
Cash and Cash equivalents	-	-	-	992,734	992,734
FINANCIAL LIABILITIES					
Other Payables	126,510	-	-	-	126,510

(iii) Currency Risk

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euros and US dollars.

The tables below depict the Company's financial assets and financial liabilities at carrying amounts classified by currency.

2021	MUR Rs.	EUR Rs.	USD Rs.	Total Rs.
Financial assets				
Financial Assets at Amortised Cost	-	350,441,106	-	350,441,106
Cash and Cash equivalents	262,641	23,467,684	12,119	23,742,444
	<u>262,641</u>	<u>373,908,790</u>	<u>12,119</u>	<u>374,183,550</u>
Financial liabilities				
Borrowings	-	374,433,750	-	374,433,750
Other Payables	131,220	-	-	131,220
	<u>131,220</u>	<u>374,433,750</u>	<u>-</u>	<u>374,564,970</u>
2020				
	MUR Rs.	EUR Rs.	USD Rs.	Total Rs.
Financial asset				
Cash and Cash equivalents	135,693	855,565	1,476	992,734
Financial liability				
Other Payables	126,510	-	-	126,510

The Company receives interest in foreign currency, as tabled above, and this is banked in its corresponding bank account. The foreign currency risk by the nature of the business arises only on reporting at year end on the conversion of the foreign bank accounts. As such, the Company has no defined objective, policy and process for managing the conversion risk.

At June 30, 2021, if the rupee had weakened/strengthened by 10% against foreign currencies with all other variables held constant, (loss)/profit before tax would have been Rs. 51,284 (2020: Rs. 85,704) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign balances.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Fair Value Estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The carrying amounts of financial assets approximate their fair values.

(c) Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholder and benefits for other stakeholders. The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt.

During 2021, the Company's strategy was to maintain the debt-to-capital ratio at the lower end in order to secure access to finance at a reasonable cost. The debt-to-capital ratios at June 30, 2021 and June 30, 2020 were as follows:

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
Total debt (Note 11)	374,433,750	-
Less: Cash and cash equivalents (Note 19(c))	<u>(23,742,444)</u>	<u>(992,734)</u>
Net debt	350,691,306	(992,734)
Total equity	<u>1,459,336,024</u>	<u>1,460,599,662</u>
Total equity plus net debt	<u>1,810,027,330</u>	<u>1,459,606,928</u>
Debt to capital ratio	<u>19.4%</u>	<u>N/A</u>

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Limitation of Sensitivity Analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and the other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risks that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5 INVESTMENTS IN SUBSIDIARY

(a) Investments in Subsidiary	2021	2020
	Rs.	Rs.
At July 1,	1,459,749,731	1,459,753,630
Disposal	-	(3,899)
At June 30,	1,459,749,731	1,459,749,731

(b) The Company's subsidiary is as follows: -

Name	Class of Shares	Year End	Proportion of Ownership Interest		Share Capital	Country of Incorporation & Operation	Main Business
			Direct	Indirect			
Subsidiary:							
Compagnie des Villages de Vacances de L'isle de France Limitée.	Ordinary	June 30,	93.39%	-	Rs. 826,506,000	Mauritius	Rental of Investment Properties

The above subsidiary is quoted on the Development and Enterprise Market (DEM) of The Stock Exchange of Mauritius. The fair value of the Company's interest in Compagnie des Villages de Vacances de L'isle de France Limitée was Rs. 1,300,591,607 (Rs. 20.50 per share) as at June 30, 2021 and Rs. 1,300,591,607 (Rs. 20.50 per share) as at June 30, 2020.

(c) MCB Real Assets Ltd is a wholly owned subsidiary of MCB Group Limited, incorporated in Mauritius, which presents consolidated financial statements that are available for public use. Hence, MCB Real Assets Ltd is exempt from presenting consolidated financial statements in accordance with IFRS 10 section 4.

6 INVESTMENTS IN ASSOCIATES

Investments in Associates	2021	2020
	Rs.	Rs.
(a) At July 1,	-	-
Additions	1,470	-
Disposal	(735)	-
At June 30,	735	-

On October 26, 2020, the Company subscribed to 490 ordinary shares, for a consideration of Rs. 490, and for a stake of 49% in each of the following companies: Grand Bel Air Cie Ltée, Rivière La Chaux Cie Ltée and Terres Sud Est Cie Ltée.

On March 2, 2021, MCB Real Assets Ltd reduced its stake in each of the above mentioned companies. 245 ordinary shares out of the 490 ordinary shares initially held by MCB Real Assets Ltd in each of the three entities were sold to General Construction (Investment) Ltd. As such, the investment is now considered as an investment in associates.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

7 FINANCIAL ASSETS AT AMORTISED COST

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
At July 1,	-	-
Additions	327,785,700	-
Interest accrued during the year	5,960,533	-
Interest received during the year	(3,931,878)	-
Foreign Exchange Adjustments	20,626,751	-
At June 30,	350,441,106	-

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.

At Amortised Cost

Analysed as:

Current	2,090,106	-
Non-current	348,351,000	-

The carrying amount of the financial asset at amortised cost are denominated in the following currency:

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
EUR	350,441,106	-

There is no exposure to price risk as the investments will be held to maturity

Financial assets at amortised cost consist of notes issued by Compagnie des Villages de Vacances de L'isle de France Limitée and carrying interest at 3% (EURIBOR floored at 0% + 3%) as at June 30, 2021.

The carrying amount of the financial asset at amortised cost approximate their fair value since they carry interest rate which is linked to market rate.

8 STATED CAPITAL

	<u>Number of</u>	<u>Ordinary</u>
	<u>Shares</u>	<u>Shares</u>
		Rs.
(i) Issued Stated Capital		
At June 30, 2021 and June 30, 2020	100	1,000

The total authorised number of ordinary share is 100 shares (2020: 100 shares) of no par value per share (2020: No par value per share). All issued shares are fully paid.

(ii) Class Rights

Fully paid ordinary shares shall:

- (i) have the right to vote at meetings of shareholders and on poll to cast one vote for each share held;
- (ii) subject to the rights of any other class of shares, have the right to an equal share in dividends and other distribution made by the Company; and
- (iii) subject to the rights of any other class of shares, have the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

9 SHARE APPLICATION MONEY PENDING ALLOTMENT

In 2019, the Company received Rs. 247,891,562 from its holding company to subscribe to the rights issue of its subsidiary. As at June 30, 2021 and June 30, 2020; the total amount of share application money pending for allotment was Rs. 1,459,147,780.

10 OTHER PAYABLES

	2021	2020
	Rs.	Rs.
Amount due to related party:		
Fellow Subsidiary (Note 22)	40	40
Other Payables	131,180	126,470
	131,220	126,510

The carrying amounts of the Company's other payables are denominated in Mauritian Rupees and approximate their fair value.

11 BORROWINGS

	2021	2020
	Rs.	Rs.
<u>At Amortised Cost</u>		
Amount due to entity under common control		
Within one year	933,750	-
After more than one year and before five years	373,500,000	-

On November 23, 2020, a Facility Agreement of EUR 7,500,000 was signed between the Company and The Mauritius Commercial Bank Limited; the latter being an entity under common control. The borrowing is repayable in a bullet repayment, five years following the drawdown. Interest is payable at 3% above EURIBOR (floored at 0%) per annum. The loan was used for acquisition of 6,995 notes issued by its subsidiary; Compagnie des Villages de Vacances de L'isle de France Limitée.

The carrying amount of the borrowings approximate their fair value since they carry interest rate which is linked to market rate.

The medium term loan is secured by a pledge of EUR 9 million of ordinary shares held by MCB Real Assets Ltd in Compagnie des Villages de Vacances de L'isle de France Limitée. MCB Group Limited, the holding company of MCB Real Assets Ltd, issued a comfort letter in respect of the facility.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

12 INCOME TAX	2021	2020
	Rs.	Rs.
(a) In the Statement of Financial Position		
At July 1,	16,293	6,405
Income tax on the adjusted profit for the period at 15%	28,959	14,376
Corporate Social Responsibility Levy	3,861	1,917
Income tax paid	<u>(16,091)</u>	<u>(6,405)</u>
At June 30,	<u>33,022</u>	<u>16,293</u>

(b) In the Statement of Profit or Loss	2021	2020
	Rs.	Rs.
Current tax on the adjusted profit for the period at 15%	28,959	14,376
Corporate Social Responsibility Levy	3,861	1,917
Charge for the year	<u>32,820</u>	<u>16,293</u>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the company as follows:

	2021	2020
	Rs.	Rs.
(Loss)/ Profit before Taxation	<u>(1,230,818)</u>	45,209,600
Tax calculated at a rate of 15%	(184,623)	6,781,440
Tax effect on:		
Income not subject to tax	(3,809,276)	(6,851,917)
Expenses not deductible for tax purposes	4,022,858	84,853
Corporate Social Responsibility Levy	3,861	1,917
Taxation Charge	<u>32,820</u>	<u>16,293</u>

13 DIVIDEND INCOME	2021	2020
	Rs.	Rs.
Income from quoted investments:		
Subsidiary	-	<u>45,679,445</u>

14 INTEREST INCOME	2021	2020
	Rs.	Rs.
Interest income using the effective interest method:		
Financial assets at amortised cost	<u>5,960,533</u>	-

15 ADMINISTRATIVE EXPENSES	2021	2020
	Rs.	Rs.
Insurance expense	251,475	190,450
Bank Charges	240,988	6,014
Secretarial Fees	161,000	161,000
Audit Fees	110,400	92,000
Director's remuneration	62,400	66,200
Licences	22,530	24,030
Tax Fees	16,325	15,300
Other Expenses	40	112
Other Professional Fees	-	11,500
	<u>865,158</u>	<u>566,606</u>

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

16 FINANCE COSTS

	2021	2020
	Rs.	Rs.
Interest on:		
Loan from Entity under Common Control (Note 22)	6,311,675	-
Overdraft Facility from Entity under Common Control (Note 22)	-	282
	<u>6,311,675</u>	<u>282</u>

17 (LOSS)/ EARNINGS PER SHARE

	2021	2020
	Rs.	Rs.
Earnings per share is based on:		
(Loss)/Profit for the year	Rs. <u>(1,263,638)</u>	45,193,307
Number of Ordinary Shares in Issue	<u>100</u>	<u>100</u>
(Loss)/Earnings per Share	Rs. <u>(12,636.38)</u>	451,933.07

18 DIVIDENDS

	2021	2020
Amounts recognised as distributions to equity holders in the year:		
Interim Dividend declared (2021 / 2020)	Rs. -	45,679,444
Total Dividends declared during the year	Rs. <u>-</u>	<u>45,679,444</u>
Number of Shares in Issue	<u>100</u>	<u>100</u>
Dividend per share	Rs. <u>-</u>	<u>456,794.44</u>

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

19 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash used in operations

Reconciliation of (loss)/profit before taxation to cash used in operations:	2021	2020
	Rs.	Rs.
(Loss)/Profit before Tax	(1,230,818)	45,209,600
Adjustments for:		
Dividend Income	-	(45,679,445)
Interest Expense	6,311,675	282
Interest Income	(5,960,533)	-
Changes in working capital:		
- other payables	4,710	3,462
Cash used in operations	(874,966)	(466,101)

(b) Reconciliation of liabilities arising from financing activities

	Cash Flows during the Year			Non-cash transactions		2021
	2020	Inflows	Outflows	Interest Accrued	Foreign Exchange Difference	
	Rs.	Rs.	Rs.	Rs.	Rs.	
Borrowings	-	351,450,000	(5,484,300)	6,311,675	22,156,375	374,433,750

(c) Cash and Cash Equivalents

Cash and cash equivalents include the following for the purpose of the statement of cash flows:

	2021	2020
	Rs.	Rs.
Cash at bank	23,742,444	992,734

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

20 CONTINGENT LIABILITIES

At June 30, 2021, the Company had contingent liabilities in respect of guarantees from which it is anticipated that no material liabilities would arise. The Company has stood as surety/guarantor for the banking facilities of Rs 50 million and EUR 1 million granted by The Mauritius Commercial Bank Limited to Compagnie des Villages de Vacances de L'isle de France Limitée.

MCB Group Limited, the holding company of MCB Real Assets Ltd, issued a comfort letter in respect of the guarantees mentioned above.

21 FAIR VALUE OF ASSETS AND LIABILITIES

Financial instruments by category and fair values

The following table shows the carrying amounts and fair values of assets and liabilities, including their levels in the fair value hierarchy.

	IFRS 9 Classification	Fair Value Hierarchy	2021		2020	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
			Rs.	Rs.	Rs.	Rs.
Financial Assets						
Financial assets at amortised cost	Amortised cost	Level 3	350,441,106	350,441,106	-	-
Cash and cash equivalents	Amortised cost	Level 3	23,742,444	23,742,444	992,734	992,734
			374,183,550	374,183,550	992,734	992,734
Financial Liabilities						
Borrowings	Amortised cost	Level 3	374,433,750	374,433,750	-	-
Other payables	Amortised cost	Level 3	131,220	131,220	126,510	126,510
			374,564,970	374,564,970	126,510	126,510

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

22 RELATED PARTY TRANSACTIONS

	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
(a) Dividend Income		
Subsidiary	-	45,679,445
(b) Interest Income		
Subsidiary	<u>5,960,533</u>	-
(c) Administrative Expenses		
Fellow Subsidiary	161,040	161,112
Entity under common control	<u>240,988</u>	<u>6,014</u>
	<u>402,028</u>	<u>167,126</u>
(d) Finance Costs		
Entity under common control	<u>6,311,675</u>	282
(e) Outstanding balances as at June 30,	<u>2021</u>	<u>2020</u>
	Rs.	Rs.
<i>Amount due to related parties</i>		
Fellow Subsidiary	<u>40</u>	<u>40</u>
<i>Bank Balances</i>		
Entity under common control	<u>23,742,444</u>	<u>992,734</u>
(f) Financial assets at amortised cost		
Subsidiary	<u>350,441,106</u>	-
(g) Borrowings		
Entity under common control	<u>374,433,750</u>	-
(h) Investments		
Subsidiary	<u>1,459,749,731</u>	<u>1,459,749,731</u>
Associates	<u>735</u>	-
(i) Commitments and contingencies		

The Company has guaranteed a COVID-19 loan of Rs. 50 million and a term loan of EUR 1 million granted by The Mauritius Commercial Bank Limited (Entity under common control) to Compagnie des Villages de Vacances de L'isle de France Limitée. The COVID-19 loan was disbursed in two tranches and is repayable in December 2024 and April 2025 respectively. The EUR term loan is repayable in December 2023.

All the above transactions have been carried out at least under market terms and conditions. There have been no guarantees provided or received for any related party receivables or payables. At June 30, 2021 and June 30, 2020, the amounts owed by related parties were not impaired.

Outstanding balances at year end are unsecured. Settlement occurs in cash. The Company has made an impairment assessment by considering the previous repayment behaviours and the future cash flow forecasts covering the contractual period of receivables from related parties. The Company does not expect any default from them and is certain of their ability to pay their debts as they become due in the normal course of business and/or in any adverse economic and business conditions. Consequently, the probability of default is therefore negligible and the Company has not accounted for any impairment loss.

MCB REAL ASSETS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

23 EVENTS AFTER REPORTING DATE

Compagnie des Villages de Vacances de L'Isle de France Limitée (COVIFRA) requested additional banking facilities after the year end to cater for its loan repayments. As such, a COVID-19 loan of Rs. 20 million and a short term loan of EUR 1 million was disbursed. MCB Real Assets Ltd stood as guarantor for those loans.

MCB Group Limited, the holding company of MCB Real Assets Ltd, issued a comfort letter in respect of the guarantees mentioned above.

24 IMPACT OF COVID-19

COVID-19 pandemic continues to pose a threat in Mauritius and to the business. Worldwide, the virus that causes COVID-19 is mutating and new variants present new threats and are a constant cause of worry for Mauritius. The Company will continue to adopt all necessary measures to mitigate the downside financial risks caused by the pandemic while ensuring the safety of its stakeholders. The Company has adequate funds to satisfy any existing commitments and obligations.

The Company will continue to follow the various government policies and advice whilst continuing to operate in the best and safest way possible. If the financial markets and/or the overall economy are impacted for an extended period, the carrying value of the financial assets and the Company's results may be materially adversely affected.

MCB Real Assets Ltd (MCBRA) owns 93.39% in Compagnie des Villages de Vacances de L'Isle de France Limitée (COVIFRA), owner of the Club Med hotel resort located at Pointe aux Canonnières, Mauritius (the Resort). In March 2020, COVIFRA was notified of a force majeure due to the pandemic with the closure of borders leading to the Resort not operating as from 22 March 2020. As a result, all Club Med rental and other obligations were suspended and resulted in COVIFRA not receiving any income with the lease having been extended for the period during which the hotel was closed. The lack of revenues has resulted in COVIFRA operating under a cash preservation mode, with only essential payments being made to suppliers. As such, MCBRA received no dividends in FY 2020/21 (FY 2019/20: Rs 46 million) from its investment in COVIFRA.

Club Med resumed its operations on 16 October 2021. As such, Club Med resumed its rental payments and other obligations under its lease agreement with COVIFRA. As a result, MCBRA is expected to revert to profitability in the next financial year, thereby being in a position to resume payment of dividends. However, the recent emergence of the new variant Omicron which is far more contagious than the Delta variant poses a new challenge for the tourism industry. The Directors are of the opinion that it is difficult to predict the impact of this new variant on the financial statements of the Company at this stage.

25 HOLDING COMPANY

The Company is wholly owned by MCB Group Limited, whose registered office is at Sir William Newton Street, MCB Centre, Port Louis and is incorporated in Mauritius.

