

we find *the* way...

Integrated
ANNUAL REPORT

2022



About THIS REPORT

Grit Real Estate Income Group Limited ("GRIT" or "Grit" or the "Group" or the "Company") was incorporated in Bermuda in May 2012. Grit was registered by continuation in Mauritius as a public company limited by shares in March 2015. On 4 February 2021, Grit successfully migrated its corporate domicile to Guernsey from Mauritius (the "Migration"). The Company was registered as a Non Cellular Company limited by shares with registration number 68739.

The Company's operations, physical head office and domicile of the main operational company, Grit Services Limited, remain in Mauritius along with the majority of the Company's staff and its place of effective management.

The Company has been granted a certificate of local registration as a foreign company in Mauritius on 6 July 2021 with company number C180791 GBC. With this registration in Mauritius, Grit has been also granted by the Financial Services Commission ("FSC") a Global Business Licence bearing licence number GB21100306 on 9 August 2021. The intention of the Company is that, in spite of the Migration, the Company will have its central control and management in Mauritius through its foreign company and accordingly will be treated as tax resident in Mauritius.

GRIT has been listed on the Stock Exchange of Mauritius (the "SEM") since 30 March 2015 and on the London Stock Exchange ("LSE") since 31 July 2018. On 22 January 2021, the Financial Conduct authority ("FCA") approved the transfer of the listing category of Grit's ordinary shares of no par value (the "Ordinary Shares") from a standard listing (a "Standard Listing") to a premium listing on the Official List of the FCA in accordance with Rule 5.4A of the Listing Rules issued by the FCA (a "Premium Listing") (the "Transfer").

Grit remains proudly African and provides access to exciting and growing African markets via its Premium Listing on the LSE and its secondary listing on the Official Market of the SEM, where it remains a constituent of the SEM10 Index.

To assist the Group's stakeholders to make an informed assessment of the Group and its ability to create and sustain value over the short, medium and long terms, GRIT is pleased to present its 2021 Integrated Annual Report ("IAR" or "Integrated Report" or "report").

The information in this report also provides stakeholders with an overview of our business model, performance, governance framework, strategy, risk and opportunities of the Group, its subsidiaries and entire portfolio for the financial year ended 30 June 2021.

This report also sets out how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy.

Integrated Reporting Principles

This report has been developed and prepared following the guidelines of the Integrated Reporting <IR> framework for the benefit of all our stakeholders with the aim of providing a more comprehensive reporting on our strategy, business model, operating context, sectors' performance, risk management and governance.

The report also considers that the following capitals of <IR> are relevant to Grit in achieving its strategic objectives:

Financial, Human, Intellectual, Manufactured and Social & Natural.

Framework, Assurance and Compliance Reporting

The information included in this Integrated Report has been provided in accordance with and is in compliance with the:

- International Financial Reporting Standards ("IFRS");
- UK Corporate Governance Code 2018 ("the UK Code");
- FCA Disclosure Guidance and Transparency Rules;
- Mauritian Securities Act 2005;
- SEM Listing Rules;
- Integrated Reporting Framework (the "Framework"); and
- National Code of Corporate Governance for Mauritius (2016).

Since Grit is not a UK company, it is not required to comply with the UK's Companies Act 2006, including Section 172. Refer to comments on page 96.

Targeted Audience

This report has been prepared primarily for the stakeholders of Grit, including but not limited to shareholders, the Government, regulatory bodies, prospective investors amongst others, and any other stakeholder who has an interest in the performance of the Group.

DTR Statement

Together, the Strategic Report and other sections of the Corporate Governance section incorporated by reference, when taken as a whole, form the Management Report as required under Rule 4.1.5R of the UKLA Disclosure and Transparency Rules (DTR).

Stakeholder MESSAGE

Dear Stakeholders,

The Board is pleased to present the Integrated Annual Report of Grit Real Estate Income Group Limited for the year ended 30 June 2022. This report was approved by the Board of Directors on 28 October 2022 and is available on our website at <https://grit.group/results-centre/>

Peter Todd
Chairman

Bronwyn Knight
Chief Executive Officer

we find *the* way...

Our MANIFESTO

Grit is not easy to define.

Sometimes it's easier to define it by what it isn't:
It isn't talent.

It isn't luck or timing.

It isn't about a fleeting desire.

It isn't about hard work.

Grit is an unwavering dedication.

It is more about attitude than the end game.

The commitment to finish what we start.

The determination to rise from setbacks.

The drive to improve and succeed.

The willingness to undertake sustained
and sometimes unpleasant preparation
and repetition in order to do so.

Grit is the achievement of a singularly
important goal.

Through perseverance and passion.

It is achieving success not based solely
on experience or skill,

But also through the sustained and
focused application
of experience and skill over time.

**GRIT IS ABOUT A FIRMNESS OF CHARACTER. IT IS AN
INDOMITABLE SPIRIT, A TENACITY TO KEEP GOING
AND THE RESOLVE TO SUCCEED.**

#REINVENTION

#REVOLUTION

#BUILT TO LAST

#BEYOND BUILDINGS



GRIT Vision

We are a family of Partnerships,

Setting the Global Benchmark in Africa, for

Developing Smart Business Solutions & Impact Real Estate
that goes Beyond Buildings!

GRIT Magic Culture

We have the GRIT to go where others fear to go.

We're pioneers, people centered, proudly African & woman led.

We're powered by purposeful impact through authentic partnerships.

We're a diverse team of spirited warriors, impassioned by the challenge
of developing smart, sustainable business solutions for inaccessible African territories.

We help visionary, pioneers in business flourish in the rugged richness of Africa.

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Additional Reports



Integrated Annual Report



Sustainability Report



Annual Financial Statements

FROM INCOME TO *Impact*

We find opportunity deploying our Africa real estate expertise and experience to drive positive social and environmental change. Our solutions transcend just the buildings to benefit all current stakeholders and generations to come.

Strategic **REPORT**

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How WE PERFORMED IN 2022

Financial Highlights

Total income producing assets¹

US\$856.7m

FY2021: US\$801.9m

EPRA NRV per share²

US\$0.794cps

FY2021: US\$1.024 CPS

Adjusted EPRA Earnings per share²

US\$3.13cps

FY2021: US\$4.91 CPS

Growth in Gross Property Income³

+3.3%

FY2022: US\$67.4m

Dividend per share

US\$4.50cps

FY2021: US\$1.50cps

WALE⁴

4.8 years

FY2021: 4.8 years

Net Property Income⁵

US\$57.3m

FY2021: US\$55.3M

EPRA cost ratio⁶

13.0%

FY2021: 13.2%

Property LTV⁷

46.5%

FY2021: 46.6%

Group LTV⁸

46.7%

FY2021: 53.1%

WACD⁹

7.1%

FY2021: 5.7%

Distributable earnings per share¹⁰

US\$5.08cps

FY2021: US\$5.97 CPS

ESG Highlights

Achievement across all jurisdictions

77%

local employment (FY2021: 81%)

16%

reduction in electricity consumption¹ (FY2021: 16%)

17%

reduction in water consumption² (FY2021: 17%)

41%

women in leadership (FY2021: 45%)

74%

employee satisfaction

204

hours of leadership programs

Open door

wellbeing policy applied across the Group

Non-Financial Highlights

59

investments across **12** countries & **8** asset-classes (including 25 properties held in Letlole La Rona in Botswana)

Total Grit proportionately owned lettable area

366,926m²

FY2021: 342,396m²

Revenue earned from multi-national tenants³

85.6%

FY2021: 90.9%

EPRA portfolio occupancy⁴

95.3%

FY2021: 94.7%

Income earned in hard currency⁵

91.5%

FY2021: 92.7%

Weighted average expected lease escalation

5.4%

FY2021: 3.8%

Proportion of revenue from top 15 tenants⁶

70.4%

FY2021: 70.0%

- Includes properties, investments and property loan receivables – Refer to Chief Financial Officer's Statement for reconciliation and analysis.
- Explanations of how EPRA figures are derived from IFRS are shown in notes 7 and 9 (unaudited).
- As a result of annual contractual lease escalations & asset acquisitions.
- Weighted Average Lease Expiry ("WALE").
- Property portfolio net operating income ("NOI") is an APM and is derived from IFRS NOI adjusted for the results of associates and joint ventures. A full reconciliation is provided in the Chief Financial Officers Statement.
- Based on EPRA cost to income ratio calculation methodology shown in note 9.
- Excludes Corporate debt facilities and loans receivable.
- Group Loan To Value ("LTV") reduced as a result of the decrease in the value of the Group's property portfolio. Refer to Chairman's statement.
- Weighted Average Cost of Debt ("WACD") increased as a result of movements in LIBOR over the reporting period and refinancing activity.
- Distributable earnings per share is an APM derived from IFRS and shown in note 8 (unaudited).

	Carbon emissions	Building efficiency	Gender Equality	Local Representation
Targets	25% Reduction by 2025 ¹	25% Improvement by 2025 ¹	>40% women in leadership positions ¹	>65% local employees
Achievements FY2021/2022	14% reduction	16% improvement	41%	77%
	On track	On track	Exceeded target	Exceeded target

- Using FY2019 as a base year, including air travel and portfolio building carbon emissions for the following properties (Ghana: 5th Avenue, Capital Place) (Kenya: Buffalo Mall) (Morocco: AnfaPlace Mall) (Mozambique: Acacia Estate, Hollard Building, Vodacom Building, Commodity Phase 1, Commodity Phase 2, Vale Housing Estate, Mall de Tete, Zimpeto Square) (Zambia: Cosmopolitan Mall, Kafubu Mall, Mukuba Mall).
- Building efficiency is an internal target and is a factor of electricity consumption and water consumption reductions that allow us to monitor effectiveness of initiatives implemented.
- Forbes 2000, Other Global and Pan African tenants.
- Property occupancy rate based on EPRA calculation methodology (Includes associates and excludes direct vacancy cost). Please see calculation methodology shown in note 9.
- Hard currency (USD and EUR) or pegged currency rental income.
- Top 15 tenants based on the percentage contractual revenue received from the top 15 tenants across the portfolio.

GRIT at a glance

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Assets

(including 25 properties held in Letlole La Rona in Botswana) across 12 countries, 8 asset classes



Geographic & sectoral diversification

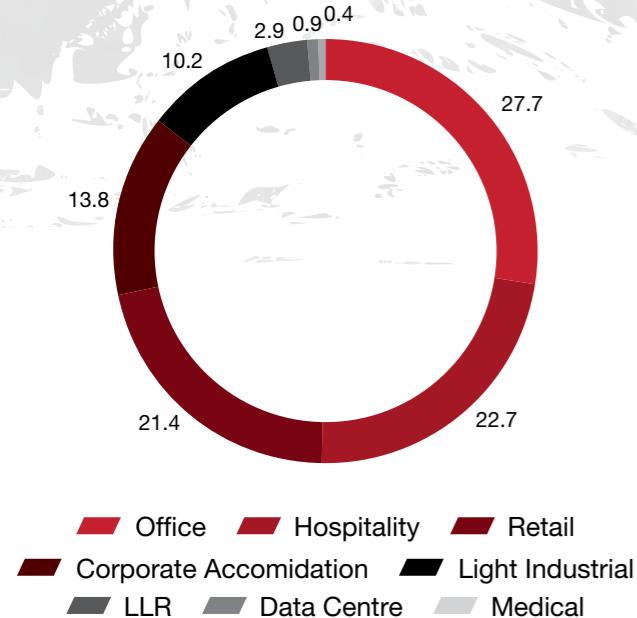
#	Country	Property*
1	Morocco	AnfaPlace Mall
2	Senegal	Club Med Cap Skirring Resort
3	Mali	DH4 Bamako
4	Ghana	Capital Place 5th Avenue Corporate Offices CADS 2 Building Adumuah Place
5	Nigeria	Africa Data Centres
6	Ethiopia	DH1 Ethiopia - Elevation
7	Uganda	Metroplex Shopping Centre
8	Kenya	Buffalo Mall Imperial Distribution Centre Orbit Complex
9	Zambia	Kafubu Mall Mukuba Mall Cosmopolitan Mall
10	Mozambique	Commodity House Phase 1 KPMG/ Hollard Building Vodacom Building Zimpeto Square VDE Housing Compound Mall de Tete Bollore Warehouse Commodity House Phase 2 Acacia Estate Tulip Stations
11	Botswana	25.1% interest in LLR (25 Properties)
12	Mauritius	Victoria Beachcomber Resort & Spa Mauricia Beachcomber Resort and Spa Canonnier Beachcomber Resort & Spa Tamassa Resort The Precinct Falcon Curepipe Clinic

* Excludes lands

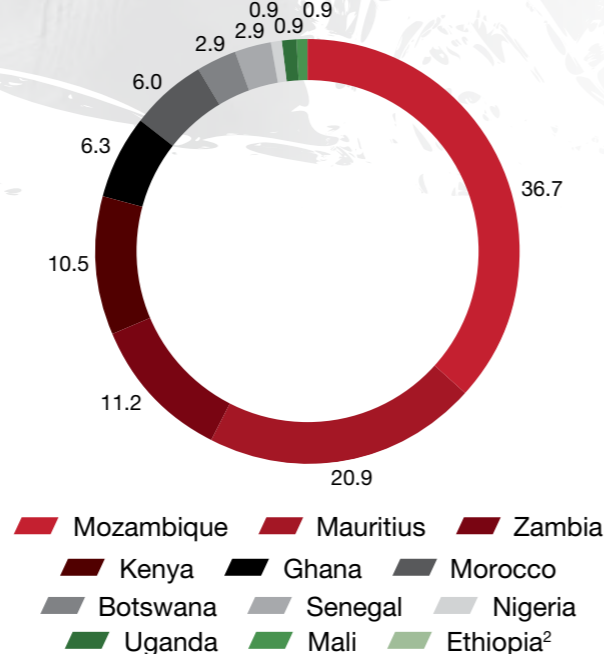
Portfolio Exposure

Ongoing sectoral & geographical diversification to optimise returns and mitigate risk.

Sectoral split¹ as at 30 June 2022 (%)



Geographical split¹ as at 30 June 2022 (%)



1. Split by asset value, Grit economic interest

2. Investments in Ethiopia include associates of an associate, which are not consolidated in Investment Property

Our TENANTS

Our High-quality Tenants



Grit has been included on SEM indices as per below:

	Stock Exchange of Mauritius		
	SEM10	SEM-AFRIDEX Index	SEMSI
GRIT Included	Yes	Yes	Yes

SEM10¹

The SEM-10 consists of the largest 10 companies by market value (subject to Section 2) which qualify under Section 1 as eligible for inclusion in the SEM-10. The SEM-10 includes rupee denominated companies, foreign-currency denominated GBC 1 companies and international companies.

SEM-AFRIDEX INDEX²

The SEM-AFRIDEX tracks the performance of listed equity securities on the SEM that have a focus on the African continent (except Mauritius).

SEM Sustainability Index (SEMSI)³

SEMSI provides a robust measure of listed companies against a set of internationally aligned and locally relevant environmental, social and governance (ESG) criteria. It offers a useful tool for domestic and international investors with an appetite for responsible investment in frontier markets.

Top 15 Tenants

Majority of portfolio income generated from strength of multinational tenancies

Rank	Tenant	Industry	Income (% of Tenant Group total)	Tenant Grading	Lease Covenant	Lease Currency
1	TOTAL	Mining and Natural Resources	9.8%	FORBES	Gross	USD
2	BEACHCOMBER	Hospitality	9.7%	OTHER GLOBAL	Triple Net	EUR
3	VALE	Mining and Natural Resources	9.3%	FORBES	Gross	USD
4	VODACOM	Communications	6.4%	FORBES	Triple Net	USD
5	US EMBASSY	Consular	6.4%	OTHER GLOBAL	Gross	USD
6	TAMASSA RESORT BEL OMBRE	Hospitality	4.6%	OTHER GLOBAL	Triple Net	EUR
7	OPAL	Industrial/ Manufacturing	4.6%	NATIONAL	Triple Net	USD
8	SHOPRITE	Retail	3.5%	FORBES	Gross	USD
9	HOLLARD	Financials/Banking	2.8%	OTHER GLOBAL	Gross	USD
10	TULLOW OIL	Mining and Natural Resources	2.8%	OTHER GLOBAL	Triple Net	USD
11	IMPERIAL HEALTH SCIENCES	Logistics	2.6%	PAN AFRICAN	Triple Net	USD
12	CLUB MED CAP SKIRRING RESORT	Hospitality	2.3%	OTHER GLOBAL	Triple Net	EUR
13	EXXON	Mining and Natural Resources	2.3%	FORBES	Gross	USD
14	INTERNATIONAL RETAIL MOROCCO	Retail	1.8%	OTHER GLOBAL	Gross	MAD
15	GAME	Retail	1.6%	FORBES	Gross	USD
Total			70.4%			

1. <https://www.stockexchangeofmauritius.com/products-market-data/indices/sem10>

2. <https://www.stockexchangeofmauritius.com/products-market-data/indices/sem-afriindex>

3. <https://www.stockexchangeofmauritius.com/products-market-data/indices/semsi>

Key GROUP STRATEGIC FOCUS AREAS

Vision and Enterprise Promise

We are THE Ecosystem of Real Estate Solutions in Africa

Company description

- We have the *Grit* to go where others fear to go.
- We're pioneers, people centered, proudly African and *Woman* led.
- We're *Powered* by purposeful impact through authentic partnerships.
- We're a diverse team of spirited *Warriors*, impassioned by the challenge of creating smart, sustainable real estate solutions for inaccessible African territories.
- We help *Visionary* pioneers in business flourish in the rugged richness of Africa!
- We find *The* way.

REAL ESTATE IMPACT INVESTMENTS THAT GO *beyond buildings*

Where others see obstacles, we see opportunities.

Mission and Code of Honour

We ignite the furnace of growth in Africa, by pioneering and collaborating to construct bridges that unlock opportunities across inaccessible African territories

To generate sustainable returns for all our stakeholders and positively impact the people of Africa for generations to come.

Our mission and Code of Honour is defined through our four strategic objectives:

1

Generate sustainable returns and create value from a balanced portfolio and across the real estate value chain

2

Design, deliver and operate world class buildings across the African continent

3

Increasing balance sheet flexibility and Reducing Group leverage

4

Attract, retain and develop talented people

g Gutsy Go Getters...Grateful Go Givers

r Resilience and results through relationships and Reinvention

i Innovation with Integrity

t Tenacity through Teamwork and Trust

Values

Chairman's STATEMENT



Peter Todd

Grit is a prominent, woman led real estate platform providing property investment and associated real estate services across the African continent. The Group recognises its role in transforming the design of buildings and developments for long-term sustainability, especially with Africa rapidly urbanising, and focuses on impact, energy efficiency and carbon reduction in its activities. In addition to environmental responsibility, the Group prides itself on achieving more than 40% of women in leadership positions at Grit and significant support to the numerous communities in the countries where we operate through extensive CSR and upliftment programmes.

The financial year ended 30 June 2022 provided encouraging signs of recovery in the property sectors worst affected by the Covid-19 pandemic and the lifting of international travel restrictions buoyed an improvement in especially the hospitality and retail asset classes. Global inflationary pressures, exacerbated by the Russia-Ukraine war, have resulted in upward pressures on interest rates and availability of debt funding both globally, but especially in Africa. These financial results have also been impacted by the material corporate actions, the residual effects of the Covid-19 pandemic and more recently, rising interest rates and significant volatility in exchange rates to the US dollar, specifically the Euro.

However, the Group is increasingly well positioned, backed by strong cash collection, increased leasing activity, resilient assets and with the potential for stronger NAV growth going forward. The Group's contractual lease escalations are also predominantly inflation-linked and are helping to offset the impacts of rising interest rates in the portfolio, whilst also helping to underpin our growing dividend.

The Group has seen a growth of 3.5% in Net Operating Income from properties in the financial year to 30 June 2022 and notably has collected 92.8% (FY21: 92.5%) of the value of its contracted revenue in the year. Management's continued focus on counterparty relationships and active tenant and asset management resulted in a higher occupancy rate of 95.3% (FY21: 94.7%) predominantly due to new leases concluded in the corporate offices and retail portfolios. The retail sector across Africa appears to have stabilised and when combined with acquisitions and investments in the period, the reported value of investment properties has increased 6.9% in the financial year.

Decisive, Course Correcting Action Taken

During the year under review, the Board implemented a decisive course correcting strategy that enabled Grit to reduce its overall debt exposure to more acceptable

levels and place it on a robust growth path. The Company issued new shares worth US\$76m in December 2021, and in combination with the targeted asset recycling strategy, has positioned the Company well for sustained recovery. During the period, the Group acquired an increased stake in Gateway Real Estate Africa ("GREA"), the leading African focused real estate developer, combined with operational control over GREA's external asset manager, Africa Property Development Managers ("APDM") during the period, are expected to contribute meaningfully to Grit's ability to deliver enhanced profitable growth through GREA's extensive and attractive pipeline of accretive development opportunities.

Grit has also agreed a pathway to securing a controlling interest in GREA. The potential optimisation of Grit and GREA's balance sheets upon gaining control, which are expected to deliver further additional value to Grit's shareholders and reduce the overall LTV for the Group given GREA's low gearing levels.

In March 2022, Grit concluded the fully funded US\$37.7m (including VAT) acquisition of the Orbit Complex in Kenya. The Orbit transaction is accretive to Grit's net asset value and earnings from inception, with further redevelopment and expansion opportunities expected to enhance the yield and average lease term. The upgrade is in line with Grit's strategy to increase its exposure to Kenya and the broader light industrial sector and its proximity to Grit's Imperial Warehouse logistics facility strengthens the node as a prime supply chain hub. The total expected investment across the sale and leaseback and redevelopment and expansion is expected to be US\$53.6m and is funded through US\$25.0m senior debt financing from the IFC, a division of the World Bank, and a preference note issued to Ethos Mezzanine Partners GP Proprietary Limited and BluePeak Private Capital GP. This transaction is expected to be the first in several strategic collaborations with the IFC across Africa and positions Grit to execute on its focus of increasing its exposure to industrial sector assets through the establishment of an industrial asset platform.

In July 2022, Botswana Stock Exchange listed diversified real estate company, Letlole La Rona Limited ("LLR") co-invested in the Orbit Complex by way of a US\$7.2m investment and positioned itself as a co-investment partner for further industrial sector investments.

Capital Recycling

In the prior financial year, the Board set an asset recycling target of 20% of the value of the property portfolio, equivalent to approximately US\$160m worth of property assets, by 31 December 2023. As at today's date, we have achieved gross property disposals of US\$28.2m. The Group has continued to make further good progress on its targeted asset disposal strategy post financial year end and will update shareholders in due course.

During the period under review, Grit successfully sold ABSA House in Ebene, Mauritius and sold a 4.9% stake in LLR. Following the year end, the Group sold a 30% stake in the Orbit Complex to the Group's listed associate LLR.

Proceeds from asset recycling will principally be applied towards Group debt reduction and replenishment of liquidity reserves over the short term, with redeployment into higher-yielding secured strategic pipeline projects over the medium and longer term that are expected to further enhance the resilience of the Group's portfolio and result in increased distributable income and improved capital value to Grit's shareholders.

Financial Results

The financial results to 30 June 2022 have been impacted by the material corporate actions, the residual effects of the Covid-19 pandemic and more recently, rising interest rates and significant volatility in exchange rates to the US dollar, specifically the Euro. The Group's contractual lease escalations are predominantly inflation linked and are providing some offset to rising interest rates in the portfolio.

EPRA NRV per share declined 22.5% to US\$79.4cps (versus prior year NRV of US\$102.4cps) predominantly due to the dilutive equity issuance in December 2021 and non-property related impairments.

The Company issued shares worth US\$76.3m in an equity placement in December 2021, which was lower than targeted at that time. As a direct result, the acquisition of a controlling interest in GREA was restructured and the direct LTV benefits of financial consolidation delayed. Grit's LTV improved from 53.1% in the prior financial year to 46.7%, predominantly as a result of the proceeds raised in the capital raise but also complemented by the improvement in portfolio valuations and improved cash collections. LTV is expected to fall by a further 3.9% upon the consolidation of GREA should the Company successfully conclude the acquisition of a controlling interest in GREA.

Dividends

The Board remains committed to reducing LTV levels to below its near-term target of 45% and then to its medium term target of between 35% to 40% with capital recycling initiatives providing further impetus. Considering the success of the Group's corrective actions, in particular the reduction of Group LTV to 46.7%, I am pleased to announce that a final dividend of US\$2.0cps has been declared. This brings the total dividend for the year to US\$4.50cps, following the interim dividend of US\$2.50cps declared for the six months ended 31 December 2021. The full year distribution represents an 89.8% pay-out of distributable earnings.

The Board additionally today announces that it is complementing second half distribution with a limited share buyback programme given the current compelling inherent value, as it looks to support liquidity in the shares on both LSE and SEM.

Changes to the Board

Other than formally acknowledging that Cross Kgosiidile was no longer an Independent NED, in February 2022, there were no changes to the Board during the year under review.

Climate Change, Sustainability and Diversity

Grit is a leading impact real estate solutions platform providing property investment and associated real estate services across the African continent. Grit recognises the importance of climate change and continues to focus on ensuring that the Group and our portfolio remains resilient. We continue to make significant inroads in reducing our carbon footprint across operations through initiatives to reduce electricity consumption and we are embarking on our journey to define its pathway to net zero carbon based on global best practice.

In addition to recognising its leadership role in environmental responsibility for the long term, the Group prides itself on achieving more than 40% of women in leadership positions at Grit and significant support to the numerous communities in the countries where we operate through extensive CSR and upliftment programmes.

More information on Grit's Environmental, Social and Governance initiatives is available in the Responsible Business Committee's report.

Updated Group Strategy

Post the targeted acquisition of a controlling interest in GREA, the Group will continue to deploy its resources within the following principal strategic areas:

1. Owning and managing a diversified portfolio of high-quality real estate assets across the African continent (excluding South Africa) – with strong valuation recovery potential post Covid-19 disruptions.
2. Pursuing limited risk-mitigated real estate developments for existing and target tenants, predominantly focused on the industrial, embassy accommodation and data centres sectors, driving accelerated NAV growth into the future. Development exposure will not exceed more than 20% of Group gross asset value, and upon completion, will be included in the income producing portfolio of the Group thereby underpinning future income growth – leading to an expectation of enhanced yield and income upon completion of the developments.
3. Generation of additional fee income from real estate, facilities and development management services to both internal clients and to third party clients and co-investors – expected to result in an expectation of enhanced income.

Outlook

The decisive course correcting action by the Board and management has yielded encouraging signs of growth, with many of the benefits initiated during the year under review expected to flow through in the current year and sustained over the long term. Notwithstanding these early signs of recovery, the Board recognises the increased global instability, driven by higher interest rates, inflation and shortages of staple foods and fuel, largely due to the Ukraine/Russia conflict.

A higher inflationary environment supports revenue growth as a result of Grit's inflation-linked contractual escalations, although real increases will be done in collaboration with tenants to ensure long-term sustainability. The Group is however well positioned for recovery in a post-pandemic environment, backed by strong cash collection, increased leasing activity, resilient assets and the potential for stronger NAV growth going forward. Upon the expected final completion of the acquisition of a controlling interest in GREA, the Board's total return target will increase from the current 12% to a range of between 13% and 15% per annum.

Management and the Board will continue to focus on ongoing reduction in LTV, the asset recycling programme as well as the expansion of Grit's investment in GREA.

Peter Todd
Chairman
28 October 2022

Chief EXECUTIVE OFFICER'S STATEMENT

Bronwyn Knight

Grit has evolved into a real estate solutions provider across Africa, from being a property investor. In addition to sound property fundamentals, a significant catalyst for Grit's growth – and evolution – continues to be our focus on people and relationships. From the outset, we built our business on strong, transparent counterparty and stakeholder relationships. This ability and know-how are what differentiates Grit – no other company delivers what Grit delivers on the African continent through the expertise of its people.

The Grit Group are people-centred pioneers, proudly African and woman led, driven by delivering positive impact through authentic partnerships. We recognise our role in transforming the design of buildings and developments and creating smart business solutions for long-term sustainability, especially with the African landscape rapidly urbanising.

During the Covid-19 period, Grit's management and Board committed to key initiatives to ensure the stabilisation of operations, balance sheet enhancement and improved liquidity. This focus has resulted in the delivery of the following key highlights over the financial period.

- Portfolio valuation recovery;
- Improved retail leasing and valuation recovery;
- Hospitality assets fully trading once again;
- Successful asset recycling and progress towards the Board's 31 December 2023 target;
- Significantly reduced loan to value;
- Robust operational performance including strong cash collections and growth in operational earnings;
- Resumption of dividends; and
- Pursuit of a sustainability linked debt restructure.

Key Operational Trends

Balance sheet improving

Initiatives during the year that supported a stronger balance sheet include the placing of 146m new ordinary shares in December 2021 (further detail in the Chairman's statement and Financial Review of this report), improved collections and asset recycling initiatives. The issue of US\$31.5m in equity classified perpetual preference notes to BluePeak Capital and Ethos Private Equity on the Orbit acquisition not only provided additional balance sheet headroom but introduced new strategic funding partners to Grit.

Improved liquidity

Strong cash collections of 92.8% (FY21: 92.5%) and minimal rental deferrals and tenant rental assistance supported improved liquidity positions.

Proceeds from the successful disposal of ABSA House in Ebene, Mauritius and the part disposals of Orbit Complex and shares in LLR have been applied towards the Company's revolving credit facilities and debt reduction. The Group has continued to make further progress on its targeted US\$160m asset disposal strategy post financial year end.

Offsetting this improved liquidity position was cash utilised in phase I GREA and APDM acquisitions of US\$21.5m during the financial year, with a further US\$19.4m deployed for phase II in August 2022.

Stabilised operations

Grit's current portfolio consists of 59 assets located across 12 countries and 8 asset classes. The Group's portfolio has a 4.7% EPRA vacancy rate (FY2021: 5.3%) and a weighted average lease expiry (WALE) of 4.8 years (FY2021: 4.8 years). More than 85% (FY2021: 90.9%) of income is underpinned by a wide range of blue-chip multinational tenants across a variety of sectors and has a weighted average contracted lease escalation of 5.4% per annum (FY2021: 3.8% per annum). Most rents are collected monthly, of which 91.5% (FY2021: 92.7%) are collected in USD, Euro or pegged currencies.

Operations have largely stabilised, with hospitality and retail, the two sectors worst affected by Covid-19, showing signs of recovery. Property valuations in these two sectors have also started improving, suggesting valuation growth potential in the medium term.

Office, corporate accommodation, and light industrial assets

Grit's office and corporate accommodation assets continued to perform well with little change in occupation levels and ongoing strong demand. Lack of consistent internet connection and stable power supply have made the global work-from-home phenomenon less relevant in Africa and resulted in limited impact on our office tenants. Office sector valuations in Mozambique remained resilient. The Ghanaian office market is showing signs of additional re-leasing risks and tenant rotations, although Grit has successfully filled vacated space through pleasing new leasing activity in the financial year.

In the corporate accommodation portfolio, the valuation of the VDE Housing Compound in Mozambique stabilised at US\$55.2m as at 30 June 2022 (FY2021: US\$57.7m), following significant devaluations in the preceding two financial years. Grit continues to work with the new owner of Vale's mine in relation to their corporate accommodation needs and expects valuation recovery upon renewal of the current lease, which still has 1.9 years until expiry.

The continent remains undersupplied for good-quality industrial property. Grit's asset values in the sector enjoyed strong year on year increase upon the completion of the Bollere Warehouse upgrade and growth through acquisition.

Grit concluded the acquisition of the Orbit Complex in Nairobi, Kenya in March 2022, which represented a key step forward in geographically and sectorally balancing the portfolio into an undersupplied and futureproof asset class. The strategic unlocking of a long-term partnership with the IFC also brings with it further opportunities for collaboration as the Group continues to see further investment opportunities in this sector. On 18 July 2022 Grit introduced a 30% co-investor, Letole La Rona ("LLR") to the Orbit Complex for an investment of US\$7.23m. LLR's shareholders have approved a "Go-to-Africa" strategy and have aligned with Grit as their recognised real estate specialist partner, positioning them as preferred co-funder for further investment opportunities in the sector.

We remain confident that the supply/demand imbalance for superior logistics assets should lead to rental and capital value growth and we intend to establish an industrial asset platform to capitalise on this in the near future, providing co-investment opportunities to our real estate partners and funders.

Retail assets

The occupancy rates of our retail assets have steadily improved since the height of the pandemic at the end of 2021. Our strategy of focusing mainly on smaller strip malls with non-discretionary food and service retailers supported this positive trend. Vacancies in the retail sector have stabilised with encouraging new tenant activity, including LC Waikiki in Zambia, Colin's in Morocco and Foodplus by Chandarana in Kenya.

Vacancies at AnfaPlace Mall still account for a material portion of the Group's vacancies. The timing of the redevelopment of the AnfaPlace Mall in 2019 left large parts of the mall vacant as the pandemic struck. Improved tenant activity, and our ongoing leasing efforts that saw the introduction of Colin's and ICHTAH, have resulted in reported vacancy rates falling from 19.26% in June 2021 to 18.1% as at 30 June 2022. Grit is currently completing fit out for the Hudson Group which will further reduce vacancy in Q4 2022. The Mall has enjoyed high and rising levels of footfall, significantly surpassing both pre Covid-19 and pre redevelopment levels, which bodes well for the outlook for the predominantly turnover linked leases currently in place. The asset is still being targeted for disposal although formal negotiations with a previously interested buyer have not materialised as expected.

Hospitality assets

Our hospitality portfolio comprises five hotels – four in Mauritius and one recently refurbished scheme in Senegal. Mauritius' borders opened from 1 October 2021, with final travel restrictions being lifted in January 2022. Hospitality operators are experiencing strong forward bookings at Grit owned assets and evidence of robust tourist demand has provided strong support to asset valuations, which rebounded in Euros by 5.3% in the financial year to 30 June 2022.

Grit's hotel tenants are up to date on their tenant obligations and The Lux Group has repaid all amounts owing from 2021 deferred rentals. Beachcomber resorts have fully settled their lease deferrals post year end (Grit had previously granted a 48-month period within which to repay 2021 deferred rents). Club Med Cap Skirring Resort opened on 5 December 2021 and are current on all their rental obligations.

Update on Acquisitions and Pipeline

As elaborated in the Chairman's Statement, Grit has a clear strategy for delivering attractive, secure and growing income and enhanced and sustainable shareholder returns.

The targeted acquisition of a majority stake in Gateway Real Estate Africa ("GREA") - a company founded by Grit in 2018 – and operational control of its asset manager, Africa Property Development Managers ("APDM") is pivotal to the execution of this strategy, considering Grit's ambitions to diversify its asset base into defensive, high-growth real estate sub-sectors including consular accommodation, data centres, healthcare and industrial assets.

GREA is a private real estate development company specialising in the risk mitigated turnkey construction of real estate in Africa. GREA develops assets on the strength of USD-denominated or USD-linked long-term lease contracts signed with multinational tenants, who are predominantly either current or target clients of Grit. GREA's current approved project pipeline is fully funded, and debt financing is secured and in place.

Acquiring control of GREA will provide Grit with control of its own significant pipeline of accretive developments whilst creating positive and sustainable impacts and value to the local people and communities we serve across Africa.

We further anticipate that Grit will capitalise on new fee income streams through APDM's substantial development and asset management fees and creates synergies with Grit's existing asset management initiatives.

In late 2021 Grit indicated its intentions to raise US\$215m of fresh equity, of which US\$80.6m was to be issued or allocated to sellers of stakes in GREA and APDM, implying a targeted cash equity raise of US\$134.4m. However, as a result in large part of Omicron concerns at the time, the Group only issued shares worth US\$76m at an issue price of US\$52cps in December 2021. Although the equity raised was less than the targeted amount, we consider the process a success notwithstanding the market conditions at that time.

Net proceeds from the capital raise were allocated to reducing overall levels of debt, and the acquisition of a controlling interest in GREA was restructured into three subsequent phases that provided a clear path to achieving a controlling shareholding in GREA.

Phase I saw Grit driving further expansion in its core business via an increased interest in GREA from 19.98% to 26.29% in addition to a newly acquired 77.95% interest in APDM, the external asset manager to GREA. Through the APDM investment Grit currently exercises operational control over all material business activities of GREA (including development of properties, day to day management of the completed assets, leasing activity and operational cost management), governed by the terms of the asset management agreement and the GREA Investment Charter. GREA management remuneration policies have also been aligned with Grit's, and senior management of APDM have now been included in the Grit long term incentive plan, which are specifically linked to value creation at the Grit equity holder level.

CHIEF EXECUTIVE OFFICER'S STATEMENT (CONTINUED)

Phase II of the GREA acquisition, concluded in August 2022, saw Grit acquiring a further 8.72% interest in GREA for a cash consideration of US\$19.4m, increasing the Group's interest in GREA to 35.01%.

For Grit to obtain a majority at the GREA Board (and thereby control GREA), any of the following events would need to occur in phase III:

- Grit exercises and concludes its option to acquire the remaining 13.61% interest owned by Gateway Partners thereby acquiring all the rights of Gateway Partners under the shareholder agreement; or
- Gateway Partners sell their remaining shares to a third party; or
- GREA makes changes to the shareholders agreement to remove certain protective rights granted to the founding shareholders.

GREA has had a successful 12 months to 30 June 2022, and specifically delivered several key projects that have supported both valuation growth and the outlook for operating income growth in subsequent financial years. On average GREA has developed at a development yield of over 10.5% and its assets, on average, enjoy post completion yield compression to levels of c.8.5%.

Summary of GREA developments and projects:

Name	Completion date	Anchor tenant
OBO Ethiopia (embassy accommodation)	November 2021	US embassy
ADC Nigeria (data centre)	November 2021	Liquid Telecom
Adumah Place, Ghana (office)	March 2022	Appolonia City
OBO Kenya (embassy accommodation)	August 2022	US embassy
The Precinct, Mauritius (office)	January 2023	Grit, Dentons, W17
Falcon Curepipe Clinic, Curepipe, Mauritius	January 2023	Artemis
Eneo, Tatu City, Ghana	December 2023	CCI
Coromandel Hospital, Mauritius	August 2024	Artemis
OBO Mali (embassy accommodation)	Q3 2024	US embassy

Drive-in Trading

Ahead of the debt facility maturity in August 2022, both Grit and the Public Investment Corporation ("PIC") assessed a sustainable long-term restructure of the DiT financing but with Grit's share price continuing to trade at a significant discount to its Net Asset Value, such ability was deemed limited.

Consequently, the parties have agreed a collapsing of both Grit's guarantee exposure and the broader DiT structure which will involve Grit cash funding its US\$17.5m guarantee and both parties taking ownership of their respective security resulting in no overhang of Grit ordinary shares on the market. Upon final implementation, expected in December 2022, Grit's obligations under the Guarantee Agreement to the PIC will be fulfilled and the Guarantee Agreement terminated. Grit's has currently provided US\$14.5m for the DiT facility resolution as at 30 June 2022 balance sheet, being the net exposure less the expected value of security to be received.

Debt Levels and Maturity

Debt restructuring remained a key focus for the financial year under review. The Group's multi-bank approach continues to be an effective strategy especially given the current global market uncertainty, and I am pleased to report that both during the financial year and after balance sheet date, the Group has successfully refinanced or extended almost all its debt, and has moved weighted average debt expiry up to over 3.7 years as at end October 2022. The US\$306m multi-jurisdictional sustainability linked syndicated debt facility across Mozambique, Zambia, Kenya, Ghana and Senegal in October 2022 was a landmark transaction, the largest of its kind in the real estate sector in Sub Sahara Africa (ex South Africa), and positions the Group well amidst current financial market volatility. Further details are contained in the Chief Financial Officer's review.

ESG Strategy

The Grit Group are people centred pioneers, proudly African and woman led, powered by purposeful impact through authentic partnerships. We recognise our role in transforming the design of buildings and developments and creating smart business solutions for long-term sustainability, prioritising impact driven Real Estate and creating value for local communities. The Group's sustainability efforts focus on community impact, the empowerment of women, energy efficiency and carbon reduction.

The Board remains committed to a five-year target of a 25% reduction in carbon emissions and a 25% improvement in our building efficiency against the 2019 base figures. Grit continues to make significant progress and is ahead of plan in the achievement of these targets and we are embarking on our journey to define its pathway to net zero carbon based on global best practice.

In addition to environmental responsibility, the Group prides itself on achieving more than 40% of women in leadership positions at Grit, more than 65% localised employees and significant support to the numerous communities in the countries where we operate through extensive CSR and upliftment programmes.

The Group integrated report provides more details on our strategy and achievements against these targets.

Prospects

My team's focus will remain on impact investing, sustainably growing dividends and enhancing capital growth for more attractive, sustainable returns. We will continue to focus on key portfolio metrics such as lowering the LTV, vacancy and cost factors whilst improving collections and further strengthening the balance sheet and liquidity through focused asset recycling initiatives.

Considering the global rise in interest rates, the long-term sustainable debt strategy and managing the weighted average cost of debt alongside achieving our contractual lease escalations remains a key focus area, as is the conclusion of the GREA acquisition which is imperative to maintaining the positive momentum gathered during the year under review.

Bronwyn Knight
Chief Executive Officer
28 October 2022

Our BUSINESS MODEL

Unlocking value for all our stakeholders, including the people of Africa



Property Investment
(in completed, income producing assets)

Risk mitigated client led **Developments**

Co-Investment and specialist property platforms

Smart Solutions and Real Estate, Asset and Development management
Services Fee Income from third parties

Core Activities

"Proud to lead an impact real estate company that is passionately committed to closing the gender gap and shattering glass ceilings whilst setting the global benchmark in Africa."

Bronwyn Knight, CEO

OUR BUSINESS MODEL (CONTINUED)

VALUE IN/INPUT

Financial Resources

- Solid Financial Structure
- Capital Raising
- Debt Financing
- Management of Treasury
- Operations

Intellectual Property

- Broad African Experience & Exposure
- Strong Brand & Reputation
- Active Asset & Property Management
- Sound Investment Strategy

Social and Environmental

- Extensive Stakeholder Engagement
- Strategic Business Partnerships
- ESG Initiatives
- Strong Investor Relations Strategy

Human Capital

- Strong Leadership Team
- Recruit, Reward, Retain
- Culturally Diverse Workforce
- Skills & Career Development
- Women with Grit

Properties

- 8 Asset Classes
- 59 Assets in 12 Countries
- Deploy Capital to Attract & Retain Tenants
- High Quality Investment and Development Pipeline



Strategy

- Talented Team
- Relationship Strength
- Asset-class Diversification
- Country Diversification
- Investment-grade Africa
- Responsible Business and Sound ESG Strategy

Margins of Safety

- Hard Currency
- Repatriation of Funds
- Political Risks & Macro-economics
- Land Tenure
- Ability to Raise Debt
- Counterparty
- Country and Asset class Diversification

Grit's Values

1. Gutsy Go Getters...Grateful Go Givers
2. Resilience and results through relationships and Reinvention
3. Innovation with Integrity
4. Tenacity through Teamwork and Trust

VALUE OUTPUT



Refer to Financial Highlights on page 6



Refer to Grit at a Glance on pages 8 to 9

Refer to Bios of Directors and Senior Management Team (SMT) on pages 80 to 83



Refer to Corporate Social Responsibility Initiatives on pages 62 to 64

Refer to Stakeholder Engagement on pages 94 to 95



Refer to Human Capital on pages 96 to 97



Refer to Investment Activity on pages 33 to 39

Robust
Corporate Governance

BOARD OF DIRECTORS



- Audit Committee
- Risk Committee
- Investment Committee
- Remuneration Committee
- Nomination Committee
- Responsible Business Committee

Culture
GETS US IN THE GAME WITH STAYING POWER

Guts
Resilience
Innovation
Tenacity

grit

Growth
Results
Integrity
Teamwork

GEARS US TO CONTINUOUSLY WIN THE GAME

Viability STATEMENT

In accordance with the UK Corporate Governance Code, the Directors and the Executive Leadership Team have assessed the Group's current position and its emerging and principal risks and uncertainties over a longer period than the 12 months required by the going concern statement.

Period of Assessment

The Directors continue to challenge the time period over which to assess viability on an annual basis and determined that the two-year period to 30 June 2024 remains an appropriate period over which to assess its viability. Although the Boards viability review focused on a two-years period, it did consider a number of longer-term factors when considering the Group's future prospects, including:

- The fixed leases with high quality tenants with a weighted average lease expiry of 4.8 years, and therefore does not pose any significant changes in revenue past the 24 month assessment period;
- The Group has concluded a US\$306m sustainability linked syndicated loan facility and the extension of the Investec Bank facility relating to AnfaPlace Mall (both concluded prior to signature date) which has extended the weighted average debt expiry to 3.7 years;
- The Group concluded a further US\$100m of notional interest rate hedges by way of fixed for floating interest rate swaps and interest rate collar and caps, increasing the total interest rate hedge nominal amount to US\$200m. Fixed for floating interest swaps amounts to a notional value of US\$25m, swapping US\$ SOFR floating rates for fixed Euro rates of between 2.84% and 3.04% over a period of 18 to 24 months. Interest rate collar and cap transactions for a notional value of US\$75m places a cap of 3.5% and collar of 2.2% to US\$ SOFR floating rates over 3 equal tranches for period of 2, 3 and 4 years. The above hedges are settled quarterly in arrear (with the above being concluded prior to signature date);
- The Group's diversified portfolio and high-quality tenants providing greater stability to the Group despite the economic volatility as was observed over the Covid-19 period;
- Our expectations for the Mauritian leisure market to maintain its significant recover in the short-term following the opening of the borders; and
- Our short-term focus remaining on continued strong rental collections, balance sheet optimisation and the reduction of our LTV to our targeted 40%.

The assessment highlighted that the Group has:

- A proven business model which has allowed us to remain flexible and resilient during previous property cycles, and periods of significant uncertainty;
- A high quality customer base of tenants with a weighted average lease expiry of 4.8 years;
- Consistent and improving rental collections metric;
- Demonstration of the ability for strong cost controls; and
- Strong relationships with our debt providers.

Assessment Process

Principal risks

We have continued to identify principal risks and uncertainties that could prevent the Group from achieving its strategic objectives - the main objective being to ensure consistent income and capital growth for investors, and have assessed the ideal mitigating actions for these risks, through a combination of approved internal controls, risk management policies and procedures, as well as the purchase of various insurance and hedging products. These risks are monitored on a live basis and reported to senior management and the Board regularly for review and implementation of best course of action.

Emerging risks

New and unforeseen risks which are not fully quantifiable include the impact of the growing risk of recession and the continuing war in Ukraine. While certain aspects of the above been included in the assessment (in the form of increased base lending rates in both US Dollars and the Euro and impact of rising inflation), we cannot fully assess the extent of these risks and quantify their impact on the Group's results. The Board will continue to monitor these risks and their impact on the business.

The emerging and principal risks and uncertainties faced by the Group in the financial year 2022 are set out on pages 25 to 29, with the potential impact and the mitigating actions and controls in place.

Assessment of viability

For the reasons outlined above, the period over which the Directors consider it feasible and appropriate to report on the Group's viability is two years, to 30 June 2024.

Sensitivity analysis of our strategy

Our strategy considers the Group's cash flows and compliance and other key financial ratios. A two-year strategic review will be further carried out and subject the Group's metrics to sensitivity analysis to assess the Group's ability to deliver its strategic objectives.

Strengthened financial position

While our mandate is clear, that of reducing our Group LTV and strengthening our Balance Sheet, Grit will continue to grow shareholder value through asset recycling initiatives and redeploying its equity into accretive opportunities across resilient sectors.

In addition to focusing on the generation of revenue by targeting select completed, income generating properties, Grit's investment strategy is suitably diversified to be complemented by participation in risk mitigated, pre-let development opportunities as well as co-investment and property management services to co-investment structures and third parties.

Key Assumptions and stress testing

In its assessment, the Board has considered a two-year review of the Group's viability, prepared by senior management. The review considers the impact of the business risks, particularly those related to the economic outlook, the availability of finance and working capital, adherence to financial covenants and the Company's ability to meet its targets in current market conditions over the assessment period. This assessment included a base case and severe but plausible downside scenario.

The Directors have modelled a base case and severe but plausible downside scenario in order to assess the Group and Company's liquidity and covenant metrics.

Base case

The base case reflects the director's best expectations of the position going forward. It was modelled on board approved forecasts over the assessment period of 1 July 2022 to 30 June 2024. The base case scenario includes the Group's and Company's financial projections including:

- Modelling of the Company's contractual lease contracts, which at 30 June 2021 had a weighted average lease expiry of 4.8 years, and associated contractual lease escalations which equate to 5.4% per annum on a weighted average basis across the portfolio. The Group's revenue was adjusted for tenant support already provided and expectation for potential further concessions in specific sectors;
- Expected take up of vacant space through the ordinary letting activities of the Group and current leasing negotiations;

- Debt facilities falling due during the period being refinanced in the ordinary course of business, specifically the US\$306m sustainability linked syndicated loan facility and the extension of the Investec Bank facility relating to AnfaPlace Mall (both concluded prior to signature date);
- Existing interest rate hedging products with a notional amount to US\$100m which hedge the maximum 3m LIBOR rates to between 1.58% to 1.85% which expire on October 2023;
- A further US\$100m of notional interest rate hedges by way of fixed for floating interest rate swaps and interest rate collar and caps. Fixed for floating interest swaps amounts to a notional value of US\$25m, swapping US\$ SOFR floating rates for fixed Euro rates of between 2.84% and 3.04% over a period of 18 to 24 months. Interest rate collar and cap transactions for a notional value of US\$75m places a cap of 3.5% and collar of 2.2% to US\$ SOFR floating rates over 3 equal tranches for period of 2, 3 and 4 years. The above hedges are settled quarterly in arrear (with the above being concluded prior to signature date);
- Base interest rates increases up to 2.06% (in the case of US Dollar base rates) and 3.09% (in the case of Euro base rates) from June 2022;
- Depreciation of the various currencies versus the USD, most notably the Euro depreciating by up to 9% over the period;
- Contractual maturity of debt facilities, which at 30 June 2022 had a weighted average maturity profile of 1.8 years and associated weighted average cost of debt of 7.1%, adjusted for committed refinance transactions per 3 above;
- Drive in Trading guarantee assumed to be paid up in December 2022, followed by the security being realised; and
- As a result of removal of the material uncertainty clauses included in the independent valuers reports over the Covid-19 period, it was deemed appropriate to remove any valuation risk premiums to the portfolio, with the exception of the Retail sector, where the Directors' maintained the discount and exit capitalisation rates risk premiums until June 2023.

Severe but plausible downside scenario

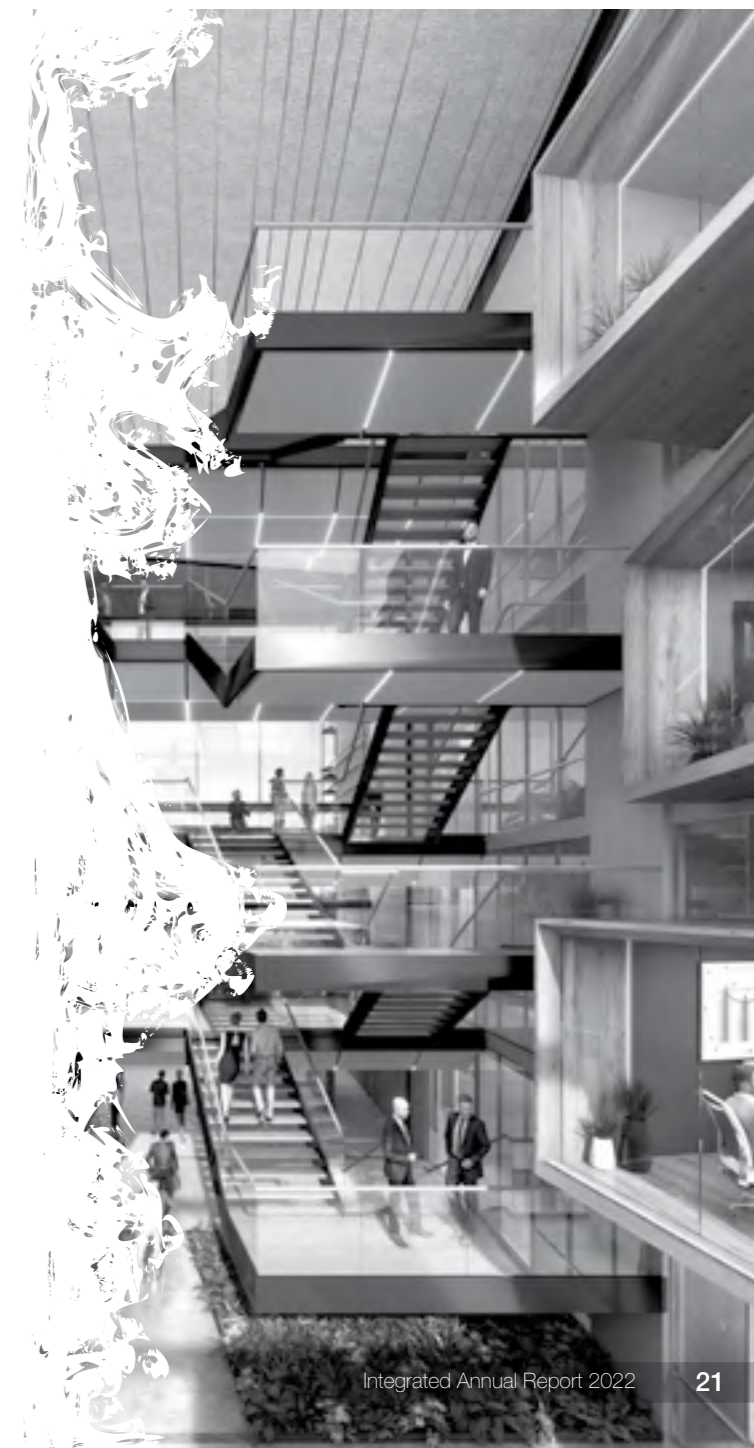
A summary of the assumptions used:

- Debt facilities that have not been refinanced by signature date are assumed to be settled at maturity date over the assessment period;
- Base interest rates increases up to 4.26% (in the case of US Dollar base rates) and 4.55% (in the case of Euro base rates) from June 2022;
- Depreciation of the various currencies versus the USD, most notably the:
 - Euro depreciating by up to 15% over the period (net income currency);
 - Moroccan Dirham depreciating by up to 15% over the period (net income currency);
 - Zambian Kwacha depreciating by up to 9% over the period (net income currency); and
 - Mauritian Rupees appreciating by up to 2% over the period (net cost currency).
- Increased inflation rates across the portfolio with the most material rates applied being as follows:
 - US CPI: 8.5% for the balance of 2022, 5.25% for 2023 and 3.25% for 2024;
 - Euro harmonised CPI: 7.0% for the balance of 2022, 6.0% for 2023 and 3.15% for 2024;
 - Mauritian inflation: 7.5% for the balance of 2022, 6.5% for 2023 and 3.5% for 2024;
 - Zambian inflation: 13.7% for the balance of 2022, 6.7% for 2023 and 5.6% for 2024;

- Receivables amounting to US\$8.5m not being recovered over the assessment period;
- No dividends assumed on ordinary shares over the assessment period (other than those declared to date); and
- The Retail sector valuation discount and exit capitalisation rates risk premiums where extended to June 2024.

Viability statement

Having considered the forecast cashflows and covenant compliance and the impact of the sensitivities applied in the severe but plausible downside scenario, unmodeled upside from the asset recycling program and other mitigations available to the Group and Company, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period ending 30 June 2024.



Risk MANAGEMENT FRAMEWORK

Grit's risk management framework is designed to consider reducing the uncertainty around the likelihood and/or impact of a risk, as a primary approach to treating identified risk, subsequent to which the risk is transferred to third parties with more capacity or specific skill sets, and where the risk is deemed too severe to breach our risk tolerance in consideration of our strategic objectives, it is eliminated. Our risk management framework is built in consideration of the Group strategy at all time.

Managing risk at Grit entails quarterly working sessions with risk owners, during which we identify and assess current and emerging risks (inherent and residual) to acceptable levels of severity and harness risk management tools and techniques for informed business decisions and performance optimization. Our risk management framework and procedures are regularly reviewed and enhanced to ensure all plausible and emerging risks are appropriately identified and managed.

As part of our risk management, we rate the various strategies or identified controls through the assessments performed on residual risks as shown in pages 25 to 26 of this IAR.

As at 30 June 2022, the Company's risk management framework is as set out below:

Board

- Ultimately responsible for risk management, setting risk appetite and communicating the risk management guidance.

C-Suite & SMT

- Responsible for ensuring that each of the operational divisions implement the risk management guidance and defining, supporting and providing challenge on risk issues, their mitigation, and the overall risk appetite of the organisation.

Risk Owners

- Heads of each function are risk owners.
- Ensure compliance to the guidance in respect of owned risk, escalation, reporting and monitoring.
- Ensure that the risk register(s) is/are kept up to date.

Group Functions/Operational Divisions

- Responsible for implementing the requirements of the risk management guidance and for providing assurance to the C-Suite/ SMT and the Risk Committee/ Board that it has done so.
- Oversight and review of common risk areas (relating to own area of responsibility) across Operational divisions.

Group Functions/ Operational Divisions

- Facilities | Property | Asset Management
- Risk, Legal and Compliance
- Human Capital & Payroll
- Investment
- Information Technology
- Treasury
- Finance (including Tax)
- Strategic Projects
- Investor Relations & Business Development

Other committees

Risk Committee

- Independently review the adequacy and effectiveness of risk management at Grit Group.

Audit Committee

- Independently review Tax, Finance and Treasury-related risks.

Group Risk & Compliance Functions

- Ongoing development and coordination of the guidance for risk management.
- Consolidation, challenge and reporting of all risk management information.
- Providing support and guidance on the application of Risk Management and implementation of controls.

Internal Audit

- Provides assurance to the C-Suite, SMT and Audit & Risk Committees on the effectiveness of the risk management guidance and its application across the business.
- Reports to the Group Risk & Compliance Functions with respect to IA findings as per the IA plan.

C-Suite & SMT

Board

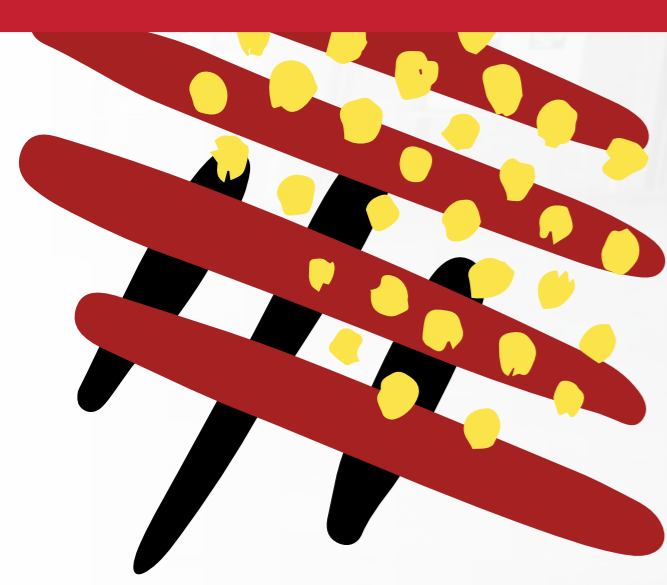
Audit & Risk Committees

External Audit

Group Risk & Compliance Functions

Group-wide Risk Register

Internal Audit



RISK MANAGEMENT FRAMEWORK (CONTINUED)

Risk Management: A business culture at Grit

Conducting business with prudence and judiciousness is a key attribute at Grit and is becoming a business culture that permeates throughout the organization across all business units. This culture is demonstrated in the actions of employees at all levels and the creation of policies and procedures, as measures of internal control in an attempt to manage business operating risks as well as have an outlook on country (macroeconomic) risks that could have an impact on the company achieving its strategic objectives.

As a business we subscribe to the fight against climate change and are aligned to international standards such as the UN SDGs and recommendations such as the TCFD (Taskforce on Climate-related Financial Disclosures) recommendations on how to disclose our assessment of the risks around climate change on our operations and the opportunities thereabout – refer to pages 66 to 76 of the Responsibility section of this report, for details on our TCFD disclosure.

Over the years, Grit's bottom-up process of risk identification and management has proven to be an effective framework that ensures risk owners are responsible for the assessment of the various residual risks and report upwards, thus ensuring communication at all levels of the pyramid.



Risk Governance

As per the Risk Charter, the Board has delegated the responsibility for risk management to the Risk Committee ("the committee") (refer to our Risk Charter on <https://grit.group/wp-content/uploads/2021/12/risk-committee-charter.pdf> for details on the responsibilities of the Risk Committee). The committee is supported by management as well as input from the various other board committees and subcommittees in identifying and assessing operating risks as well as specific risks by subject matter experts from across the business. This model ensures that significant risks are escalated to the Risk Committee (or Board, where appropriate), and assessed in consideration of the overall risk tolerance of the Group, which is set at "low" as at 30 June 2022.

Grit continues to maintain a Group Wide Risks Register, which is shared with the Risk Committee on a quarterly basis. The Company has identified specific emerging risks that could impact business objectives in the short and long run. We also continue to identify and report specific tax and IT-related risks on a quarterly basis, and these are shared and discussed with both the Risk and Audit Committees, through the support of our tax and IT consultants.

Changes to our significant "principal" risks

For the period ended 30 June 2022, the principal risks and uncertainties facing the Group are set out on pages 25 to 29 together with the respective mitigating actions and potential consequences to the Group's performance in terms of achieving its strategic objectives. The Board has conducted a robust assessment of our group wide risks and identified the top ten risks (principal risks) that could have the most significant impact on the organization. The Board and Risk Committee acknowledge the fact that the severity of our principal risks as at 30 June 2022 are above the approved Group risk tolerance level, and are continuously monitoring their assessment and implementation of mitigating controls on a periodic basis.

We maintain a more comprehensive group wide risks register in which every possible residual risk faced by the Group is identified, categorized and assessed, with ongoing controls and mitigating actions thought-through by the heads of the respective department-risk-owners.

During the year under review, there has not been significant movement in the total risk scores of the key risks that affected the company in the previous financial years – FY2021.

Six out of the top ten risks as at 30 June 2022 are finance-related risks, one IT-related, two operations-related and two are external-related risks. Refer to page 25 for details on each of the top ten risks, how they impact the company and what actions are being taken to either:

Reduce the likelihood | Reduce the impact | Transfer the risk | Eliminate the risk

Principal Risks as at 30 June 2022	Movement in Risk Score from FY2021 to FY2022
Covenant Risk	➤
Cyber Attack	✔
Refinance Risk (Subset of Liquidity Risk)	➤
Resilience to Climate Change	▲
Cross Default Risk	➤
Risk Linked to Arrears and Bad Debts	➤
Global Economic Depression/Financial Recession Risk	➤
Valuation Risk (Currency + Leases)	➤
Foreign Exchange Risk	➤
Interest Rate Risk	➤

Outcome of mitigation actions on actions on our principal risks

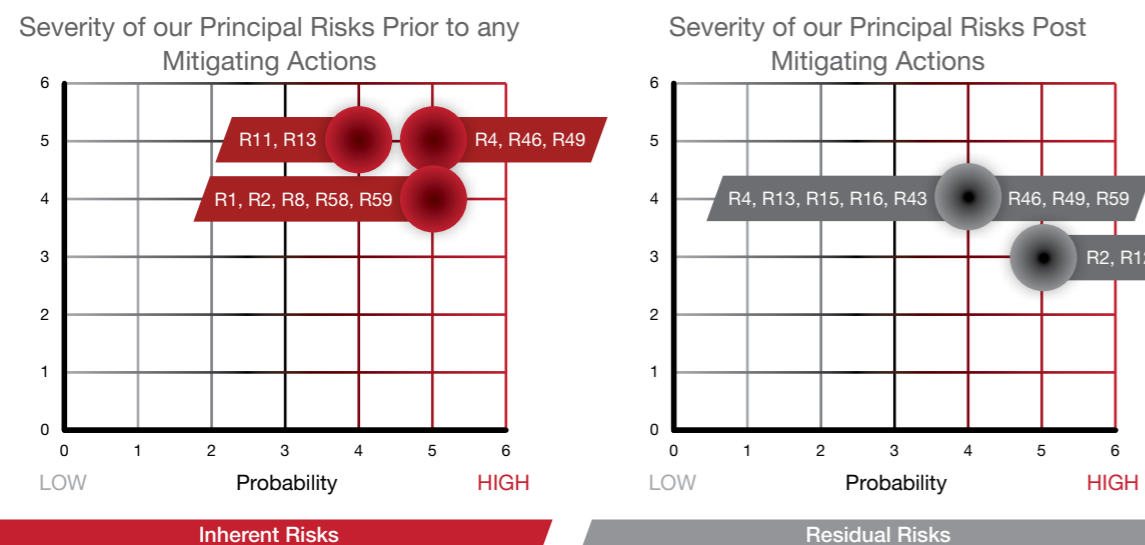
Inherent Risks						Residual Risks					
Rank	Risk Ref.	Probability	Impact	Inherent Severity	Risk Description	Rank	Risk Ref.	Probability	Impact	Inherent Severity	Risk Description
1	R4	5	5	25	Cyber Attack	1	R4	4	4	16	Cyber Attack
2	R46	5	5	25	Pandemics and Endemics (currently Coronavirus) related risks	2	R2	4	4	16	Covenant Risk
3	R49	5	5	25	Global Economic depression/ Financial recession risks	3	R12	4	4	16	Refinance Risk (Subset of Liquidity risk)
4	R1	5	4	20	Regulatory risk – Compliance with LSE and SEM listing Rules	4	R59	4	4	16	Cross Default Risk
5	R2	5	4	20	Covenant Risks	5	R15	4	4	16	Risks Linked to arrears and bad debts
6	R11	5	4	20	Liquidity Risk	6	R47	4	4	16	Resilience to Climate Change
7	R58	4	5	20	Significant risks to the timely and accurate reporting of FPP	7	R49	4	4	16	Global Economic depression/ Financial recession risks
8	R59	5	4	20	Cross Default Risk	8	R51	4	4	16	Valuation Risks (Currency + leases)
9	R16	5	4	20	Credit Risk (To be monitored in line)	9	R20	5	5	15	Foreign Exchange Risk
10	R19	4	5	20	Reputational Risks – Long term	10	R22	5	5	15	Interest Rate Risk



RISK MANAGEMENT FRAMEWORK (CONTINUED)

Description of top ten risks

(risk reference is for reporting purposes only and not in any order of severity)



Risk Ref.	Risk
R1	Cyber Attack
R2	Covenant Risk
R3	Refinance Risk (Subset of Liquidity Risk)
R4	Cross Default Risk
R5	Risks Linked to Arrears and Bad Debts
R6	Resilience to Climate Change
R7	Global Economic Depression/Financial Recession Risks
R8	Valuation Risks (Currency + Leases)
R9	Foreign Exchange Risk
R10	Interest Rate Risk

Our Principal Risks

For the period under review, the key risks identified that could impact the Group's strategic objectives are as per table below and are not in order of severity:

1. Cyber Attack

Successful attacks, via cyberspace, targeting an enterprise's use of cyberspace.

Consequence (Impact)	<ul style="list-style-type: none"> Risk of cyber crime such as hacking, phishing, waling, ransomware heightened. Disruption of operations, fraud and reputational damage.
Risk Mitigation	<ul style="list-style-type: none"> Independent internal and external 'penetration' tests are regularly conducted to assess the effectiveness of the Group's security. Multifactor authentication exists for remote access to our systems. Incident response and remediation policies are in place. The Group's data is protected by anti-virus software and firewalls that are frequently updated. Annual staff awareness and training programmes are implemented. Security measures are regularly reviewed by the IT Liaison Committee. Different levels and layers of security in place (firewall enterprise grade) - inbound and outbound and various back up technologies.

2. Covenant Risk

Failure to adhere to individual loan covenant clauses.

Consequence (Impact)

- Financiers will either call back their facilities or reject any request for a refinance.
- Reputational damage.
- Leads to increased finance costs thereby affecting the Group's DSR.
- Inability to raise further funds.

Risk Mitigation

- Key business performance ratios (both actual and forecast) monitored by Management on a monthly basis.
- Key business performance ratios (both actual and forecast) monitored by the Board on a monthly basis (Monthly dashboard).
- Compliance with covenants is monitored and reported in management accounts prepared on a monthly basis. The Treasury department prepares a checklist to ensure compliance with covenants and is reviewed by the CFO - forms part of Treasury monthly report.
- The Board is updated on compliance with covenants through executive committee sessions done on a quarterly basis. This is also submitted to the Risk Committee on a quarterly basis for review and comments, if any. Any issues that may hinder the Group's ability to obtain finance for future projects are dealt with at Group level and appropriate resolutions are taken.
- Constant communication with the bank/Relationship management with financiers.

3. Refinance Risk (Subset of Liquidity Risk)

(Subset of liquidity risk), risk that lenders fail to roll over loans or new lending is unavailable.

Consequence (Impact)

- Company fails to meet financial obligations or at significant cost. Unable to replace an existing loan with a new one when the existing loan becomes due for repayment.

Risk Mitigation

- Policy framework to control risk.
- Treasury Function:
 - Refinancing initiated 9 months prior to maturity
 - Maintain and monitor that the Weighted Average Lease Expiry (WALE) profile is shorter than the maturity of the loan.
- Have a minimum of 2 financiers per jurisdiction.
- Board reporting.
- Strong relationship with financiers.
- Engagement with banks/financiers.

4. Cross Default Risk

Risk that a member of the Group defaults on a facility with a cross default clause.

Consequence (Impact)

- Company fails to meet financial obligations.

Risk Mitigation

- Policy framework to control risk.
- Board reporting.
- Strong relationship with financiers.
- Engagement with banks/financiers.

RISK MANAGEMENT FRAMEWORK (CONTINUED)

5. Risks Linked to Arrears and Bad Debts

Risk linked to arrears and bad debts: Bad arrears and bad debts from other smaller tenants (not major tenants).

Consequence
(Impact)

- Compromised performance resulting in financial loss.
- Breakdown in relationships with key tenants.
- Write-offs of material bad debts.
- Cash flow is affected which impacts on treasury risk.

Risk
Mitigation

- Vigilant credit control process and management reporting by property managers.
- Continued engagement with tenants by Group Asset Manager/Group Property Manager/Debtors Manager.
- Group PM conduct daily debtors follow up with all FM from various jurisdictions to ensure that there is continued engagement with tenants on payment of debts.
- Weekly meetings are set with in-country Finance Managers to report on any debtors risks and how to address those problems.
- Continual monitoring of trading densities within the retail environment to identify and address potential risks before default.
- Deposits and security (including personal sureties where applicable).
- Processes and controls in place concerning bad debts process flows, provisions for bad debts which are signed off by SMT.

6. Resilience to Climate Change

Risks faced by Grit, if the Group fails to respond appropriately and sufficiently to climate change risks or fails to benefit from the potential opportunities.

Consequence
(Impact)

- Resilience to climate change could lead to damage to our reputation, loss of income and/or property values and loss of our licence to operate. In addition, there is a risk that the cost of construction materials and providing energy, water and other services to tenants will rise as a consequence of climate change.

Risk
Mitigation

- Identify risks induced or exacerbated by climate variability and change, that affect the Group as well as its immediate operating environment (including humans).
- Build a strategy around climate change adaptation by implementing an incremental adaptation - adjustments to existing business practices to more climate-resilient processes.

7. Global Economic Depression/Financial Recession Risks

Risk of Economic depression due to unforeseen circumstances (Pandemics and catastrophic climatic conditions).

Consequence
(Impact)

- Impact on share price.
- Impact on company performance and dividend payout.
- Staff job security at stake.

Risk
Mitigation

- Review of contracts with tenants.
- Secure higher quality tenants with low risk.
- Tenants with essential services who need to ensure business continuity.
- Policies and controls under liquidity/treasury management.

8. Covenant Risk

Unfavourable movement in Currency and drop in contractual and market rentals, impacting property value.

Consequence
(Impact)

- Impact on property value as at valuation date, hence affecting:
- Loan to value - LTV (debt covenants)
 - NAV

Risk
Mitigation

- Valuation policy in place with methodology on choice of external experienced valuer.
- Valuation Committee ensuring compliance with policy.
- Independent meetings between valuation committee and external valuers.
- Operations teams (Real Estate and Treasury) continue to observe the LTV in their monthly reports.
- Real Estate team liaise with Treasury to ascertain the impact of renewals on the value of assets.

9. Foreign Exchange Risk

Risk that changes in foreign exchange rates impact adversely on income and capital.

Consequence
(Impact)

- Any severe impact on exchange rate conversion may have a negative effect on the Group's earnings, share price, ability to raise capital and repayment of debts.

Risk
Mitigation

- Daily monitoring

Policies to control risk:

1. Transaction and Translation

- Minimise variances in the value of the Group's net foreign currency denominated assets (and hence the impact on the Group's equity) by seeking to borrow in the same currency as the asset's (natural hedge) or enter into hedging arrangements to cover any mismatches.
- Minimise number of forex conversions.

2. Authorised hedging

- Permitted derivatives to be used for the purpose of foreign exchange risk management include FX Forwards, FX Swaps, FX Calls/Puts, FX Collars.
 - Investments are concentrated to strong based economies that have stable exchange rates vis-à-vis USD.
 - Conversion of all other currencies cash balances to USD on receipt.
 - Matching the debt currency of the investment to the underlying functional currency where investment is placed. Investment financing is done through 50% of bank loans and the remaining 50% through issue of shares. The debt currency is linked with the investment currency. Management ensures that for any debt being taken, proper matching is made to investment in the underlying functional currency. For instance, if investment is made in EURO, the debt should also be in EURO.

10. Interest Rate Risk

- Risk that interest rates on loan impact on interest cost.

- Risk that interest rates fall and impact investment rates.

- Risk that the maximum deductible interest is capped at a low rate.

Consequence
(Impact)

- Impact on interest expense allowed and therefore on the tax payable.
- Impact on interest income.
- Affect the profitability of the Group and return on investments.

Risk
Mitigation

- The Group on occasion uses derivative instruments to convert a proportion of its floating rate debt to fixed rate debt in order to hedge the interest rate risk arising, principally, from capital market borrowings.
- Permitted derivatives to be used for debt management purposes and limits for these derivatives are set out below:
 - Interest Rate Swaps – up to 100% of forecasted outstanding debt if term debt or 75% if the underlying exposure is an RCF.
 - Interest Rate Caps & Floors – up to 100% of forecasted outstanding debt.
 - Interest Rate Collars - up to 100% of forecasted outstanding debt.
- Ability to access debt from multiple jurisdictions and currencies.
- Limited duration of loan terms. Existing terms of loans are currently kept at a maximum of five years. Renegotiation of loan terms takes place in advance of expiry of existing loan arrangements.

Emerging Risks

For the year under review, the Board has identified one principal specific emerging risk: the war between Ukraine and Russia. While the impact of this risk is not immediately felt by the Group, we continue to monitor the evolution of the fight as its impact around the globe and the African continent continues to raise concerns. Our assessment and reporting of this emerging risk follows the same risk management process/framework as described in pages 22 to 24 of this report.

The Risk Committee has also deliberated on the need to scan the horizon for longer term emerging risks, as part of the discussion around the review of the effectiveness of risk management and internal control. This is to be further explored and discussed at working sessions with risk champions.

OPERATIONAL AND PORTFOLIO UPDATE

30 June 2022

As at 30 June 2022, the Group's high-quality property assets have a weighted average lease expiry ("WALE") of 4.8 years (June 2021: 4.8 years), a weighted average contracted lease escalation of 5.4% per annum (June 2021: 3.8% p.a.) and are underpinned by a wide range of blue-chip multi-national tenants across a variety of sectors. Grit's property portfolio comprises a total of 59 assets (including 25 properties held in Letlole La Rona in Botswana) with rentals predominantly collected monthly, of which 91.5% are collected in US\$, Euro or pegged currencies. Net operating income has increased by 3.5% over the twelve-month period to 30 June 2022.

Sector	Unaudited									
	Revenue ² FY2022 US\$'000	Revenue FY2021 US\$'000	Chang %	Opex ² FY2022 US\$'000	Opex FY2021 US\$'000	Change %	NOI ² FY2022 US\$'000	NOI FY2021 US\$'000	Change %	Rental Collection ¹ FY2022 %
Retail	17,789	15,770	12.8%	(6,358)	(6,341)	(0.27%)	11,431	9,429	21.2%	88.1%
Hospitality	12,435	12,728	(2.3%)	-	-	-	12,435	12,728	(2.3%)	90.6%
Office	16,540	18,408	(10.2%)	(1,913)	(1,835)	(4.3%)	14,627	16,573	(11.7%)	101.1%
Industrial	3,797	2,174	74.7%	(105)	(74)	(41.9%)	3,692	2,100	75.9%	66.7%
Corp Accommodation	12,277	13,117	(6.4%)	(2,002)	(1,978)	(1.2%)	10,275	11,139	(7.8%)	97.6%
Data Centre	364	-	100%	(40)	-	-	324	-	-	100%
LLR portfolio	2,788	2,811	(0.8%)	(281)	(335)	16.1%	2,507	2,476	1.3%	n/a
Corporate	1,389	224	520.0%	611	(675)	190.5%	2,000	649	208.2%	n/a
Total	67,379	65,232	3.3%	(10,088)	(9,888)	(2.0%)	57,291	55,344	3.5%	92.8%
Subsidiaries	50,766	49,217	3.2%	(8,656)	(8,543)	(1.3%)	42,110	40,674	3.5%	
Associates	16,613	16,015	3.7%	(1,432)	(1,345)	(6.5%)	15,181	14,670	3.5%	

1. Rental Collections represents the amount of cash received as a percentage of contractual income. Contractual income is stated before the effects of any rental deferment and concessions provided to tenants.

2. Grit adjusted property portfolio Revenue, Operating expenses and Net Operating Income are unaudited alternative performance measurements.



Retail sector valuation increase 3.2% bolstered by stronger Zambian retail performance that offset pressure on Zimpeto Square, Mozambique and currency translation losses on AnfaPlace Mall, Morocco.

- AnfaPlace Mall Morocco experienced positive letting activity in the period, including the introduction of Colin's and ICHTAH, reducing its reported vacancy rate from 19.26% in June 2021 to 18.1% as at 30 June 2022. Grit is currently undergoing fit out for the Hudson Group which will further reduce vacancy in Q4 2022. The centre has enjoyed high and rising levels of footfall, significantly surpassing both pre Covid-19 and pre redevelopment levels, which bodes well for the outlook for the predominantly turnover linked leases currently in place and resulted in positive local currency fair value move in the financial year. The asset is still being targeted for disposal although formal negotiations with a previously interested buyer have broken down.
- Mukuba and Kafubu Malls, Zambia are largely fully let while Cosmopolitan Mall (Lusaka), has also seen good leasing activity and reduced vacancies.
- Buffalo Mall introduced Chandrana as new significant anchor tenant and further improved leasing activity is expected in the new financial year.



Hospitality operators are experiencing strong forward bookings at Grit owned assets and evidence of robust tourist demand is providing strong support to asset valuations, but EUR:USD devaluation for the period has offset these positive trends and resulted in reported NOI reducing by 2.3% in the period.

All Grit's hotel tenants are up to date on their tenant obligations and The Lux Group has repaid all amounts owing from 2021 deferred rents. Beachcomber resorts have been granted a 48-month period within which to repay 2021 deferred rents and will resume these payments from May 2023. Club Med Senegal opened on 5 December 2021 and are current on all their rental obligations.



Office sector valuations in Mozambique have remained resilient despite isolated tenant rotation, with recovering natural gas and commodity prices providing a strong underpin to the economy. The Ghanaian office market is showing signs of additional re-leasing risks and tenant rotations, although Grit has successfully filled vacated space through pleasing new leasing activity in the financial year. The NOI decline in the financial year relates to a non-repeating tenant exit fee in 2021 and increased Covid-19 re-opening operational expenditure costs in the Ghanaian portfolio.

The reported office sector value in USD for the year ended 30 June 2022 has grown by 2.1%.



Corporate Accommodation sector valuation increased by 0.9% year-on-year. Grit continues to work with the new owner of Vale's mine in relation to their corporate accommodation needs and expects valuation recovery upon renewal of the current lease, which still has 1.9 years until expiry. The sector experienced rising operational expenditure costs in 2022 as assets required increased repairs and maintenance in the current year.



The sector enjoyed strong year on year increase upon the completion of the Bollore Warehouse upgrade and growth through acquisition. Grit concluded the acquisition of the Orbit Complex in Nairobi, Kenya in March 2022, which represented a key step forward in geographically and sectorally balancing the portfolio into an undersupplied and futureproof asset class. The strategic unlocking of a long-term partnership with the IFC also brings with it further opportunities for collaboration as the Group continues to see further investment opportunities in this sector.

On 18 July 2022 Grit introduced a 30% co-investor, Letlole La Rona ("LLR") to the Orbit asset for an investment of US\$7.23m. LLR's shareholders have approved a "Go-to-Africa" strategy and have aligned with Grit as their recognised real estate specialist partner, positioning them as preferred co-funder for further investment opportunities in the sector. (link to RNS)

EPRA KEY PERFORMANCE *Metrics*

As at 30 June 2021

Sector Metrics

No.	Sector	GLA (m ²)	EPRA* NIY	EPRA Topped-up NIY	EPRA Vacancy Rate	EPRA Cost Ratios (incl. direct vacancy)	EPRA Cost Ratios (excl. direct vacancy)
1	Office	46,336	8.2%	8.6%	3.5%	11.2%	10.9%
2	Corporate Accommodation	59,319	8.1%	8.9%	1.6%	15.7%	15.7%
3	Retail	132,381	7.3%	8.1%	12.5%	32.0%	28.6%
4	Hospitality	128,239	6.5%	6.9%	0.0%	0.0%	0.0%
5	Light Industrial	51,807	7.9%	7.9%	0.0%	3.0%	3.0%
6	Data Centre	994	9.1%	9.1%	0.0%	11.0%	11.0%
7	Medical	—	—	—	—	—	—
9	LLR	193,672	11.7%	11.7%	1.7%	8.2%	8.1%
Total		612,749	7.7%	8.2%	4.7%	13.9%	13.0%

* Corporate

Country Metrics

No.	Sector	GLA (m ²)	EPRA NIY	EPRA Topped-up NIY	EPRA Vacancy Rate	EPRA Cost Ratios (incl. direct vacancy)	EPRA Cost Ratios (excl. direct vacancy)
1	Ghana	19,753	8.7%	9.3%	8.0%	14.9%	14.1%
2	Mauritius	111,777	6.8%	6.8%	0.0%	0.0%	0.0%
3	Mozambique	95,570	8.1%	8.6%	2.6%	14.7%	14.3%
4	Morocco	32,883	6.7%	8.6%	18.0%	46.0%	39.7%
5	Kenya	48,412	7.9%	8.0%	3.0%	6.3%	5.9%
6	Senegal	16,462	4.3%	7.5%	0.0%	0.0%	0.0%
7	Zambia	65,694	7.3%	7.3%	2.0%	18.7%	18.4%
8	Botswana	193,672	11.7%	11.7%	1.5%	8.2%	8.1%
9	Uganda	12,329	10.1%	10.2%	55.9%	35.7%	26.5%
10	Ethiopia	15,202	8.4%	8.4%	15.6%	8.8%	7.6%
11	Nigeria	994	9.1%	9.1%	0.0%	11.0%	11.0%
12	Mali	—	—	—	—	—	—
Total		612,749	7.7%	8.2%	4.7%	13.9%	13.0%

For the EPRA Disclosures refer to Additional Information on pages 242 to 249.

INVESTMENT STRATEGY AND INVESTMENT *Activity*



The Company's investment strategy continues to produce attractive, robust and sustainable investment returns to its shareholders in a dynamic environment disrupted by Covid-19. While Covid-19 brought about short-term concerns that needed to be resolved, it highlighted the need to focus on a long-term investment strategy that delivers sustainable growth to our stakeholders. The company has been agile in its response to the changing landscape by focussing its efforts in securing a pipeline of highly accretive transactions in what we believe are defensive asset classes and in jurisdictions which the Company believes to be resilient. The Company remains patient in its investment approach but the strategy always remains opportunistic in order to capitalise on such opportunities as they present themselves.

Pipeline & investment considerations in light of Covid-19

During the year under review, the Group concluded the acquisition of the Orbit Africa ("the Asset") industrial complex in Nairobi, Kenya. The US\$53m transaction, was funded alongside a senior debt facility (US\$25m) from the International Finance Corporation ("IFC"), as well as a perpetual note issuance to Ethos Mezzanine Partners and Blue Peak Pvt Capital, comprised of a sale and leaseback acquisition, followed by a large-scale redevelopment of the property with a firm focus on the ESG impact to be derived from the property. Grit's investment into the Orbit Complex signifies the Company's ongoing commitment to ESG initiatives, with the property being developed towards achieving IFC EDGE green building certification.

On 18 July 2022 Grit introduced a 30% co-investor, Lettore La Rona ("LLR") to the Orbit asset for an investment of US\$7.23m. LLR's shareholders have approved a "Go-to-Africa" strategy and have aligned with Grit as their recognised real estate specialist partner.

The Group completed the redevelopment of Bollore, its Industrial facility in Pemba, Mozambique, with the final completion date and handover of the consolidated property achieved in Q1 2022.

In line with the Group's strategic decision to dispose of assets which are seen to have reached maturity in their valuation cycle, ABSA House was sold in the first quarter of 2022 at a yield of 7.75%. The recycling of capital from the above ABSA House and LLR sales have been utilised towards strengthening of the balance sheet, as well as into specific investment opportunities where the Group has secured transactions that are yield accretive to the overall property portfolio. Our focus remains unchanged in creating an asset portfolio that offers greater diversification into the following asset classes:

- Light industrial and logistics
- Diplomatic and corporate accommodation
- Medical
- Telecommunications

INVESTMENT STRATEGY AND INVESTMENT ACTIVITY (CONTINUED)

Orbit Complex (Sale and Leaseback)



- The Company is pleased to report the acquisition of the Orbit Complex as of 08 March 2022, which initially comprises the sale and leaseback of the existing Orbit Africa manufacturing facility with a gross lettable area ("GLA") of 29,243m² and total land parcel of 80,570m².
- The transaction was concluded at an accretive net acquisition yield of 9.60%, through the deployment of US\$ 22m from the proceeds of the preference shares raised from Ethos and BluePeak, as well as US\$ 16.1m from debt funding procured through the IFC.
- The facility is leased back to Orbit Products Africa Limited ("Orbit") on a 25-year US Dollar denominated triple net lease, at a contracted average escalation of 2.0% per annum.
- The Company entered into binding agreements with LLR on 19 May 2022 for the disposal of up to 50% shareholding in Orbit Africa. LLR are awaiting shareholder approval to proceed with the take up of an initial 30% shareholding in the asset by the end of Q3 with an option to increase their shareholding by an additional 20% by December 2022.
- The co-investment with LLR will generate a fee of up to US\$1m for the Company upon LLR's entry into the shareholding of the asset, as well as an asset management fee of 0.5% on the value of the Orbit Complex, annually.

Orbit Complex (Redevelopment and Expansion)



- The development phase of the Orbit Africa transaction includes the refurbishment of the existing facility alongside an expansion of 14,741m² GLA of A-grade industrial warehousing on the property for Orbit.
- The expansion will be delivered on a built-to-suit basis and will be committed off the back of a 20-year development lease agreement.
- The project will reposition the property to international FMCG industry standards and is targeted to achieve IFC EDGE green building certification upon completion.
- The project is expected to commence from the fourth quarter of 2022 following the granting of the Environmental Impact Assessment and other planning approvals, with expected completion in the fourth quarter of 2023, and will achieve an attractive contracted development yield of 16.0% enhancing the rental income on the expanded asset and its capital value.

Falcon Curepipe Clinic and Coromandel Hospital



- The development of the Falcon Curepipe Clinic, private healthcare facility with a capacity of approximately 68 beds, by GREA, is on track to complete by January 2023.
- As the construction approaches the completion phase, it is encouraging to note the financial performance of peer hospital operators witnessing strong double-digit revenue growth and sizeable uplift in profit margins in the recent quarters. These operational metrics are supportive of the investment thesis into the defensive healthcare sector in Mauritius.
- The construction of Coromandel Hospital, a state-of-the-art oncology hospital in the central region of Mauritius is targeted to start by the fourth quarter of 2022.
- Patients will have access to medical support related to oncology treatment of an international standard, which is currently not available on the island, and which will now be delivered by a high-quality international operator. Falcon Curepipe Clinic will also provide adjunct services to Coromandel Hospital.
- Mauritian-based Falcon Healthcare Group ("FHG") has signed an operations and management agreement with Artemis Medicare Services Ltd ("Artemis"), a well-established and recognized healthcare provider in India, to operate both Falcon Curepipe Clinic and Coromandel Hospitals.
- FHG entered a 15-year Euro denominated lease agreement in respect of Falcon Curepipe Clinic which represents a 10.5% development yield to be achieved upon successful delivery of the project, with the same yield and lease terms to be entered into for Coromandel Hospital.
- The Company holds the option to take up to 43.3% shareholding in both projects during the development period.

Grit Urban Logistics



- The company intends to expand its logistics presence in Nairobi through the development of an additional c. 10,000m² of prime logistics and warehousing space, and is in discussion with potential tenants in that regard.
- The property is located on the land adjacent to Grit's Imperial Warehouse logistics facility in the prime airport industrial precinct of Mlolongo, Nairobi. The Mlolongo node is also the location of Grit-owned Orbit Complex and is seen as a key area for growth by the company, given the strategic advantages of the location and potential for co-ordinated area upliftment.
- Development funding has been conditionally secured, with construction slated to commence in Q4 2022. On completion, the facility will be IFC EDGE certified and primed to meet the needs of burgeoning FMCG/light industrial operators in the East African region.

INVESTMENT STRATEGY AND INVESTMENT ACTIVITY (CONTINUED)

The Precinct



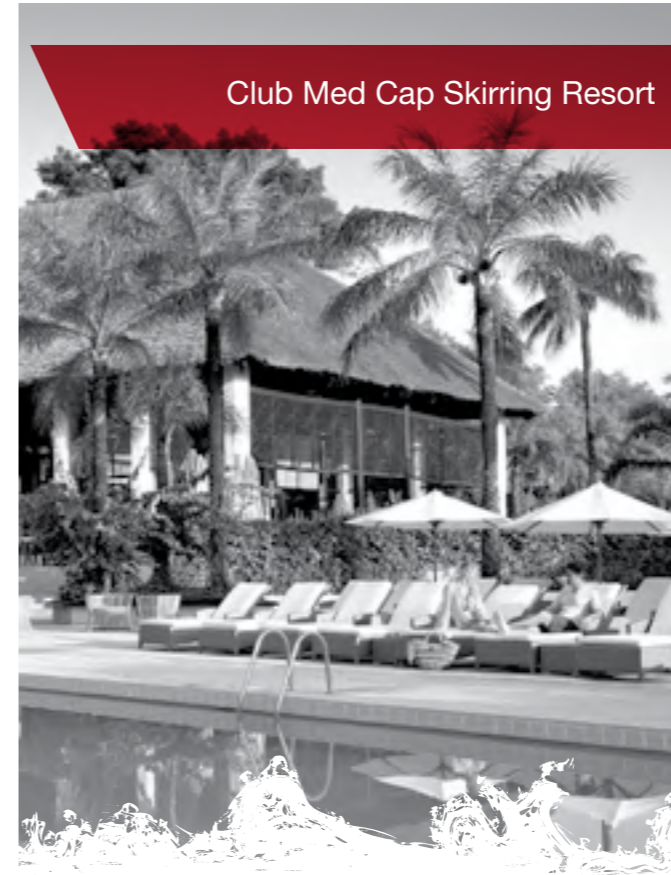
- The Precinct is a landmark mixed-use development being undertaken by GREA in the North of Mauritius, close to Grand Baie, presenting a premium grade workplace environment which is contextual, climatically responsive, and sustainable.
- The project achieved a 5 star rating from the Green Building South Africa, the first building to achieve this rating in Mauritius, which is a testimony to the sustainability initiatives which were put in place to enhance the design of this building at every level.
- The first phase of the Precinct comprises a P-grade office building in which the Company has confirmed its status as anchor tenant, alongside Gateway Real Estate Africa, Dentons, Workshop 17 (co-working space operator) and Rand Merchant Bank.
- Completion is on track and scheduled for the fourth quarter of 2022.
- The Company holds an option to take up to 50% shareholding in the asset during the development period, through the injection of prefunding into the project.

Bollore Warehouse



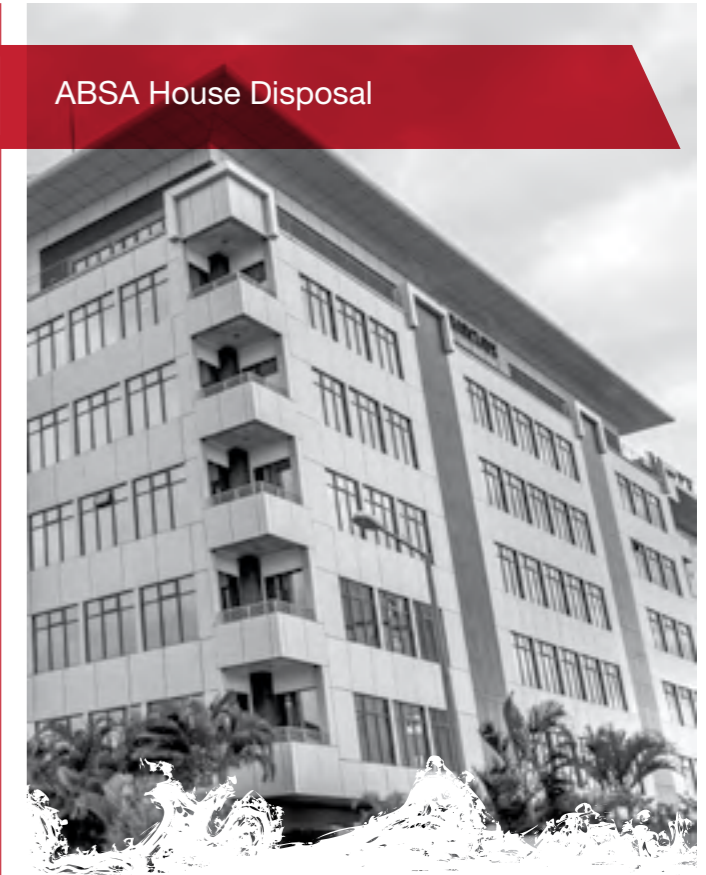
- The group commenced redevelopment of the Bollore Warehouse facility in 2020 on the back of a new 5-year lease from Bolloré Transport and Logistics.
- The redevelopment was successfully completed in the first half of this year, with the asset (including the new warehouse and offices) fully let by Bolloré Transport and Logistics.
- The Property is strategically located adjacent to the port activities in Pemba, Mozambique and is ideally positioned to serve the corporate logistics companies operating in the area.

Club Med Cap Skirring Resort



- The acquisition of the Club Med Cap Skirring Resort in Senegal was completed in January 2020, one of Club Med's longest standing and most successful resorts in Africa.
- Nestled in a coconut grove on the southern tip of Senegal, Club Med Cap Skirring Resort is a haven for both sports and exploration. Pre-renovation, the 4-trident hotel boasts 205 rooms, 2 restaurants, 3 bars, 9-hole golf course, 6 tennis courts, 1 nautical center and 1 pool.
- After a successful re-opening in December 2021 post Covid-19, the hotel has averaged an occupancy rate of above 70%.
- The sale and lease back of the resort was principally driven by Club Med's need to re-position it in line with modern standards and provide an unrivalled offering in the Senegalese leisure market. This strategy requires a large-scale renovation project of the resort, which has traded successfully since opening in 1971.
- The redevelopment phase will consist of a refurbishment and expansion programme to be rolled out on the property to a value of circa. EUR25m up to international standards. The programme includes a full-scale renovation, the construction of 138 additional rooms, an additional pool, new restaurants, etc.
- Upon completion of the development works, the lease term will be renewed in the form of a new 12-year triple net Euro lease.

ABSA House Disposal



- Grit has disposed of ABSA House office building and the two underlying plots of leasehold land in Ebene, Mauritius to Lavastone Ltd, a company focused on investment in Mauritius with a balance sheet size of circa. US Dollar 77m and listed on the Stock Exchange of Mauritius.
- Absa Bank (Mauritius) Ltd, the anchor tenant, occupies 86% of the gross lettable area of the building.
- The property was sold via the transfer of shares of BH Property Investments Ltd., the Company's wholly owned SPV under which ABSA House was held.
- The agreed sales value of the asset amounted to MUR533m (US\$11.9m at current MUR-US Dollar exchange rate of 44.90) being equivalent to a yield of 7.75%.

INVESTMENT STRATEGY AND INVESTMENT ACTIVITY (CONTINUED)



Industrial Platform and Acquisition of plots in Tatu City

- The Africa Impact Industrial ("All") vehicle will be a property investment and development company with a mandate to invest in industrial property in Sub Saharan Africa excluding South Africa, being in line with the current Grit mandate of targeting investable jurisdictions.
- The target pipeline includes prime logistics, light industrial, manufacturing and digital infrastructure real estate assets.
- It is the intention for Grit to roll in its existing industrial assets into the vehicle as seed investment, and invite select strategic co-investors into All to execute on a pipeline of sale-and-leaseback and development opportunities.
- The proposed capital structure will allow for co-investment at several levels, including ordinary shareholding, mezzanine instruments and long-term debt, with select partners.
- In light of the above and to increase the portfolio weight to the industrial sector, the Company acquired in May 2022 two contiguous plots of land, totalling an area of 46,103m², in the industrial district of Tatu City, a Special Economic Zone ("SEZ") in Kenya developed by Rendevour. The Company will qualify for various tax exemptions once it avails of the SEZ status. The two industrial plots of land in Tatu City have been earmarked as potential seed assets for the All vehicle.



APDM and GREA Acquisition

Background to APDM and GREA Acquisition ("the transaction")

The transaction was announced in conjunction with an open offer and placing of new Ordinary Shares of nil par value ("Ordinary Shares") at an issue price of US\$0.42 per new Ordinary Share (the "Issue Price") to reduce Grit's overall indebtedness and to provide future capital for the further expansion of Grit's core and expanded business.

The acquisition provides Grit with access to GREA's attractive pipeline of accretive development opportunities, and the Grit Board believes the medium-term NAV growth prospects of the Grit Group will be significantly improved upon completion. The acquisition of a controlling interest in APDM provides Grit with significant influence over GREA's operational activities and is further expected to allow Grit to earn substantial development and asset management fees into the future from internal and third-party clients as well as joint venture partners.

On 20 December 2021, the Company issued 146,342,312 new Ordinary Shares at the Issue Price, raising gross proceeds of US\$76.1m. The completion of the acquisition of majority controlling interests in GREA and APDM was subject to the fulfilment or waiver (as applicable) of certain conditions precedent before the long stop date of 8 April 2022.

On 19 April 2022, we announced the issuance of new Ordinary Shares at an issue price of US\$0.42 per new Ordinary Share, in relation to the Transaction, to Dorado and the GREA Executive Share Trust for Grit to acquire a further 47.37% of APDM and 0.1% of GREA.

Following the above transactions, as at 30 June 2022, Grit has acquired a 77.95% controlling interest in APDM and increased its interest in GREA to 26.29% with a clear path for Grit to purchase a controlling shareholding in GREA by December 2022 as illustrated in the three-phased acquisition path below:

Phase I

15 April 2022

Grit acquired a 77.95% controlling stake in Africa Property Development Managers Limited ("APDM"), the external manager of GREA and increased its direct interest in GREA from 19.98% to 26.29%.

Phase II

Extended to 31 August 2022

Grit further increases its interest in GREA from 26.29% to 35.01%.

Phase III

15 Dec 2022

Grit has the option to acquire the remaining 13.61% interest in GREA and an additional 1.0% of APDM owned by Gateway Africa Real Estate Limited ("Gateway Partners") settled in either cash or issuance of new Grit shares at US\$0.42 per Grit ordinary share. If exercised, this would increase Grit's direct shareholding in GREA to 48.62% and in APDM to 78.95%.

Furthermore, Grit's total (direct and indirect) shareholding in GREA would increase to 51.66% following the issue of APDM's 10.0% free carry in GREA, which is to be issued to APDM upon the achievement of minimum performance requirements, measured and issued at year five or year seven from GREA's inception or upon a defined exit event, which the Option exercise is expected to be. GREA's year five anniversary from inception is in December 2022.

For more information on the transaction, please refer to: <https://grit.group/regulatory-news-announcements/>

Chief FINANCIAL OFFICER'S STATEMENT



Leon van de Moortele

Presentation of financial statements

The consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. Alternative performance measures (APMs) have also been provided to supplement the IFRS financial statements as the Directors' believe that this adds meaningful insight into the operations of the Group and how the Group is managed. European Public Real Estate Association ("EPRA") Best Practice Recommendations have been adopted widely throughout this report and are used within the business when considering the operational performance of our properties. Full reconciliations between IFRS and EPRA figures are provided in notes 7 and 9. Other APMs used are also reconciled below.

"Grit Proportionate Interest" income statement, presented below, is a management measure to assess business performance and is considered meaningful in the interpretation of the financial results. The IFRS statement of comprehensive income is adjusted for the component income statement line items of properties held in joint ventures and associates.

This measure, in conjunction with adjustments for non-controlling interests (for properties consolidated by Grit, but part-owned by minority partners), form the basis of the Group's distributable earnings build up, which is alternatively shown in Note 8 "Distributable earnings".

IFRS Income statement to distribution reconciliation	Audited IFRS 30 June 2022 US\$'000	Extracted from Associates (30 June 2022) US\$'000	Unaudited Grit Proportionate Income statement 30 June 2022 US\$'000	Unaudited Non-Controlling Interest US\$'000	Unaudited Grit Economic Interest Statement 30 June 2022 US\$'000	Unaudited Distributable Earnings 30 June 2022 US\$'000
Gross property income	50,766	16,613	67,379	(7,030)	60,349	57,592
Property operating expenses	(8,656)	(1,432)	(10,088)	2,267	(7,821)	(7,967)
Net property income	42,110	15,181	57,291	(4,763)	52,528	49,625
Other income	80	5,503	5,583	(577)	5,006	3,531
Administrative expenses	(16,944)	(1,896)	(18,840)	992	(17,848)	(12,275)
Net impairment charge on financial assets	(4,217)	(41)	(4,258)	679	(3,579)	–
Profit from operations	21,029	18,747	39,776	(3,669)	36,107	40,881
Fair value adjustment on investment properties	19,870	7,039	26,909	(4,632)	22,277	(297)
Fair value adjustment on other financial liability	(11,315)	(1,371)	(12,686)	–	(12,686)	–
Fair value adjustment on other financial asset	(371)	(407)	(778)	–	(778)	–
Fair value adjustment on derivative financial instruments	4,501	–	4,501	–	4,501	–
Impairment of loans and other receivables	(3,101)	(980)	(4,081)	1,494	(2,587)	–
Share-based payment	(1,238)	–	(1,238)	–	(1,238)	–
Loss on disposal of investment in subsidiary	(2,051)	–	(2,051)	–	(2,051)	–
Loss on disposal of interest in associate	(573)	(2)	(575)	–	(575)	–
Share of profits from associates and joint ventures	20,611	(20,611)	–	–	–	–
Foreign currency (losses)/gains	(5,412)	774	(4,638)	387	(4,251)	–
Profit before interest and taxation	41,950	3,189	45,139	(6,420)	38,719	40,584
Interest income	1,935	3,415	5,350	12	5,362	5,362
Finance charges	(26,151)	(6,082)	(32,233)	4,321	(27,912)	(25,473)
Profit before taxation	17,734	522	18,256	(2,087)	16,169	20,473
Taxation	(6,621)	(522)	(7,143)	1,417	(5,726)	(2,294)
Profit after taxation	11,113	–	11,113	(670)	10,443	18,179
VAT						1,965
Distributable earnings						20,144



CHIEF FINANCIAL OFFICER'S STATEMENT (CONTINUED)

Financial and Portfolio summary

The Grit Proportionate Income Statement is further split to produce a Grit Property Portfolio Revenue², Operating expenses² and NOI² analysis by sector. Grit's Property Portfolio revenue has risen 3.3% from prior year on annual contractual lease escalations and asset acquisitions annualising in the period. Net operating income has increased by 3.5% over the twelve-month period to 30 June 2022.

Sector	Unaudited									
	Revenue FY2022 US\$'000	Revenue FY2021 US\$'000	Change %	Opex FY2022 US\$'000	Opex FY2021 US\$'000	Change %	NOI FY2022 US\$'000	NOI FY2021 US\$'000	Change %	Rental Collection ¹ FY2022 %
Retail	17,789	15,770	12.8%	(6,358)	(6,341)	(0.27%)	11,431	9,429	21.2%	88.1%
Hospitality	12,435	12,728	(2.3%)	-	-	-	12,435	12,728	(2.3%)	90.6%
Office	16,540	18,408	(10.2%)	(1,913)	(1,835)	(4.3%)	14,627	16,573	(11.7%)	101.1%
Industrial	3,797	2,174	74.7%	(105)	(74)	(41.9%)	3,692	2,100	75.9%	66.7%
Corp Accommodation	12,277	13,117	(6.4%)	(2,002)	(1,978)	(1.2%)	10,275	11,139	(7.8%)	97.6%
Data Centre	364	-	100%	(40)	-	-	324	-	-	100%
LLR portfolio	2,788	2,811	(0.8%)	(281)	(335)	16.1%	2,507	2,476	1.3%	n/a
Corporate	1,389	224	520.0%	611	(675)	190.5%	2,000	649	208.2%	n/a
Total	67,379	65,232	3.3%	(10,088)	(9,888)	(2.0%)	57,291	55,344	3.5%	92.8%
Subsidiaries	50,766	49,217	3.2%	(8,656)	(8,543)	(1.3%)	42,110	40,674	3.5%	
Associates	16,613	16,015	3.7%	(1,432)	(1,345)	(6.5%)	15,181	14,670	3.5%	

1. Rental Collections represents the amount of cash received as a percentage of contractual income. Contractual income is stated before the effects of any rental deferment and concessions provided to tenants.

2. Grit adjusted property portfolio Revenue, Operating expenses and Net Operating Income are unaudited alternative performance measurements.

The retail sector benefitted from strong leasing activity and recovery in performance in Mukuba and Kafubu Malls (Zambia), which are now largely fully let, while Cosmopolitan Mall (Lusaka) has also seen good leasing activity and reduced vacancies. Buffalo Mall introduced Chandarana as a new significant anchor tenant. Further improved leasing activity is expected in the new financial year. A cautious recovery off a low base in AnfaPlace Mall has become evident over the recent months.

Hospitality sector tenants are all open and operational and the Lux Group has also repaid all amounts owing from 2021 deferred rentals. NOI has increased by 4.1% in functional currency but EUR:USD devaluation for the period has offset these positive trends and resulted in reported NOI reducing by 2.3% in the period.

Office sector assets remained resilient in Mozambique while the Ghanaian office market is showing signs of additional re-leasing risks and tenant rotations. Revenue and NOI decline in the financial year relates to a non-repeating tenant exit fee in 2021 and increased Covid-19 re-opening operational expenditure costs in the Ghanaian portfolio.

The Light Industrial sector enjoyed strong year on year increase upon the completion of the Bollore Warehouse upgrade and return to income production, while the acquisition of the Orbit Complex in Nairobi, Kenya in March 2022 will continue to support revenue and net operating growth into the new financial year.

Corporate accommodation assets revenue decreased 6.4%, attributable to the amortisation of the lease premiums associated with the Tsebo lease, which are non-cash items. The sector experienced increased operational costs in 2022 as assets required Covid-19 related delayed repairs and maintenance in the current year.

Corporate sector predominantly relates to the acquired income streams in APDM, effective from March 2022. This is expected to grow in subsequent years as the full year impact of the acquisition is reflected and the anticipated further growth in fee income is realised.

Cost control

Ongoing administrative costs increased 7.4% in the year as salary reduction applied during the Covid-19 period reversed, current year remuneration increases were implemented, and normalised travel costs resumed.

	as at 30 June 2022 US\$'000	as at 30 June 2021 US\$'000	Movement US\$'000	Movement %
Administrative costs				
Total Administrative costs	16,944	13,867	3,077	21.2%
Less: Transaction costs	2,071	79	1,992	2,521.5%
Ongoing administrative expenses	14,873	13,788	1,085	7.9%

Portfolio performance

Income producing assets grew in the period under review largely as a result of additions in the light industrial sector within investment properties, being the acquisition of Orbit Africa and the completion of the Bollore Warehouse upgrade. Increases in associates largely related to the increased ownership in GREA (from 19.98% to 26.29%) and the acquisition of a 77.95% interest in APDM. The total movement in income producing assets includes the impact of the foreign currency revaluations of assets not denominated in US Dollars amounting to a total of US\$30.9m. The EUR depreciation impact amounted to US\$20.3m and the Moroccan Dirham (a currency linked to the Euro) amounting to US\$9.4m.

	2022 US\$'m	2021 US\$'m
Composition of income producing assets		
Investment properties	604.5	549.5
Investment property included within 'Investment in associates'	203.8	193.8
Properties under development within 'Investment in associates'		12.6
	808.3	755.9
Deposits paid on investment properties	8.2	5.7
Other investments, Property, plant & equipment, Intangibles & related party loans	40.2	40.3
Total Income Producing Assets	856.7	801.9



CHIEF FINANCIAL OFFICER'S STATEMENT (CONTINUED)

Property valuations

Reported property values increased by 6.9% driven by investment and acquisitions and strong functional currency portfolio performance. On a like for like basis (pre acquisitions), property values increased 4.1% in functional currencies. However, movement in EUR:USD exchange rates resulted in like for like valuation declines in the reported USD values by 0.3%. Further detail of valuations per property are provided in note 2 of the financial statements.

Sector	Opening Property Value US\$'000	Forex movement US\$'000	Development assets completed in the year			Change in ownership US\$'000	Other US\$'000	Fair value movements US\$'000	Closing Property Value US\$'000	Total Valuation Movement %
			US\$'000	US\$'000	US\$'000					
Retail	191,402	(6,706)	–	2,698	1,049	1,001	7,973	197,417	3.2%	
Hospitality	174,420	(20,247)	–	99	–	1,120	9,211	164,603	(5.6%)	
Office	191,472	(893)	476	337	(2,748)	578	6,601	195,823	2.1%	
Industrial	36,232	–	–	43,675	–	373	134	80,414	121.9%	
Data Centres	–	–	5,348	–	1,108	15	368	6,839	100.0%	
Corporate Accommodation	127,899	–	–	259	–	28	802	128,988	0.9%	
LLR portfolio	26,999	(6,132)	–	3,563	(4,089)	(59)	664	20,946	(22.4%)	
GREA under construction	7,450	–	(5,824)	7,992	2,141	–	1,455	13,214	77.4%	
Total	755,874	(33,978)	–	58,623	(2,539)	3,056	27,208	808,244	6.9%	
Subsidiaries	549,491	(19,433)	–	44,996	6,790	2,462	20,168	604,474	10.0%	
Associates	206,383	(14,545)	–	13,627	(9,329)	594	7,040	203,770	(1.3%)	

Interest bearing borrowings movements

As at 30 June 2022, the Group had a total of US\$425.4m in interest bearing borrowings outstanding. In the period under review, the Group added US\$16.1m from the IFC and US\$4.7m from private equity, being debt funding instruments related to the Orbit acquisition and US\$16.4m of bridge funding (which was utilised to settle a portion of the Bank of China loan immediately following year end). The Group had reduced absolute levels of interest bearing borrowings as at 31 December 2021 by US\$47.7m to US\$362.9m (30 June 2021: US\$410.6m) but has subsequently part drawn these facilities to fund the acquisitions of APDM, GREA, CCI land and capital expenditure related to the Bollore redevelopment. The sale of ABSA house, and associated reduction of its interest bearing borrowings, has been offset by the impacts of Capital Place office building becoming a subsidiary (and therefore consolidated) in the period under review.

Movement in reported interest bearing borrowings for the year (subsidiaries)	as at 30 June 2022 US\$'000	as at 30 June 2021 US\$'000
Balance at the beginning of the year	410,588	392,999
Proceeds of interest bearing borrowings	58,513	43,562
Overdraft converted to term loan	–	7,203
Loan reduced through disposal of subsidiary	(6,624)	–
Loan acquired through asset acquisition	6,011	–
Loan issue costs incurred	(4,386)	(1,520)
Amortisation of loan issue costs	2,765	2,974
Foreign currency translation differences	(14,836)	7,548
Interest accrued	751	(1,173)
Debt settled during the year	(27,716)	(41,005)
As at 30 June	425,066	410,588

For more meaningful analysis, a further breakdown is provided below to better reflect debt related to non-consolidated associates. At 30 June 2022, the Group had a total of US\$471.5m in interest bearing borrowings outstanding, comprised of US\$425.4m in subsidiaries (as reported in IFRS balance sheet and discussed above) and US\$46.1m proportionately consolidated and held within its associates.

	Debt in Subsidiaries US\$'000	Debt in associates US\$'000	Total US\$'000	%	Debt in Subsidiaries US\$'000	Debt in associates US\$'000	Total US\$'000	%
Standard Bank Group	183,496	6,516	190,012	40.30%	170,676	–	170,676	37.5%
Bank of China	76,405	–	76,405	16.21%	84,960	–	84,960	18.6%
State Bank of Mauritius	57,659	16,375	74,034	15.70%	62,480	8,830	61,670	15.7%
Investec Group	36,129	–	36,129	7.66%	47,023	8,830	55,853	12.3%
Absa Group	7,913	3,057	10,970	2.33%	16,178	7,500	23,679	5.2%
ABC Banking Corporation	7,121	–	7,121	1.51%	14,918	–	14,918	3.3%
Nedbank CIB	21,820	286	22,106	4.69%	7,000	3,100	10,100	2.2%
Mauritius Commercial Bank	–	7,774	7,774	1.65%	–	8,830	8,830	1.9%
Maubank	3,345	–	3,345	0.71%	6,470	–	6,469	1.4%
First National Bank	–	9,013	9,013	1.91%	–	5,294	5,294	1.2%
Housing Finance Corporation	–	2,316	2,316	0.49%	–	2,209	2,209	0.5%
Bank of Gaborone	–	727	727	0.15%	–	1,077	1,077	0.2%
NCBA Bank Kenya	10,700	–	10,700	2.27%	–	–	–	0.0%
Private Equity	4,725	–	4,725	1.00%	–	–	–	0.0%
International Finance Corporation	16,100	–	16,100	3.41%	–	–	–	–
Total Bank Debt	425,413	46,064	471,477	100.0%	410,065	45,670	455,735	100.0%
Interest accrued	4,927	–	–	–	4,176	–	–	–
Unamortised loan issue costs	(5,274)	–	–	–	(3,653)	–	–	–
As at 30 June	425,066	–	–	–	410,588	–	–	–

Capital Commitments

Upcoming capital commitments in the current financial year include:

- Club Med Senegal redevelopment: EUR25m over the next 28 months.
- Orbit Africa phase II development: expected to be US\$16m (inclusive of VAT) to be completed by April 2024.
- Drive in Trading guarantee settlement: US\$17.5m (pending approvals).
- 8.17% increased interest in Gateway Real Estate Africa Ltd acquired in August 2022 for US\$19.4m.



CHIEF FINANCIAL OFFICER'S STATEMENT (CONTINUED)

Net Asset Value and EPRA Net Realisable Value

Further reconciliations and details of EPRA earnings per share and other metrics are provided in notes 7 and 9.

	Unaudited US\$'000	Unaudited US\$'cps
Net Asset Value Evolution		
IFRS NAV as reported	270,853	84.4
Derivative financial instruments	2,628	0.8
Deferred Tax on Properties	55,377	17.2
EPRA NRV at 30 Jun 2021	328,858	102.4
Dividend paid FY2022		
Portfolio valuations	27,206	8.5
Other fair value adjustments	(8,556)	(2.7)
Other non-Cash items (including Non-controlling interest)	(33,154)	(10.3)
Dividend attributable to NCI	(1,165)	(0.4)
Cash profits	18,238	5.7
Movement through FCTR	(6,686)	(2.1)
Dividend paid	(7,903)	(2.5)
Coupon through retained earnings	(5,914)	(1.8)
EPRA NRV Before Dilution	310,924	96.8
Issue of shares	68,194	(17.9)
Effect of treasury shares	2,194	0.5
EPRA NRV at 30 Jun 2022	381,312	79.4
Deferred Tax on Properties	(46,873)	(9.7)
Derivatives	1,862	0.4
IFRS NRV at 30 Jun 2022	336,862	69.7

Going Concern

The Directors' assessment of the Group's and Company's ability to continue as a going concern is required when approving the financial statements. As such the Directors have modelled a 'base case' and a 'severe but plausible downside' of the Group's and Company's expected liquidity and covenant position for a going concern assessment period through to June 2024, a period of at least 12 months following the approval of these accounts.

The process involved a thorough review of the Group's and Company's risk register, an analysis of the trading information both pre and post year end, extensive discussions with the independent property valuers, a review of the operational indicators within the Group and economic data available in the countries of operations. All of this has been done in the context of the Covid-19 pandemic recovery, recent global markets instability, previous experience of the African real estate sector and best estimates of expectations in the future.

Base Case model

The base case reflects the Directors' best expectations of the position going forward. It was modelled on board approved forecasts over the relevant period. The base case scenario includes the Group's and Company's financial projections and the following key assumptions:

1. Modelling of the Company's contractual lease contracts, which at 30 June 2021 had a weighted average lease expiry of 4.8 years, and associated contractual lease escalations which equate to 5.4% per annum on a weighted average basis across the portfolio. The Group's revenue was adjusted for tenant support already provided and expectation for potential further concessions in specific sectors;
2. Expected take up of vacant space through the ordinary letting activities of the Group and current leasing negotiations;
3. Debt facilities falling due during the period being refinanced in the ordinary course of business, specifically the US\$306m sustainability linked syndicated loan facility and the extension of the Investec Bank facility relating to AnfaPlace Mall (both concluded prior to signature date);
4. A further US\$100m of notional interest rate hedges by way of basis swaps and interest rate collars. Basis swaps amounts to a notional value of US\$25m, swapping US\$ SOFR rates for fixed Euro rates of between 2.84% and 3.04% over a period of 18 to 24 months. Interest rate collar a cap transactions for a notional value of US\$75m places a cap of 3.5% and collar of 2.2% to US\$ SOFR over 3 equal tranches for period of 2, 3 and 4 years. The above hedges are settled quarterly in arrear (with the above being concluded prior to signature date);
5. Base interest rates increases up to 2.06% (in the case of US Dollar base rates) and 3.09% (in the case of Euro base rates) from June 2022;
6. Depreciation of the various currencies versus the USD, most notably the Euro depreciating by up to 9% over the period;
7. Contractual maturity of debt facilities, which at 30 June 2022 had a weighted average maturity profile of 1.8 years and associated weighted average cost of debt of 7.1%, adjusted for committed refinance transactions per 3 above;
8. Drive in Trading guarantee assumed to be paid up in December 2022, followed by the security being realised; and
9. As a result of removal of the material uncertainty clauses included in the independent valuers reports of the Covid-19 period, valuation sensitivities were restricted to only the retail sector, where property valuation recoveries have been excluded for a further 6 months period to June 2023.

Severe but plausible downside model

A summary of the key assumptions over lays to the Base Case made in the severe but plausible scenario are as follows:

1. Debt facilities that have not been refinanced by signature date are assumed to be settled at maturity date over the assessment period;
2. Base interest rates increases up to 4.26% (in the case of US Dollar base rates) and 4.55% (in the case of Euro base rates) from June 2022;
3. Depreciation of the various currencies versus the USD, most notably the:
 - a. Euro depreciating by up to 15% over the period (net income currency);
 - b. Moroccan Dirham depreciating by up to 15% over the period (net income currency);
 - c. Zambian Kwacha depreciating by up to 9% over the period (net income currency); and
 - d. Mauritian Rupees appreciating by up to 2% over the period (net cost currency).
4. Increased inflation rates across the portfolio, as well as US CPI and Euro harmonised CPI;
5. Receivables amounting to US\$8.5m not being recovered over the assessment period;
6. No dividends assumed on ordinary shares over the assessment period (other than those declared to date);
7. The retail sector valuation recoveries where excluded until June 2024.

Under both the base case and the severe but plausible scenario, along with certain remedies within management's control, which include actions like cuts in dividends, the Company is able to meet its liquidity and covenant positions through to June 2024. The Board has therefore concluded that it is appropriate to prepare the financial statements on the going concern basis.

Leon van de Moortele
Chief Financial Officer
28 October 2022





Responsibility REPORT

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Responsibility SECTION

Since our sustainability journey began a few years back, we have built a strong foundation based on the United Nations' Sustainable Development Goals (SDGs) and ESG frameworks. The Responsible Business Committee (RBC) has structured and centralised our approach and is now well-positioned to rethink our Strategy to ensure alignment with international sustainability frameworks. The focus areas for the next three years are as follows:

Materiality Assessment

We have engaged with ESG Intellis, an ESG consulting company, who will assist us in doing our materiality exercise. This will allow us to understand our key stakeholders' expectations and prioritise relevant ESG issues.

Year 1	Year 2	Year 3
Development of survey and scoring methodology specific to Grit.	N/A	Materiality Assessment repeated.
Data gathering for materiality assessment (surveys, workshop).		

Carbon Footprint

Grit currently reports on carbon emissions linked to electricity consumption for some assets as well as air travel. Our strategy over the next three years will be to embark on a full carbon footprint.

Year 1	Year 2	Year 3
Identify and report on scope 1 and scope 2 emission sources.	Repeat Carbon footprint exercise and include all scope 3 emission sources.	Repeat Carbon footprint exercise (scope 1, scope 2 and scope 3) with verification from external third party.

ESG Strategy

This year, we have identified the gaps in our TCFD reporting. In the coming years, we aim to fully align to all TCFD disclosure requirements and continue to report transparently on our climate-related risk.

Year 1	Year 2	Year 3
Set targets and strategy on scope 1 and scope 2 reductions.	Report on progress against latest target set.	Report on targets set (monitoring).
Use results of materiality assessment to review Grit's current ESG Strategy (high priority areas).	Implement corrective actions, if needed.	Implement corrective actions, if needed.
	Further develop strategy to address medium priority areas as identified in the materiality assessment.	Realign strategy, if need be, based on results from materiality assessment.

TCFD Report

Backed with the results of our materiality assessment exercise and our carbon footprint, we will revisit our current ESG Strategy. Our action plan will entail reviewing and updating our existing targets and addressing priority ESG issues.

Year 1	Year 2	Year 3
Develop Action plan to address gaps in TCFD Report.	Report on progress against action plans and rethink plans through.	Continue to report against action plans and enhancements for future reporting in alignment with TCFD recommendations.

ESG Report

With transparency and accountability being key to our strategy, we are aiming to review the way we report on our ESG indicators to ensure that our stakeholders remain informed and aware of the evolution and progress of our ESG strategy.

Year 1	Year 2	Year 3
Alignment with GRI Indicators.	Alignment with GRI Indicators.	Verification of non-financial KPIs by external auditors.

OUR CURRENT ESG Strategy

Through our Sustainability Policy and Framework, we have set out our priorities from a responsible business perspective and have defined six pillars that act as a blueprint for our strategy and initiatives. In addition to the six pillars we have four high-level KPIs that we monitor on a monthly basis to ensure the effectiveness of our action plan.

Underpinned by our commitment to SDG 17: Partnerships for the Goal, our ESG Strategy fully embraces synergies between multi-stakeholder partnerships and knowledge sharing. As proud and active participants of the United Nations Global Compact (UNGC), Ms. Moira van der Westhuizen, our head of responsible business acts as Grit's representative on the board of the local network and helps in the advancement of the 10 principles of the UNGC and the 17 SDGs.

Our six sustainability pillars

1

Managing our assets responsibly

At Grit, we constantly find ways to drive efficiency and improve their business, through the close monitoring of our assets, and further developing and delivering innovative solutions that maximize utility for the tenant, returns for their shareholders and positive change and value for all our stakeholders.

Core SDGs

- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Ancillary SDGs

- 7 AFFORDABLE AND CLEAN ENERGY
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

2

Designing and delivering environmentally conscious and safe, healthy and efficient spaces

Grit provides spaces which are energy efficient, reduce water usage, promote prudent waste management, and consider the environment, while also reducing operating costs for the benefit of both our tenants and shareholders.

Core SDGs

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ancillary SDGs

- 13 CLIMATE ACTION

3

Uplifting communities

Grit provides support and resources to the communities in which we operate to ensure that our on-the-ground presence, and not just our assets, add value, and provide access and opportunities to the surrounding communities.

Core SDGs

- 8 DECENT WORK AND ECONOMIC GROWTH

Ancillary SDGs

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 14 LIFE BELOW WATER
- 15 LIFE ON LAND

4

Developing our employees

The Company realizes that it is important to build people, who in turn, build businesses, by creating opportunities for individuals and teams to grow, innovate, debate, problem solve and realise their full potential.

Core SDGs

- 4 QUALITY EDUCATION

Ancillary SDGs

- 5 GENDER EQUALITY

5

Setting the highest standards of health & safety

Grit creates and provides a safe and healthy work and living environment for their stakeholders by implementing the ISO45001 health and safety standards.

Core SDGs

- 3 GOOD HEALTH AND WELL-BEING

6

Protecting human rights

Human rights are basic rights that belong to everybody. They embody key values in their society such as fairness, dignity, equality and respect. They are an important means of protection for us all, especially those who may face potential abuse and neglect. At Grit, the protection of human rights and fundamental freedoms are managed from both an internal and external perspective.

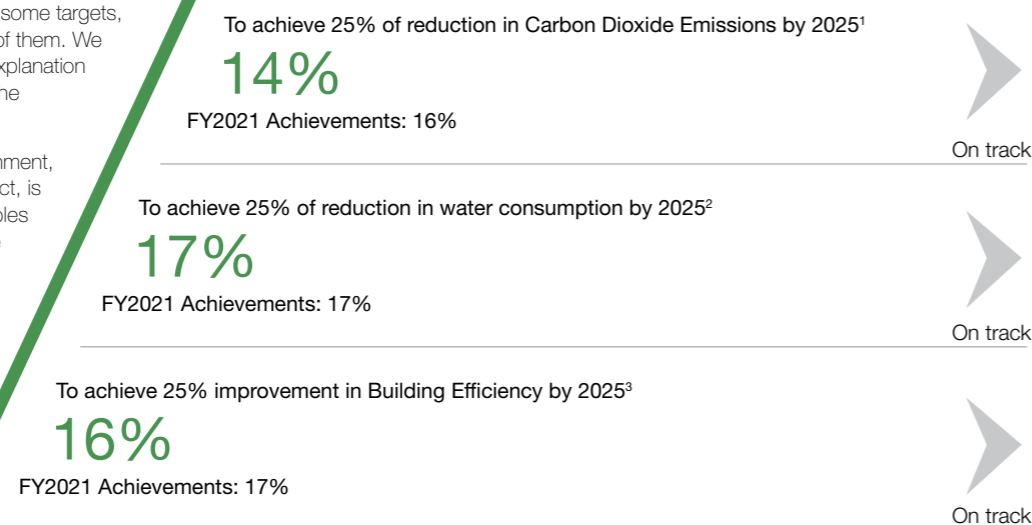
Core SDGs

- 10 REDUCED INEQUALITIES

SNAPSHOT OF OUR PERFORMANCE *Environmental*

Although, we note a downward trend for some targets, we are well within the limits set for most of them. We have analysed and provided a detailed explanation on these Key Performance Indicators in the upcoming sections.

Aligned to our commitment to the environment, our new head office building – the Precinct, is being built with best practice ESG principles embedded in its design. This is evidence of the ethos that is embraced across the Group and is part of our culture as a business. Refer to page 46 under investment strategy for more details about the Precinct.



1. Using FY2019 as a base year, including air travel and portfolio building carbon emissions.

2. Measured on a per square metre basis on Group portfolio, using 2019 as a baseline year.

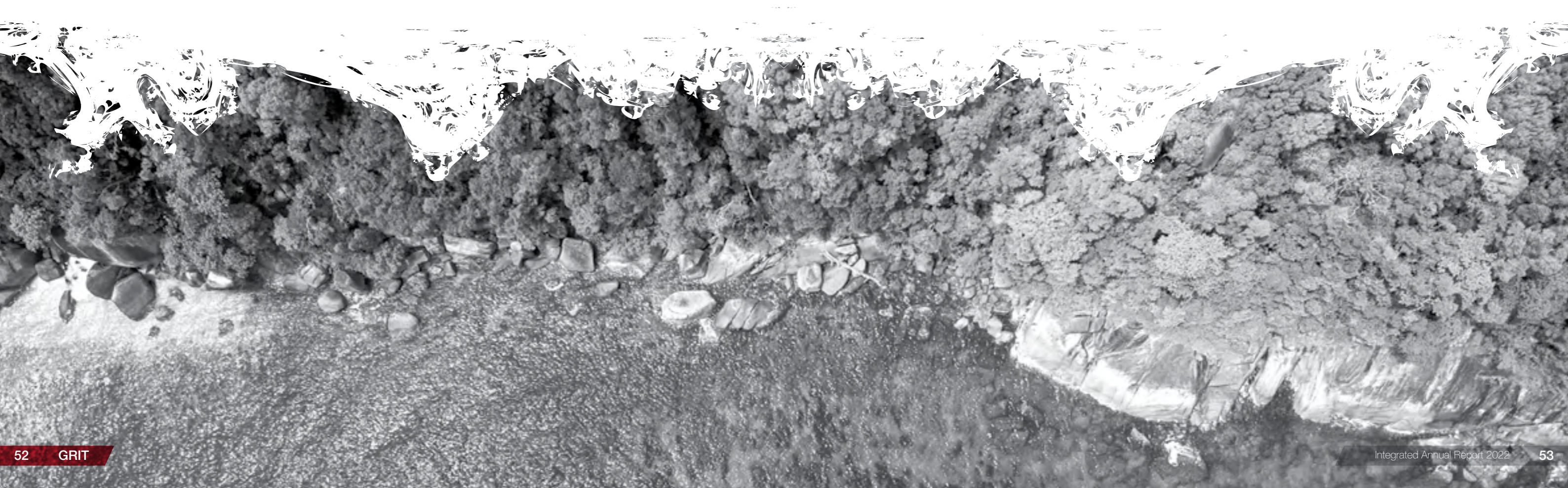
Note: Data provided for 1 and 2 includes the following properties (Ghana: 5th Avenue, Capital Place) (Kenya: Buffalo Mall) (Morocco: AnfaPlace Mall) (Mozambique: Acacia Estate, Holland Building, Vodacom Building, Commodity Phase 1, Commodity Phase 2, Vale Housing Estate, Mall de Tete, Zimpeto Square) (Zambia: Cosmopolitan Mall, Kafubu Mall, Mukuba Mall).

3. Building efficiency is derived from the average electricity consumption and water consumption and is an internal target that allows us to monitor overall effectiveness of our strategies implemented.

Although, we note a downward trend for some targets, we are well within the limits set for most of them. We have analysed and provided a detailed explanation on these Key Performance Indicators in the upcoming sections.

	Key Initiatives	Metrics
Energy	<ol style="list-style-type: none"> Monitoring of our consumption Awareness campaigns for our staff Energy efficient equipment 	FY2022: 79,453 kWh FY2021: 121,372 kWh
Air Travel	<ol style="list-style-type: none"> Favouring online conferences and meetings Remote working opportunities Strictly essential trips allowed 	FY2022: 86,121 kg CO₂e FY2021: 2,852 kg CO ₂ e* FY2020: 287,008 kg CO ₂ e FY2019: 268,171 kg CO ₂ e
Paper	<ol style="list-style-type: none"> Printer monitoring Digitalisation and automation of processes Monitoring of paper procurement 	FY2022: 453 kg of paper FY2021: 373 kg of paper
Others	<ol style="list-style-type: none"> Use of water filters Zero Plastic Initiative Collaterals sourced from local suppliers as far as possible 	N/A
Climate Change	Refer to our TCFD Report on pages 62 to 76	N/A

* Linked to lockdown due to Covid-19 pandemic.



SNAPSHOT OF OUR ENVIRONMENTAL PERFORMANCE (CONTINUED)

EPRA Sustainability Performance Measures



EPRA Code	Metrics	FY2019	FY2020	FY2021	FY2022	Like-For-Like performance (Lfl) FY2022 vs FY2021	Coverage	Trend	Additional Information	Reference FY2021/2022
Elect-Abs Total electricity consumption	annual kWh	43,488,582	39,532,632	36,564,977	34,570,109	(5%)	15 assets out of 24	Decreasing	Key Initiatives contributing to decreasing trend: <ol style="list-style-type: none"> Gradual replacement of traditional lights with LED Lights. Vacancy rate - Electricity in vacancy lots are switched off. Installation of lights motion sensors. Efficient management of Equipment (Sequencing, monitoring of 5. essential equipment during operational hours). Lower occupancy rate and lower visits (retail assets especially) due to Covid-19 pandemic. Assumptions: For months where historic data was not available, we extrapolated by using figures for the following year from the same month.	
		10,124,343	10,101,885	9,536,702	9,414,862	(1%)	6 assets - Office	Decreasing		
Elect-LfL Like for Like total electricity consumption	annual kWh	29,466,695	25,857,599	24,834,973	23,157,791	(7%)	7 assets - Retail	Decreasing		
		3,897,544	3,573,148	2,193,302	1,997,456	(9%)	2 assets - Residential	Decreasing		
DH&C-Abs Total district heating and cooling consumption	annual kWh	Not applicable - All our assets under monitoring consumes electricity from the grid of their respective countries with generators as backups for power outages.								
DH&C-LfL Like for Like district heating and cooling consumption	annual kWh	Not applicable - All our assets under monitoring consumes electricity from the grid of their respective countries with generators as backups for power outages.								
Fuel-Abs Total fuel consumption	annual Litres	Not available	Historic data not available for comparison	19,300	9,753	(49%)	3 assets - 5th Avenue, Capital Place, AnfaPlace Mall	Decreasing	Diesel is used to power on-site generators during power outages. AnfaPlace Mall diesel consumption to doublecheck.	
Fuel-LfL Like-for-Like total fuel consumption									Historic data are not available except for 5th Avenue Place and Capital Place. We are, however, currently in the process of implementing relevant processes for data collection and monitoring.	
Energy-Int Building energy intensity	kWh/m ² /year	216	196	182	172	(5%)	15 assets out of 24	Decreasing	No additional information	
		274	274	258	255	(1%)	6 assets - Office	Decreasing		
		245	215	206	192	(7%)	7 assets - Retail	Decreasing		
		89	81	50	45	(9%)	2 assets - Residential	Decreasing		
GHG-Dir-Abs Total direct greenhouse gas (GHG) emissions	Kg CO ₂ e	Historic data not available for comparisons.	Historic data not available for comparison	16,212	8,193	(49%)	3 assets - 5th Avenue, Capital Place, AnfaPlace Mall	Decreasing	Conversion factor used: 0.84 kg CO ₂ per L (https://ghgprotocol.org/sites/default/files/Emission_Factors_from_Cross_Sector_Tools_March_2017.xlsx). We are currently in the process of conducting our full carbon footprint accounting, during which we will be able to disclose our full scope 1 emissions across the relevant assets for FY2023.	
GHG-Indir-Abs Total indirect greenhouse gas (GHG) emissions	kg CO ₂ e	40,444,381	36,765,348	34,005,429	32,150,201	(5%)	15 assets out of 24	Decreasing	Conversion factor used: 0.93 kg CO ₂ e per kWh of electricity generated as indicated in the ESKOM 2019 sustainability report. We are currently in the process of conducting our full carbon footprint accounting, during which we will be able to disclose our full scope 1 emissions across the relevant assets for FY2023.	
		9,415,639	9,394,753	8,869,133	8,755,822	(1%)	6 assets - Office	Decreasing		
		27,404,026	24,047,567	23,096,525	21,536,746	(7%)	7 assets - Retail	Decreasing		
		3,624,716	3,323,028	2,039,771	1,857,634	(9%)	2 assets - Residential	Decreasing		
GHG-Int Greenhouse gas (GHG) emissions intensity from building energy consumption	kg CO ₂ e/m ² /year	201	183	169	160	(5%)	15 assets out of 24	Decreasing		
		255	254	240	237	(1%)	6 assets - Office	Decreasing		
		227	200	192	179	(7%)	7 assets - Retail	Decreasing		
		82	76	46	42	(9%)	2 assets - Residential	Decreasing		

SNAPSHOT OF OUR ENVIRONMENTAL PERFORMANCE (CONTINUED)

EPRA Code	Metrics	FY2019	FY2020	FY2021	FY2022	Like-For-Like performance (LfL) FY2022 vs FY2021	Coverage	Trend	Additional Information	Reference FY2021/2022
Water-Abs Total water consumption	KL	214,514	185,945	178,465	164,061	(8%)	13 assets out of 24		Key Initiatives contributing to decreasing trend: <ol style="list-style-type: none"> 1. Irrigation is planned twice daily (early morning and late afternoon) to reduce water loss through evaporation. 2. Installation of low flow nozzles. 3. Installation of sensor taps. 4. Lower occupancy rate and lower visits (retail assets especially) due to Covid-19 pandemic. 	
		34,243	34,003	38,784	44,827	16%	6 assets - Office			
Water-LfL Like-for-like total water consumption	KL	156,803	131,430	126,025	109,388	(13%)	7 assets - Retail			
		23,468	20,512	13,656	9,846	(28%)	2 assets - Residential			
Water-Int Building water intensity	KL/m ² /Year	1.261	1.093	1.049	0.964	(8%)	13 assets out of 24			
		0.927	0.921	1.050	1.214	16%	6 assets - Office			
		1.366	1.145	1.098	0.953	(13%)	7 assets - Retail			
		1.275	1.115	0.742	0.535	(28%)	2 assets - Residential			
Waste-Abs Total weight of waste by disposal route	Kg	Not available	Available for only 2 assets	Available for only 2 assets	738,743	Not applicable	3 assets - 5th Avenue, Capital Place, AnfaPlace Mall	Not applicable	Historic data is not available for waste. Currently, we are only monitoring for 3 assets. We are looking into waste management strategies across all our assets. All waste collected are sent to all.	
Waste-LfL Like-for-like total weight of waste by disposal route	Kg	Historic data not available for comparisons.								
Cert-Tot Type and number of sustainably certified assets	Total number by certification/rating/labelling scheme	Not applicable			2	Not applicable	Not applicable	Not applicable	Orbit Complex and Precinct building.	

SNAPSHOT OF OUR *Social* PERFORMANCE

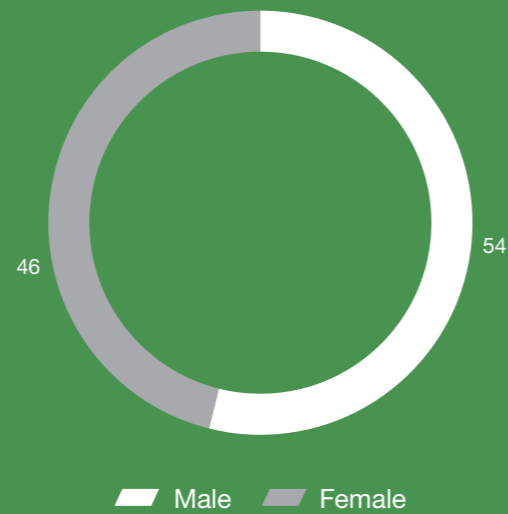
Evolution of our workforce

Number of *Employees* **123**
FY2021: 84

15 Nationalities
represented in FY2022

19.5%
Rate of Internal Promotions for FY2022

Gender Diversity (%)



Key Initiatives

Metrics

Employee Satisfaction and well being

1. Go-Getters Recognition program" – immediate acknowledgement of employee going beyond their work scope.
2. Monthly Group Newsletter "The talker".
3. Monthly "LetsTalk" sessions with C-Suite members.
4. Monthly Happy Hour.
5. Staff Newsflash – instant communication through WhatsApp and emails.

Engagement Survey
FY2022
Participation rate: 82%
Engagement Score: 74%
FY2021
Participation rate: 87%
Engagement Score: 78%

Recruitment and Onboarding

1. Collaboration with Korn Ferry to improve recruitment process through integration of aptitude assessments.
2. Buddy-Up System to help integration of new recruits.

N/A

Health and Safety

Comprehensive Occupational Health and Safety management system based on ISO 45001 has been developed across the group level and our portfolio of properties.

N/A

Gender Equality

To achieve >40% women in leadership positions¹
41%
FY2021: 45%
On track

Staff Turnover

To achieve <10% staff turnover per annum
19%
FY2021: 9.5%
Below target

Local Representation

To achieve >65% local employees
77%
FY2021: 81%
Below target

Employee Engagement

To achieve >75% Satisfaction score
74%
FY2021: 78%
On track

¹ Women occupying managerial positions and above (inclusive of board)



SNAPSHOT OF OUR SOCIAL PERFORMANCE (CONTINUED)

EPRA Sustainability Performance Measures



EPRA CODE	Metrics	FY2021		FY2022		Trend	Employee Categories	Additional Information	Reference FY2021/2022
		Male	Women	Male	Women				
Diversity-Emp Employee gender diversity	Percentage	67%	33%	67%	33%	No change	Board		
		52%	48%	54%	46%	Decreasing	Total Employees		
		58%	42%	59%	41%	Decreasing	Leadership positions	No double counting of employees who are both in board and in managerial roles.	
Diversity-Pay Gender pay ratio	An in-depth study will be carried out with an external third party to analyse gender pay gap at each level within the different employee categories.								
Emp-Training Training and development	Average number of hours	Not available		8,58	9,71	Not applicable	All employees	Average training hours per employee: 9.10 Key initiatives launched: 1. Udeemy for business as pilot project. 2. Collaboration with international training institution to provide CPD for our qualified professionals.	
Emp-Dev Employee performance appraisals	Percentage of total workforce	Not available		100% of employees, irrespective of gender, undergo annual performance appraisals.					
Emp-Turnover Employee turnover and retention	Total number of new employee hires	3	2	14	14	Not applicable	Not applicable	Key Initiatives Launched (Work Life Harmony Programme): 1. Easy Friday 2. Work from Home 3. Company Doctor for Employees	
	Rate of new employee hires	60%	40%	50%	50%	Not applicable	Not applicable		
	Rate of employee turnover	10%		19,0%		Decreasing	Not applicable		
		FY2021		FY2022		Trend (if applicable)		Additional Information	
H&S-Emp Employee health and safety	Injury rate, lost day rate, absentee rate and work-related fatalities	Not monitored		0 days		N/A			
H&S-Asset Asset health and safety assessments	Percentage of assets	Not monitored		8		N/A		All assets fully owned and under operational control in the following regions: Mozambique & Ghana - Zambia and Kenya planned for September and October 2022.	
H&S-Comp Asset health and safety compliance	Number of incidents	Not monitored		No incidents noted		N/A			
Comty-Eng Community engagement, impact assessments and development programmes	N/A	N/A		Incorporation of Grit Foundation in 2022		N/A		Development of in-house methodology for scoring of community projects based on the SDGs. Methodology is applied to all projects financed.	

Giving BACK TO OUR COMMUNITIES

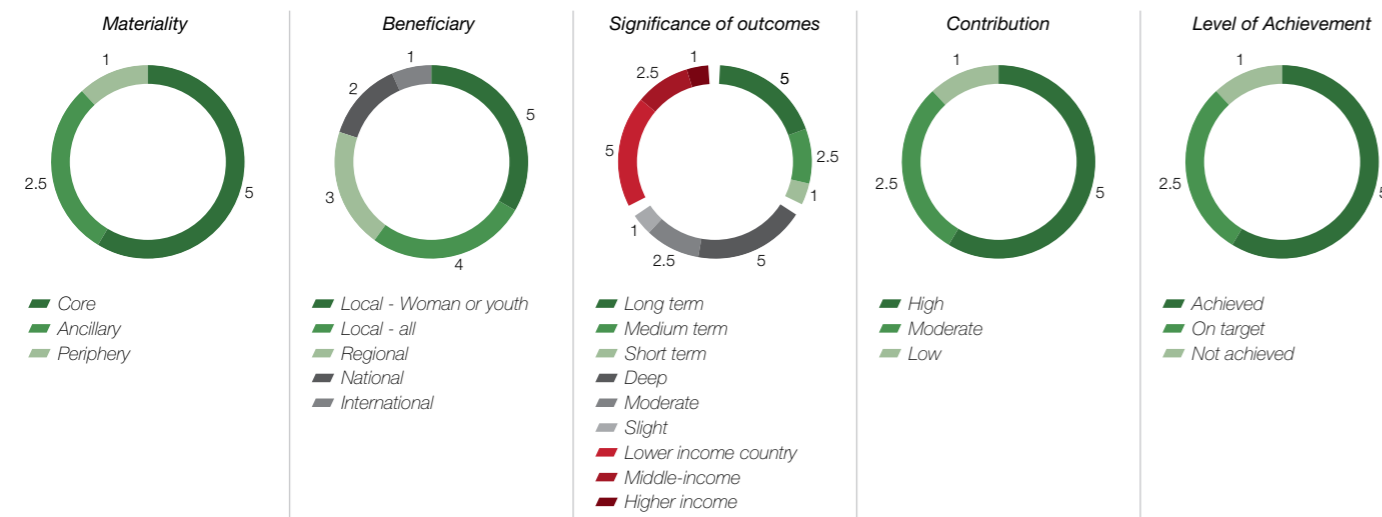
Grit, as a responsible company, supports and provides resources to the communities in which we operate to manage our impacts from our on-site presence, add value and provide access and opportunities to locals.

We have incorporated The Grit Foundation in 2022 as part of our strategy to centralise our CSR and community initiatives. A key part of our approach is also to finance impactful and meaningful projects that bring value to the community.

Impact Assessment

Through our in-house methodology developed in collaboration with an international expert, we ensure that all our projects are scored in such a way that we are able to quantify their impacts in relations to the SDGs. This impact calculator is based on a scoring system that looks at the materiality of the project, the beneficiaries and the significance of outcomes as well as the contribution and the level of achievement.

Core	Materiality	Beneficiary	Significance of outcomes	Contribution	Level of Achievement	Impact
5 Gender Equality: Supporting an all girls rugby team in Mauritius.	5	5	15	5	5	150
15 Life on Land: Assisting with ensuring that the animal population in Mauritius are sterilized and taken care off.	5	4	15	5	5	145
8 Decent Work and Economic Growth: Through the project, been able to support Brain Furcy with enhancing his career in sport.	5	5	15	5	5	150
11 Sustainable Cities and Communities: Assisting the SOS Children's village with maintenance of the bore hole and providing security at the river front .	5	5	15	5	5	150
8 Decent Work and Economic Growth: Sponsored the jersey's for 2021 Colin Mayer Tour biking event. This biking event is a 120km mountain bike race in Mauritius over 3 days.	5	4	12,5	5	2,5	120
4 Quality Education: Provision of laptops for underprivileged children in Mauritius for homeschooling.	5	5	15	5	5	150
13 Climate Action: As part of the Precinct Development and the new GRIT Head Office, the table and chairs have been purchased from Hope House which is made from recycled wood.	5	5	15	5	5	150



Impact = M*(B+(Significance)+C+LA)

Community Engagement Initiatives

Over US\$70,000 invested in CSR and community projects

At Grit, we continuously striving to find ways that allow us to add value to those around us. Key initiatives for the financial year 2022 include:



All Life Matters

All Life Matters Animal Sanctuary is a Mauritian animal welfare NGO that was founded by Moira van der Westhuizen – Grits Head of Responsible Business.

All Life Matters runs a veterinary clinic focussing on sterilisation of dogs and cats as the solution to managing the overpopulation of these animals in Mauritius, together with educating people on being responsible pet owners. All Life Matters also runs an animal sanctuary that provides a home to many types of rescued animals such as retired race horses, pigs, monkeys, cows and many more. In order to carry out its work, All Life Matters provides permanent employment to over fourteen local people.

Grit is a proud sponsor and supporter of All Life Matters, which is making a big impact to the communities of Mauritius.



Mauritius Women's Rugby Team

We provided our support to the Mauritian Barbarian, a female Rugby team from Mauritius, that was selected to play at the Emirates Dubai Sevens in December 2021.

The objective of the support for the team is to promote diversity, breaking down stereotypes of women, to anchor and showcase the place of women within Mauritian sport and to proudly represent Mauritius internationally.

The team have again been invited to play in the Dubai 7's in December 2022 and Grit have continued their support to the team.



SOS Children's village in Tete

Grit has taken the responsibility of maintaining the shared borehole plant between the SOS Children's village and Mall de Tete, including the provision of security.

GIVING BACK TO OUR COMMUNITIES (CONTINUED)



Investment
US\$25,500

Sponsorship of a vehicle to Brian Furcy, GREA's Ambassador

We acknowledge that for professional sports people like Brian Furcy, the inability to travel and represent their countries in sporting events across the world has resulted in severe financial consequences. We have proudly sponsored our local surfing protégé, with new wheels to enable him to get to the best breaks on the island, which is an integral part of his training before returning to international competition. Brian comes from a challenging socio-economic background but has credited Surfing as being the one thing keeping him on the right path.



Investment
US\$7,300

Hope House

The Precinct, our state-of-the-art head-office, that has been awarded 5-star office green star certified rating by the Green Building Council, currently under construction will change the way we work, engage, live and play in Mauritius by putting emphasis on sustainability, employee wellness and the best in amenities. As part of its development, we have purchased table and chairs, made from recycled wood, from the NGO, Hope House, which is aimed at uplifting and empowering individuals and communities.



Investment
US\$7,300

Sponsorship of Colin Mayer Tour Biking event

We are also the proud sponsor of the jersey for the 2021 Colin Mayer Tour biking event, a 120 km mountain bike race in Mauritius spanning over 3 days.



Investment
US\$4,000

Provision of laptops for underprivileged children in Mauritius for home schooling

GREA, together with Grit, decided to provide under privileged children in Mauritius with laptops for home schooling during Covid-19. During the pandemic, home schooling became a priority to keep children safe. Some families however did not have the means to buy laptops and continue with their children's education. The value of the donation was US\$4,000 which enabled 50 children at the Baichoo Madhoo Government School in Quatre Bornes, Mauritius to receive a laptop each.

Governance

Our governance is well detailed in our IAR, under our Corporate Governance section from pages 77 to 135.

ESG Governance Structure	Page: 51
Responsible Business Committee	Page: 114
Code of ethics and Business Conduct	Page: 92
Cybersecurity/Data Security	Page: 112
Whistle Blowing Policy	Page: 96

1. Refer to Annex 1 of the Sustainability Report – FY2022 on our website, for EPRA Sustainability Indicators.
2. Refer to Annex 2 of the Sustainability Report – FY2022 on our website, for details on our Commitment to United Nations Global Compact.

EPRA Sustainability Performance Measures



EPRA CODE	Type of disclosure	Metrics	Reference FY2020-2021*	Reference FY2021/2022
Gov-Board Composition of the highest governance body	Corporate-level performance measure	Total numbers	Pages 80 to 83	IAR 2022
Gov-Select Nominating and selecting the highest governance body	Corporate-level performance measure	Narrative Description	Page 101 to 105	IAR 2022
Gov-Col Process for managing conflicts of interest	Corporate-level performance measure	Narrative Description	Page 99	IAR 2022

* 2021 Integrated Annual Report available online at: <https://grit.group/wp-content/uploads/2021/11/2021-integrated-annual-report-2.pdf>.

Task FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Transparency is a core business ethic which we believe in, and this extends to how we as a business, operate in consideration of the environment and the impact our operations have on climate change. At Grit, we support the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and are committed to managing and reporting climate-related risks and opportunities across our operations, in a manner that ensure stakeholders understand our strategy in response to such risks and opportunities and what actions we are taking. While this reporting period is the first in which Grit is required to comply with the recommendations of the TCFD in its IAR, we are confident that the disclosures reported in this IAR are consistent (in full or partial) with the TCFD recommendations and as per the UK Listing Rules requirements. Given that the Company is at the beginners' level in terms of disclosures around climate-related risks and opportunities, we are currently assessing a strategy and action plan to improve our level of disclosures especially around the targets and metrics, that would ensure we report consistently on our climate risks and opportunities within the next three years as shown on the maturity map and disclosures implementation table in pages 69 to 70 of this report.

While the identified action points mentioned above would be monitored closely during the subsequent years, we are able to disclose our climate-related risks and opportunities and the governance and strategy thereabout, as per the recommendations of the task force.

Our progress towards these recommendations is outlined below:

Governance

Describe the board's oversight of climate-related risks and opportunities

The Board of Grit has overall responsibility for setting-up a sustainable strategy around the Group's response to the risks and opportunities related to climate-change (refer to pages 75 – 76 of this report). The Responsible Business Committee ("RBC") has been delegated to drive the Company's ESG agenda including its climate-related matters. The RBC has overall responsibility for the direction which the Group will take, through its Sustainability Policy and the Group's ESG strategy, which includes climate-related aspects. As part of the Audit Committee's duties in respect of adherence to best practice reporting standards, the Committee ensures the Group discloses its emissions as per the recommendations of the TCFD. As part of its risk management framework (refer to page 22 of the IAR) the Risk Committee ensures the Group reports its climate-related risks and opportunities following the disclosure recommendations of the TCFD. In assisting the Board to discharge such responsibilities, authority has been delegated to the ESG Executive Committee (ESG Exco) to monitor adherence to the Sustainability Policy and execution of Board ESG strategies. The ESG Exco is tasked to oversee and guide Grit's approach to climate-related risks and opportunities as well as oversee the ongoing development of overall ESG strategy from the Group, ensuring that there is Board level discussion and input.

As at reporting date, the RBC is comprised of four Non-executive Directors, three of which are independent (David Love - Chair, Catherine McLraith and Sam Jonah) and one Non-independent (Nomzamo Radebe). The committee meets at least three times a year as per its charter, to discuss ESG matters based on an agreed agenda and reports received from the ESG Exco and its sub-committees – Sustainability and EcoGrit Committees, and other operational committees if necessary. The outcomes from these committees are fed through to the Board where they are used to make informed decisions and planning. Refer to pages 99 to 100 of this report for Board and Committees skills and experiences in dealing with climate-related issues.

Day-to-day oversight of climate-related issues is undertaken by Grit's ESG Exco, which is chaired by Moira van de Westhuizen (Head of Responsible Business). This operational committee meets monthly and comprises key department members – Andries Smit (MD – Grit Asset Management Services), Rui Moca (Head of Facilities Management), Anouchka Chumun (Group Compliance Manager), Aurelie Mallac (Head of Human Capital) and Ojong Nso (Head of Integration). The various heads of departments disseminate the outcome/action items from the committee meetings to their respective teams and processes and then report on progress. This, in turn is communicated back to the Group's Executive Committee (C-Suite) and Responsible Business Committee. A performance and data dashboard (inclusive of climate-related targets/metrics) is produced for discussion during these Committee meetings.

Describe management's role in assessing and managing climate-related risks and opportunities.

Moira van de Westhuizen, Head of Responsible Business, is the chairman of the ESG Executive Committee and is equally a permanent invitee to the Board of Grit. Two of our high-level targets associated to the Group's major pillars - carbon emission and energy management through building efficiency, are directly linked to climate change, and form a distinct part of our sustainability agenda, and so are included within Moira's accountability.

Moira then updates the RBC on the Company's outlook and activities on climate-related risks and opportunities. Both the Responsible Business Committee and ESG Exco review company performance, in terms of climate-related activities, which include our carbon targets and energy efficiency linked to climate change. A performance and data dashboard (inclusive of climate-related targets/metrics) is produced and discussed during these committee meetings.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

For the purpose of climate-related risks and opportunities, we consider short, medium and long-term time horizons to be 0–5, 5–15 and 15+ years respectively, considering the fact that climate-related issues are often linked to the medium to long-term, and the Group's investment properties each have a service life of several decades.

Short-term— the level at which legislations across the Group's investment jurisdictions have shifted over the recent years cannot be overemphasized. Local governments across our investment regions all have climate change committees that report to the Ministry of Environment (or other), with as primary objective, to ensure enhanced socio-economic development of the nation through the development of sound policies and a regulatory framework that promotes the use of appropriate environmentally friendly and technological practices and techniques. More recently, most governments have a "net-zero" demand to transform conservation finance in Africa, and this has been a key point of discussion at COP26 – UN Climate Change Conference.

There is a major opportunity with sustainability-linked loans as we have experienced impact financing from key investors and financiers, seeking to allocate capital to investments with a positive social and environmental impact.

Medium-term—issues are a direct consequence of what the Company sees in the short term i.e. we must continually invest in and develop our new and existing properties to match higher standards and levels of efficiency to ensure we continue to attract and retain blue chip multinational tenants, as well as benefit from diverse funding opportunities. Likewise, our tenant-needs are expected to change over the coming years, as climate change becomes more and more a defining issue and point of discussion across industries. We intend to capitalize on this opportunity, as we expect our occupiers to request more efficient and sustainable buildings, which would promote high levels of health and wellbeing as well as permit the tenants meet their decarbonization targets.

Long-term—the Group will have to continue to invest in its existing portfolio and its pipeline to ensure the assets are climate-resilient and fit-for-purpose for decades to come, without negatively affecting the environment. The methodology used to identify and assess the risks which are material to Grit's business are set out in the risk management section of this IAR.

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

As a pan-African real estate company focused on investing in and actively managing a diversified portfolio of assets in carefully selected African countries, Grit is with no doubt exposed to climate-related issues that affect the way the company invests in new transactions and manage existing assets, as well as the type of service providers we use to accompany us in carrying-out these activities. To this effect, the Group takes a proactive approach to managing these issues. Our Sustainability Strategy drives our corporate approach and is supported by our Framework and policy documents for our asset management activities. These documents can be found at <https://grit.group/governance/>. They set out how we manage climate-related risks within our property management activities through our six major pillars and the KPI's so that these risks do not adversely affect our activities. For instance, in the Sustainability Policy, key performance measures are set out which require the constant provision and upholding of environmentally conscious and efficient working/living spaces, monitored through building-efficiency and Group carbon footprint.

In consideration of the impact of climate change on not only Grit's business, but also on the interests and affairs of our stakeholders, the Group has embarked on a journey to establish its carbon footprint, subsequent to which our net zero pathway would be defined by end of June 2023, and this would be aligned to best practice standards. Refer to page 68 of this report for more details on the identified roadmap to a net zero pathway.

Our objective is for the pathway to extend across all business units and Group divisions, to ensure we are effectively reducing our carbon footprint and exposure to risk. Some examples include:

Managing Assets – our Sustainability Policy spells-out how we intend to develop and deliver innovative solutions that optimize utility for tenants, through ideal cost-effective techniques, which are energy-efficient, reduce water usage, promote prudent waste management, and consider the environment for a sustainable business model for all stakeholders.

Financial planning (capital expenditure & allocation) – our ongoing ESG activities are priced and incorporated in the annual budget of the Group, once approved by the responsible committee(s). Several data capturing and reporting tools are being considered and cost-benefit-analysis are run to establish the ideal tool to be considered and factored-in the capital resource allocation of the business in the short-run.

Acquisitions – Grit's business model is based on acquiring existing yield-accretive buildings and managing them in consideration of the Group's property management processes and approved Sustainability framework with its applicable policy. In the near future, we are looking to incorporate climate-related risks' mitigating actions in our due diligence (DD) process for acquisitions, based on the technical DD findings for prospective investments. The carbon appraisals from such findings would reflect the actual carbon cost of the potential acquisition and give an indication of how we can transition onto a Net Zero Carbon Pathway. As a stepping-stone for this plan, we are already implementing IFC standards around E&S as a reporting requirement from a transaction we did with the financier in Kenya, in 2021.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (CONTINUED)

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Grit's properties are exposed to climate-related risks such as increasing temperatures, cyclones, and floods, which could lead to increased physical strains on our buildings and the occupants, thereby increasing our cost base significantly – both capital and operating expenses such as repairs and maintenance and utility costs. Our business strategy is centred around acquiring yield-accretive income-earning properties in carefully selected countries within the African continent, that meet our investment criteria. We adopt a meticulous technical due diligence exercise as part of our investment/acquisition process, thereby ensuring our business strategy demonstrates a high degree of resilience as we strive to uphold a high standard in our environmental responsibility.

In managing our existing portfolio, we focus on ways and means of achieving energy efficiency and carbon reduction, thereby ensuring we meet our major sustainability pillar of designing and delivering environmentally conscious and efficient spaces. In a bid to achieve the foregoing, the Group's strategy is built around the notion of continual enhancement which ensures a high degree of both climate and financial resilience. Based on the resilience of Grit's investment strategy as demonstrated above, the Company does not envisage having to make any changes to its strategic approach when considering climate-related scenarios.

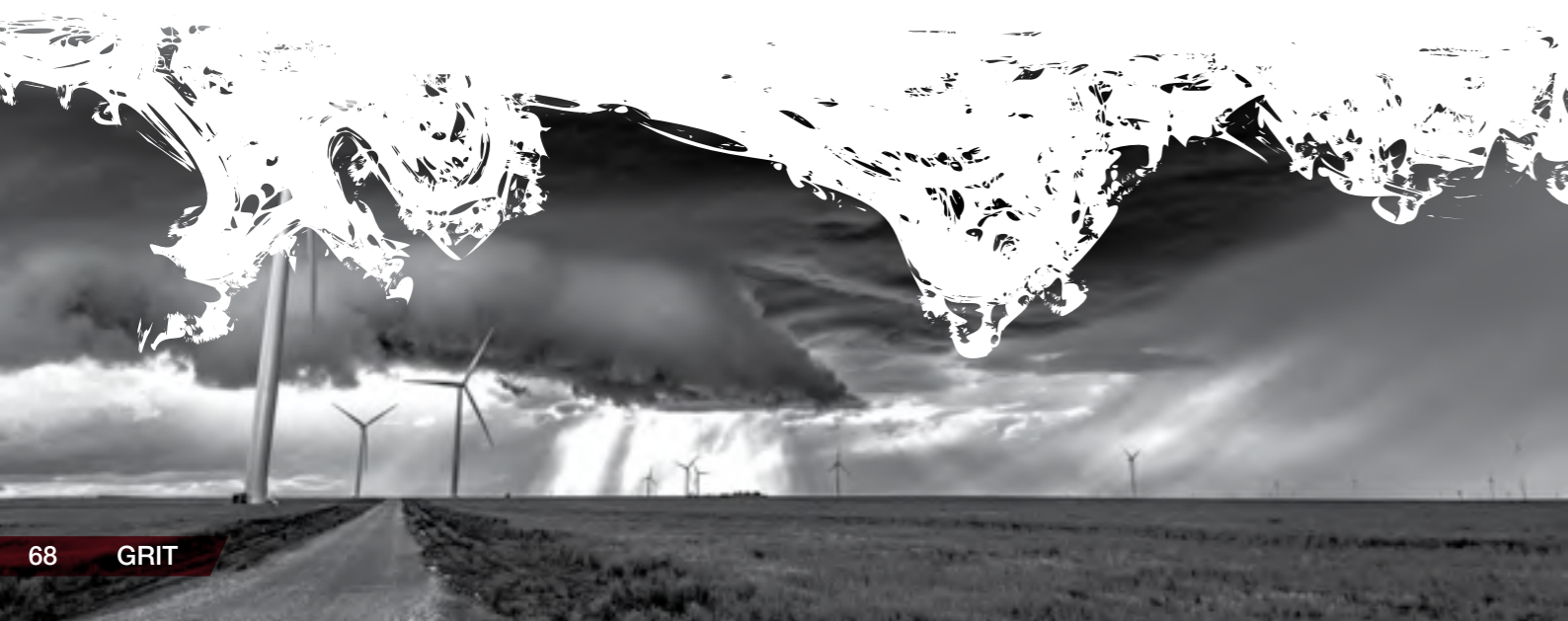
As stated above, we recognise that climate change does have an impact on our business and part of our strategic headway is to become a net zero carbon business in the long-term. To this effect, the Company will need to clearly address the transitional and physical risks and opportunities which apply to our business.

While we are still in the process of setting-up our pathway to net zero with a target date for June 2023 as indicated further above in this section of the report, we have been implementing energy reduction and other environmentally sustainable initiatives which are aligned with our ESG strategy (refer to page 51 of this report) and we believe would be a steppingstone towards our net zero pathway:

Environmentally sustainable initiatives	Related sustainability pillars - metrics	Climate-related risk which metrics and targets respond to	Page(s) in which metrics are reported
<ul style="list-style-type: none"> Increasing energy reduction and efficiency in our assets. 	Managing our assets responsibly	<ul style="list-style-type: none"> Emerging legislation Change in occupier demand 	Page 51
<ul style="list-style-type: none"> Increasing renewable energy procurement e.g. sustainable clean energy procurement such as solar energy given the regions in which we invest, with as opportunity, reduction in energy cost as well as our carbon footprint. 	Designing and delivering environmentally conscious and safe, healthy, and efficient spaces.	<ul style="list-style-type: none"> Emerging legislation Change in occupier demand 	Page 51
<ul style="list-style-type: none"> Reducing the embodied carbon associated with our redevelopment schemes. 	Designing and delivering environmentally conscious and safe, healthy, and efficient spaces.	<ul style="list-style-type: none"> Emerging legislation Change in occupier demand Significant Changes in Weather 	Page 51

For those carbon emissions we cannot eliminate on our assets directly, we will offset using substantiated initiatives, which remove carbon from the atmosphere. This would be performed across the jurisdictions in which Grit invests.

As set out in the metrics and targets section below, our science-based carbon targets are set against recognised 2°C transition scenarios, namely the IEA ETP 2DS. This allows us to calculate the shape of the reduction trajectory needed to achieve our emission targets between now and 2050.



How we have embedded TCFD recommendations in our reporting

Pillar/description	Recommendation	Where recommendations are disclosed	Actions plan for full disclosure with timeline
Governance Disclose the organisation's governance around climate-related risks and opportunities.	Describe the Board's oversight of climate-related risks and opportunities.	Governance Framework Page 88 Board Skills and Experience Page 100	<ul style="list-style-type: none"> Increase board knowledge on climate-related risks and opportunities such as compulsory trainings. Standard Board agendas should be revised to integrate climate-related risks and opportunities. <p>Short term: 1 year</p>
	Describe management's role in assessing and managing climate-related risks and opportunities.	Governance Section: Management's Role in Assessing Climate Risks Page 111 Governance Framework Page 88	Fully consistent with recommendation to describe management's role in assessing and managing climate-related risks and opportunities. <p>Ongoing</p>
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Strategy Section: Risks and opportunities Page 67	Management and Board to identify climate-related risks and opportunities over the short, medium, and long term. <p>Short term: 1 year</p>
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Strategy Section: Impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning Page 67	Management to perform full assessment of the impact of identified climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. <p>Medium term: 2 years</p>
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Strategy Section: Resilience of the organisation's strategy Page 68	Consultants to perform full assessment of the potential impact of different scenarios, including a 2°C and a 1.5°C scenario, on the organization's businesses, strategy, and financial planning. <p>Short term: 1 year</p>
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks.	Risk Management Pages 71 to 74 Risk Management Section: Processes for identifying, assessing, and managing climate-related risks Pages 71 to 74	
	Describe the organisation's processes for managing climate-related risks.	Risk Management Pages 71 to 74 Risk Management Section: Processes for identifying, assessing, and managing climate-related risks Pages 71 to 74	Management to enhance and integrate processes for identifying, assessing, and managing climate-related risks into the organization's overall risk management framework. <p>Medium term: 2 years</p>
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Risk Management Pages 71 to 74 Risk Management Section: Processes for identifying, assessing, and managing climate-related risks Pages 71 to 74	

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (CONTINUED)

Pillar/description	Recommendation	Where recommendations are disclosed	Actions plan for full disclosure with timeline
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	ESG Highlights Page 75 Metrics and Targets: Disclose the metrics used by the organization to assess climate related-risks and opportunities Page 75 Sustainability report* Pages 8 to 9	Management to review the organization's quantified targets to reduce GHG emissions in relative or absolute terms (Scopes 1, 2 and/ or 3) and performance against these.
	Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	Sustainability report (scope 1) Page 12 Sustainability report (scope 2) Pages 12 to 13 Sustainability report (scope 3) Pages 13 to 14	Medium term: 2 years
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	ESG Highlights Page 75 Metrics & Targets: Metrics used by the organization Page 75	Management to review the targets used to manage climate-related risks and opportunities, including use of science-based targets, and performance against these targets. Medium term: 2 years

* Refer to Sustainability Report on our website: <https://grit.group/governance/>

Risk Management

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

The Risk Committee ("the Committee") is tasked by the Board with the responsibility to oversee the risk management process of the Group. This responsibility is delegated to the Executive and the Sustainability Committees. The Risk Committee together with the Executive Committee have identified, defined, and documented the various risks that are likely to affect the business, and a risk assessment model in the form of a register has been built with risks assigned to the different Heads of Departments, based on the nature of the risk. Climate-related risks have been identified in consideration of the overall strategy of the organization, as well as the community in which we operate. Two key targets have been set by the management and the Board – Carbon Emissions and Building Efficiency (refer to page 7 of this report) which if achieved, would indicate the Group is mitigating its climate risk exposure.

Each quarter, the Heads of Departments and/or their designated risk champions, perform an in-depth assessment of their respective risks (which include sustainability/climate-related risks) with the Group's Head of Integration, and establish the severity of each risk as well as update controls/actions. Climate-related risks are assessed through the measurement of the key targets set by management as reported in pages 11 to 14 of the sustainability report. Data is collected monthly on the portfolio and reported to senior management for processing and performance measurement. Subsequently, a working session is organized wherein the principal risks (those with medium – high degrees of severity) are discussed between the various risk owners and the members of the Risk Committee. The risks are then assessed by the Committee to understand their severity, likelihood of occurrence and the ideal controls and/or mitigation required, to improve on the performance of the key targets. This method ensures every outcome of the mitigation procedure applied is appropriately considered. To conclude our climate-related risk management process, a summarized report of the assessment of the Company's principal risks including resilience to climate change is presented to the Board by the Chairman of the Risk Committee for consideration and approval. This risk report outlines the evolution of all principal risks from either the previous year-end or half-year results (whichever is the latest).

Management of climate-related risks and opportunities rest with the Responsible Business Committee, which has delegated responsibility to the Sustainability Committee to monitor, flag and assess all climate-related risks - regulatory (policy and legal) risk, reputational risk, and physical environmental (acute) risk. We have engaged an ESG consultant to support us with a comprehensive analysis of climate-related risks that affect Grit, set across different climate scenarios – namely both a 2°C scenario for transition risks and a 2°C and 4°C scenario for physical risks. Set out below is a summary of findings from a desktop exercise performed on both 2°C and 4°C and management's response on each risk and opportunity:



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (CONTINUED)

2°C scenario – aligned with [RCP 4.5]

Risks & opportunities

Risk Heading/Description	Emerging Legislation	Change in Occupier Demands	Significant Changes in Weather
	Decreased revenues due to penalties for non-compliance with government legislation on minimum energy efficiency standards. Time horizon ¹ : Medium Likelihood: Likely Magnitude ² : Moderate	Decreased revenues, due to increasing occupier demands for energy efficient buildings. Time Horizon: Medium Likelihood: Likely Magnitude: High	Increased impact of extreme weather changes such as heat extremes, drought, cyclones, floods, and aridity. Time Horizon: Medium Likelihood: About as likely as not Magnitude: Low
Category	Transition – policy & legal	Transition - market	Physical
Financial Impact	c. US\$6m per annum NOI	c. US\$32m per annum NOI	c. US\$4.5m per annum NOI
Management Response	Grit invests in properties across several sectors and jurisdictions and as part of our risk management, we keep track of changes in legislation around energy efficiency standards on properties. The light industrial sector of our portfolio is the most prone sector that would be affected by such legislation, when it comes into effect in any of our operating jurisdiction, and if Grit is not compliant, this could cause an impact on annual revenue of circa US\$6m. We do not foresee any change in legislation within the next twelve months, however, we have begun engaging our stakeholders, to devise new technology for efficient energy across all our sectors and the industrial sector in particular.	Even though it's not currently an issue to our portfolio, we foresee a high demand for energy efficient accommodations in future, which would have a significant impact on the Group's operations and revenue, through non-renewals or limited new deals. We have identified a few initiatives such as LED lighting and clean/sustainable energy to be implemented on our properties within the next two years. Furthermore, our asset managers are in discussions with key tenants, on what other initiatives they would consider relevant for their net zero emission requirements. Such discussions are held for single-tenanted buildings.	Grit operates across eight jurisdictions in Africa, exposed to extreme weather conditions that could impact our operations and those of our tenants. For the year under review, we have researched through Climate Analytics reports on the African continent and have identified several physical risks that could have an impact on the Company, under two scenarios: IPCC RCP 4.5 (2°C) and RCP 8.5 (4°C) (refer to table below for details of the analysis). We are working with ESG consultants to perform more in-depth scenario analysis that would be aligned to relevant standards. In alignment with our net zero pathway, these scenario analyses would be reported in our IAR for the financial year ending 30 June 2023.
Cost of Response	US\$0 per annum cost	US\$0.5m – US\$1m per annum cost	US\$0.1m – US\$0.5m

1. For the purpose of climate-related risks and opportunities, we consider short, medium and long-term time horizons to be 0-5, 5-15 and 15+ years respectively.
2. Our risk assessment criteria for the magnitude impact of a risk are based on net operating profit (NOI): >20% NOI – high; 10-20% NOI – medium to high; 5-10% NOI – moderate; 0-5% NOI – low Impact Score.

Climate Risk	0.8°C Warming (Currently Observed) (2020s)	2°C Warming (2040s)	4°C Warming (2080s)
Heat Extremes (Unusual heat extremes/unprecedented heat extremes)	Absent	About 45% of land impact in southern Africa, in summer months. (Including Zambia, Mozambique, and Botswana).	>80% of land impact in southern Africa, in summer months. (Including Zambia, Mozambique, and Botswana).
Drought	Increasing drought trends observed since 1960.	Likely risk of severe drought in southern and central Africa, increased risk in west Africa. Possible decrease in East and West Africa according to uncertain projections.	Likely risk of extreme drought in southern Africa and severe drought in central Africa. Possible decrease in East and West Africa according to uncertain projections.
Aridity	Increased drying.	Area of hyper-arid and arid regions grows by 3%.	Area of hyper-arid and arid regions grows by 10%.
Sea-level Rise	Beach Erosion observed in some countries (including Mauritius and Senegal)	70cm (600cm-80cm) by 2080-2100.	+100cm (85-125cm) by 2080-2100
Water availability (run-off/ground water recharge)		50-70% percent decrease in recharge rates in western Africa; 30% increase in recharge rate in some parts of eastern Africa.	Increase in natural water availability in east Africa and some parts of west Africa; Decrease in water/vegetation availability in most of Africa, excepts parts of east Africa.
Rainfall/Precipitation (Flooding risk)	Central Africa	10%-20% increase in most equatorial Africa.	No prediction

Source: Turn Down the Heat: Confronting the New Climate Normal.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (CONTINUED)

Risk Heading/Description	Emerging Legislation	Change in Occupier Demands	Significant Changes in Weather
	Increased competitive advantage, through compliance with government legislation on minimum energy efficiency standards. Time horizon ¹ : Medium Likelihood: Likely Magnitude ² : Moderate	Increased revenues, due to increasing occupier demands for energy efficient buildings. Time Horizon: Medium Likelihood: Likely Magnitude: High	Decreased impact of extreme weather changes, through resource efficiency. Time Horizon: Medium Likelihood: About as likely as not Magnitude: Low
Category	Transition – policy & legal	Transition - market	Physical
Financial Impact	c. US\$6m per annum NOI	c. US\$35m per annum NOI	c.US\$4.5m per annum NOI
Management Response	By keeping track of changes in legislation around energy efficiency standards on properties in our portfolio, we can manage any risk of non-compliance well ahead of time. Our local teams on the ground keep senior management constantly informed on any changes in legislation through our approved legislation change process. The financial impact of any such changes are assessed by the relevant department and discussed with the Audit and Risk Committees for appropriate action. As at the period ended 30 June 2022, there have been no changes to any of the local legislation around minimum energy efficiency standards.	Through ongoing engagement with our key tenants, we can foretell what their appetite for both office and industrial space would be in the near future. Our property improvement strategy is built around eco-projects that would create future-proof premises that would align with the net zero emission pathways of both Grit and its tenants. We have been measuring two key targets – reduced carbon emissions and building efficiency (refer to page 7 of this report) the performance of which we continue to enhance each year.	Resource efficiency at Grit comes through our choice of technology used in managing our assets, and the continuous change in stakeholders' behaviour for a sustainable environment, which results in reduction of resources allocated for operations, such as electricity, water, waste and associated costs. New environmental policies have been implemented, leading to more efficient utilisation of resources across the portfolio. Furthermore, we have adopted new ways of sourcing energy such as clean energy and rainwater harvesting.
Cost of Response	US\$0 per annum cost	US\$0.5m – US\$1m per annum cost	US\$0.1m – US\$1m

1. For the purpose of climate-related risks and opportunities, we consider short, medium and long-term time horizons to be 0-5, 5-15 and 15+ years respectively.
2. Our risk assessment criteria for the magnitude impact of a risk are based on net operating profit (NOI): >20% NOI – high; 10-20% NOI – medium to high; 5-10% NOI – moderate; 0-5% NOI – low Impact Score.

Metrics and Targets

Disclose the metrics used by the organization to assess climate related-risks and opportunities in line with its strategy and risk management process

To keep our stakeholders informed on our climate-related risks and associated opportunities, we have included in our IAR and through EPRA sustainability reporting, an extensive range of consumption metrics for energy, carbon emission, waste management and water:

- Total energy consumed across the portfolio;
- Total fuel consumed;
- Building energy intensity;
- Building water intensity; and
- GHG emissions intensity from buildings for each property type and the percentage certified as sustainable. Refer to page 68 of this report for the link between each metric and the associated climate-related risk(s) and opportunities.

We have a "source-locally" policy in place regarding suppliers. We intend to reduce international suppliers where possible across all our offices with the aim to reduce the travel footprint and mitigating the risk facing supply chain issues. It also improves the growth of local business in the regions in which we operate. Once a year, the suppliers are reviewed and the ratio local/international is then reported to the Responsible Business Committee.

All the above metrics are presented in the Responsibility Section of our IAR, under Environmental.

Additionally, we are now committed to set our Pathway to Net Zero Carbon Emission in the next year, as well as submitting our Science Based Targets. This would be backed by our scenario analysis that would be equally run during the course of next year, to support the strategy roadmap of our portfolio.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 Greenhouse gas (GHG) emissions, and the related risks.

Since 2019, we have been quantifying the GHG emissions from electricity consumption (scope 2), air travel emissions (scope 3) and diesel for generators (scope 1) related to our portfolio's operations – refer to our Sustainability Report on our website – <https://grit.group/governance/>, that shows how we track our scope 1, scope 2 and scope 3 emissions and the methodology adopted. Important to highlight that the emissions reported to date have been based on our rationale on what we thought should be monitored and controlled in consideration of our carbon footprint, but as indicated on our action plan, the targets would be expanded to cover all related risks and emissions disclosed across all scopes (1, 2 & 3).

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

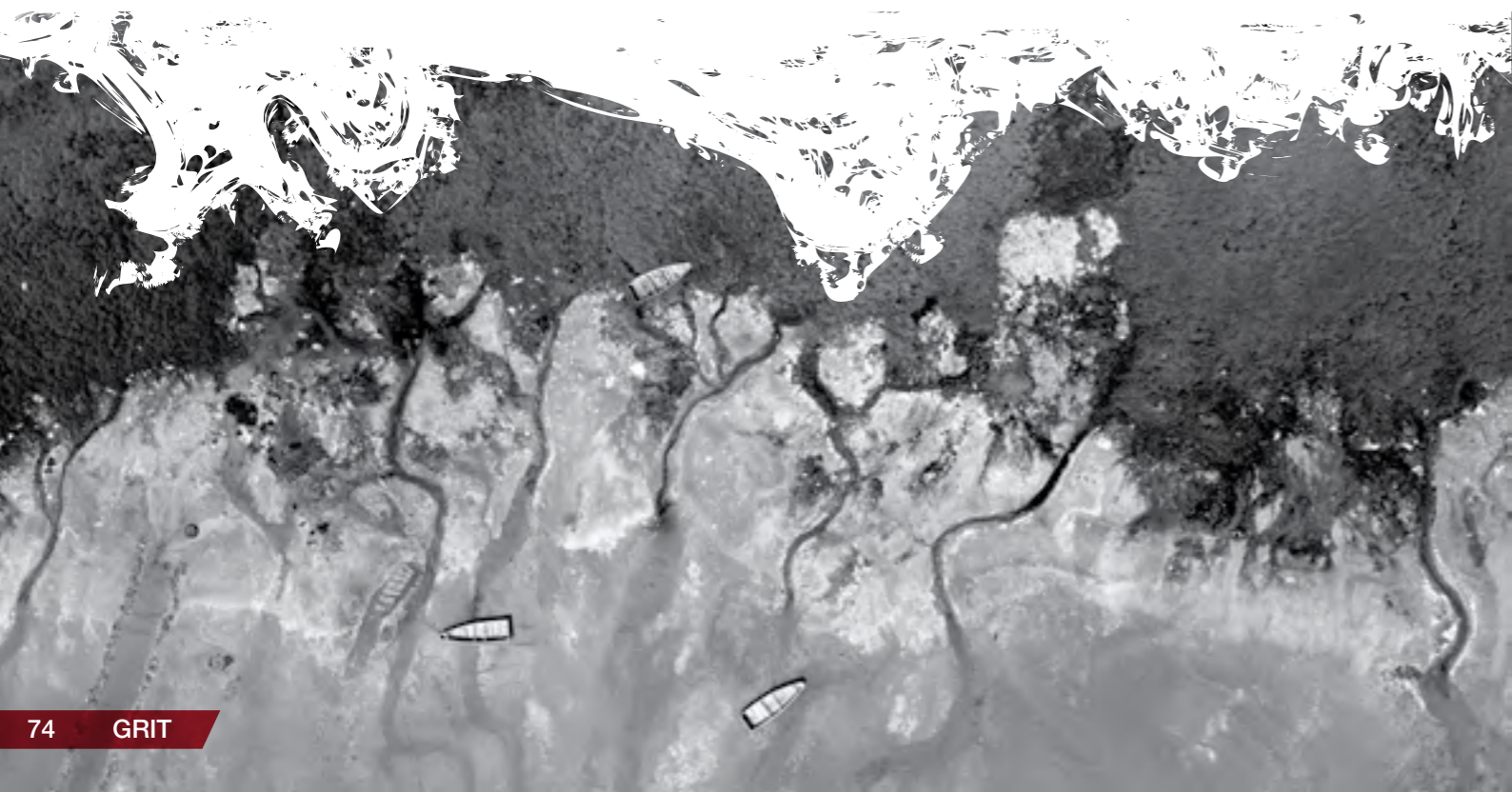
As part of our sustainability strategy, we have four high-level KPIs (targets) set to achieve our environmental, social and governance responsibilities and aligned to specific UN SDGs – refer to page 52 of the Responsibility section of this report. Two of these targets – carbon emissions and building efficiency, are climate-related and we have been reporting our actions against climate-related risks, through these targets:

- 25% reduction in carbon emission (aligned to UN SDG 7, 12 & 13) - refer to page 52 of this report for details on the relevant metrics for this target: as a performance measure for this target, we have been collecting and analyzing data on:
 - Electricity consumption (scope 2) across our assets in Africa.
 - Air travel emissions (scope 3).
- 25% increase in building efficiency (aligned to UN SDG 6, 9 & 12) - refer to page 52 of this report for details on the relevant metrics for this target: as a performance measure for this target, we have been collecting and analyzing data on:
 - Water consumption at our properties across the portfolio.
 - Water building intensity. We calculate the water intensity based on the floor area for all our buildings given the availability of the relevant data.
 - Waste management at our head office in Mauritius. We are however in the process of implementing waste management initiatives across our assets and for the next 12 months, would focus on developing a waste management policy aligned with the IFC performance standards.

As indicated further above, these targets would be reviewed following our carbon footprint assessment as planned in page 68 of the Responsibility section of this IAR.

Refer to our comprehensive Sustainability Report on <https://grit.group/governance/> for more details on our ESG and associated metrics and targets.

We are engaged to set a science-based target, such that our carbon reduction objectives are aligned with the 1.5°C Paris Agreement of 2015 and reduce the risk exposure of climate change on our managed portfolio.



Corporate

GOVERNANCE REPORT

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Chairman's INTRODUCTION



The Board's activities

The financial year 2021/2022 has been an active and progressive year for the Company. The Board continues to embrace high standards of corporate governance linked to the delivery of its strategy, as set out in this Corporate Governance section of the IAR. As well as overseeing the management of risks, the Board and its principal committees have taken key decisions as set out under each committee report (refer to "Key activities during the year under review").

Board changes

FY2022/2023

The change to the composition of the Board during the financial year ending 30 June 2023 will be:

- As part of the continued re-assessment of the composition of the Board and Committees;
- To comply with the 2018 UK Corporate Governance Code (the UK Code) and of the National Code of Corporate Governance of Mauritius (the Mauritius Code); and
- As set out under "additional considerations for the Nomination Committee" (refer to page 102).

Compliance with the UK Code

Our compliance with the UK Code during the year is disclosed on pages 135 in our compliance statement.

The Annual General Meeting (AGM) and re-election of Directors

To ensure the safety of employees and our shareholders in respect of the Covid-19 pandemic, we were required to hold the 2021 AGM as a closed meeting. Despite the restrictions, the 2021 AGM did include a short business update and virtual Q&A session. This year, we are aiming to host our 2022 AGM at La Croisette premises in Grand Baie, Mauritius. Alongside my fellow Directors, I hope that you will be able to join us.

In accordance with the Code, all Directors will be putting themselves forward for election at the AGM. With the exception of Bright Lakaa as we will not longer require an alternative to Nomzamo Radebe. I can confirm that each Director's performance continues to be highly effective and demonstrates a high level of commitment to their roles.

Grit continues to be recognised for its transparent reporting and high governance.

Further engagement

If you wish to discuss any aspect of our governance arrangements, please contact me via our Head of Responsible Business, Moira van der Westhuizen (telephone: (+230) 2697090 or email: compliance@grit.group).

Peter Todd
Chairman
28 October 2022

2022/2023 Focus areas

- Collection focus, cost control, leasing and vacancy management to protect the existing portfolio;
- Clear definition of our net zero carbon pathway and attainment of ESG targets;
- Accelerating asset 20% recycling strategy and reducing exposure to retail sector & non-core assets;
- Concluding the GREA and APDM acquisitions and related increase in fee income generation;
- Continue to manage interest rate risk in the portfolio and continued debt reduction; and
- Growth focus and securing selective development project, including new industrial focused platform

Reviewing our Strategy

Our purpose communicates the Group's strategic direction and intentions to our employees, occupiers and wider stakeholders. Due to its importance, it is regularly reviewed by the Board.

At the Board's strategy review meeting in February 2022, the Board discussed lengthily on the Strategy of Grit with the aim to ensure strong operations, strategic interventions and for strengthening Financial Performance for Grit.

Dear Stakeholder,

As Chairman of Grit and on behalf of the Board, it gives me great pleasure to present the Corporate Governance statement on pages 84 to 87.

Corporate governance AT A GLANCE

Strong corporate governance helps us to generate value for our stakeholders and underpins our success.

Major Board, Decisions and Activities

During the financial year ended 30 June 2022, these include:

Asset recycling strategy of non-core and mature assets

- Conclusion of sale of ABSA House.
- Approval of LLR Co-investment into Orbit Africa Logistics.
- Continue to target the disposal of AnfaPlace Mall.

Balance sheet improving

- Equity raise, placed 163.5 million additional Grit shares.
- Restructuring of the acquisition of stakes in APDM and GREA into 3 phases with Phase I and II being concluded.
- Conclude Perpetual Preference note with BluePeak and Ethos and loan with the IFC for acquisition of Orbit Complex.

Employee Engagement

Employee engagement continuously remains a priority, to inspire and engage our talented and diverse workforce. Refer to "Staff Engagement" under the Human Capital segment.

UK Code of Corporate Governance – Compliance Statement

The Board confirms that for the year ended 30 June 2022, the principles of good corporate governance contained in the 2018 UK Corporate Governance Code (the "UK Code") have been consistently applied and complied with. Areas of improvement have been suggested as well as areas of non-compliance have been explained.

Further information on the UK Code can be found on the Financial Reporting Council's website at: www.frc.org.uk

National Code of Corporate Governance for Mauritius (2016) – Compliance Statement

The Company is categorised as an International Issuer having a secondary listing on the SEM and, by virtue of being an entity listed on the SEM, Grit is a public interest entity as defined by the Financial Reporting Act 2004. Accordingly, Grit is required to adhere by the principles and provisions of the National Code of Corporate Governance for Mauritius (2016) (the "MRU Code"). Grit fully complies with the MRU Code for the financial year ended 30 June 2022 and this report sets out how the Company has considered and applied these principles.

Pursuant to the "Guidance for Groups and Subsidiaries" from the Code, wholly owned subsidiaries are exempted from applying the principles of the Code except if the wholly owned subsidiary is a financial institution regulated by the Bank of Mauritius and/or Financial Services Commission as stipulated in the First Schedule of the Financial Reporting Act 2004. Organisations that have group and subsidiary structures need to make only one statement but should explain which parts of the organisation are covered by the approach described in their statements.

Accordingly, the governance framework of Grit (covering all the eight principles from the Code) has been designed to cater for its subsidiaries as well and therefore the Company, by virtue of being a wholly owned subsidiary of Grit, has applied the Guidance for Groups and Subsidiaries under the Code.

Non-Executive Director Changes

Refer to the Nomination Committee report under "Non-Executive Director changes" on page 102.



Board OF DIRECTORS



Peter McAllister Todd

Independent Non-Executive Director (63), External

Appointed to the Board: 14 August 2014

Appointed as Chairman: 12 April 2018

Peter is a qualified attorney and a founder of Osiris Group in the British Virgin Islands and Mauritius which provides international corporate finance and administrative services to global clients. Peter has significant understanding of the property industry in the UK, South Africa and the rest of Africa.

Other listed directorships: None

Committees: Chairman of the Investment and Nomination Committees. Member of the Remuneration Committee

Residency: Mauritius

Catherine McIlraith

Independent Non-Executive Director (58), External

Appointed to the Board: 24 November 2017

Catherine has been a Chartered Accountant since 1992. She has held senior banking and corporate finance positions including at BoE NatWest and BoE Merchant Bank in Johannesburg, before joining Investec Bank Mauritius where she was Head of Banking until 2010. She has been a member of the Financial Reporting Council and is a Fellow Member of the Mauritius Institute of Directors.

Other listed directorships: 6 (Astoria Investments Limited, CIEL Limited, Les Gaz Industriels Ltd, MUA Limited, the Mauritius Union Assurance Company Limited, Paradise Hospitality Group Limited, Phoenix Beverage Limited)

Committees: Chairman of the Audit and Remuneration Committees. Member of the Nomination, Risk and Responsible Business Committees

Residency: Mauritius



Bronwyn Knight

Executive Director, Chief Executive Officer (41), Internal

Appointed to the Board: 12 May 2014

Appointed as CEO: May 2014

Bronwyn is the CEO and a founding member of Grit. She is a Chartered Accountant and has served on several property company boards. Under Bronwyn's leadership, Grit has grown its portfolio from two assets valued at US\$140m at listing to 53 income producing assets and investments valued at c.US\$856.7m as at 30 June 2022. She spearheaded the optimisation of Grit's capital structure, which culminated in a step-up to a Premium listing on the Main Market of the London Stock Exchange.

Other listed directorships: 1 (Lettole La Rona Limited)

Committees: Member of the Investment Committee

Residency: United Arab Emirates

David Love

Independent Non-Executive Director (57), External

Appointed to the Board: 04 December 2018

Appointed as Senior Independent Director: 04 August 2020

David is a Fellow Chartered Accountant and holds a BCom and LLB (Hons First) in Land Law, Equity and Trusts. He has over 21 years' experience in the real estate investment sector. David has been instrumental in the completion of several high-profile real estate transactions including IPOs and the formation of a £1.4 bn UK Property Authorised Investment Fund. He currently serves as the Chief Financial Officer and Compliance Officer of Knight Frank Investment Management.

Other listed directorships: 1 (Paradise Hospitality Group Limited)

Committees: Chairman of the Responsible Business Committee. Member of the Audit, Risk and Investment Committees

Residency: United Kingdom



Leon van de Moortele

Executive Director, Chief Finance Officer (47), Internal

Appointed to the Board: 30 June 2015

Appointed as CFO: April 2015

Leon is a Chartered Accountant and holds an Honours Degree in Accounting Science. Prior to joining Grit, Leon served as the Group Finance Director for an aviation group since 2004, where he gained significant financial and commercial experience across eight African countries, including Mozambique, Ghana, Kenya, Algeria, Ivory Coast, South Africa, Tanzania and Gabon. He continues to utilise his tax structuring knowledge and experience in operating in Africa to expand the asset base of the Group.

Other listed directorships: None

Committees: None (Permanent Invitee to Risk Committee)

Residency: Mauritius

Sir Samuel Esson Jonah, KBE, OSG

Independent Non-Executive Director (72), External

Appointed to the Board: 21 February 2019

Sir Samuel Jonah is internationally recognised as a leading business executive. He holds a Master's degree in Management from Imperial College. Sir Sam was elected Foreign Member of the United States National Academy of Engineering in 2019. An honorary Knighthood was conferred on him by Her Majesty the Queen in 2003 and in 2006 he was awarded with Ghana's highest national award, the Companion of the Order of the Star.

Other listed directorships: 2 (Roscan Gold Incorporation, Helios Towers PLC)

Committees: Member of the Investment, Remuneration and Responsible Business Committees

Residency: Ghana



BOARD OF DIRECTORS (CONTINUED)



Jonathan Crichton

Independent Non-Executive Director (67), External
Appointed to the Board: 17 September 2020

Jonathan holds a combined Honours degree in History and Politics from the University of Exeter, UK. His career spanned 32 years at HSBC where he held a wide range of senior positions covering corporate and retail banking as well as control support functions. His last position was as the Head of Wholesale Risk Asia Pacific at HSBC where he was responsible for the Asia Pacific corporate credit portfolio. Jonathan is a fellow of the Mauritius Institute of Directors.

Other listed directorships: None
Committees: Chairman of the Risk Committee. Member of the Audit Committee
Residency: Mauritius

Bright Laaka

Independent Non-Executive Director (42) (Permanent Alternate to Nomzamo Radebe), External

Appointed to the Board: 29 November 2018

Bright has 18 years' experience in Business Development, Sales and Marketing. He holds a BSc (Agric), MSc Production Physiology and an MBA in Entrepreneurship. Bright is the founder and CEO of Rural Development Alliance Group in South Africa. He is a member of SA BRICS Agribusiness, a technical advisory and business development working group as well as Alpha Africa Foundation, a non-profit organisation working in rural areas to improve the livelihood of communities.

Other listed directorships: None
Committees: Permanent alternate to Nomzamo Radebe as member of the Board, Investment, Nomination and Responsible Business Committees. Permanent invitee to the Risk Committee.
Residency: South Africa



Nomzamo Radebe

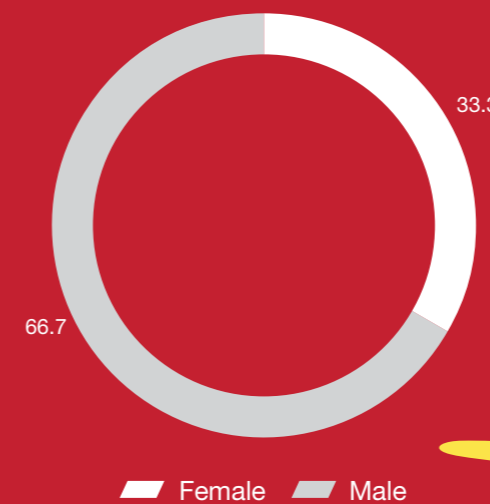
Non-Executive Director (45), External
Appointed to the Board: 24 November 2017

Nomzamo is a qualified Chartered Accountant and the CEO of Excellerate Real Estate Services, with a career span of 23 years, 16 years of which have been spent in executive roles in the Real Estate investment sector. She is a former Chief Investment Officer at Pareto Limited and prior to this she served as a director within Assets and Liabilities Management at South Africa's National Treasury and in Sasol Group Limited's treasury unit as Treasury Operations Manager. Nomzamo is a past President of South African Council of Shopping Centres (SACSC) as well as South African Property Owners Association (SAPOA). She is a former winner of the IPM Business Leader of the year and recipient of the Five Star Woman award by the Women Property Network.

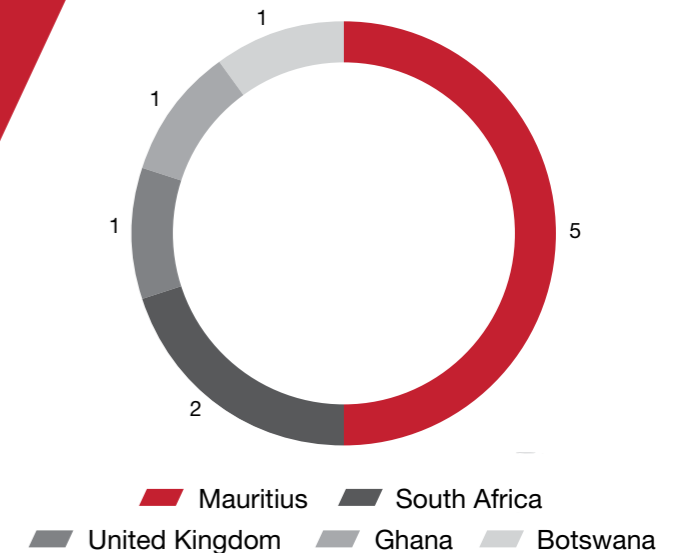
Other listed directorships: None
Committees: Member of the Investment, Nomination and Responsible Business Committees
Residency: South Africa

Board Diversity

Gender (%)



Residency



Cross Kgosiidiile

Independent Non-Executive Director (53), External
Appointed to the Board: 05 March 2021

Cross serves as the Managing Director of the Botswana Development Corporation (BDC). He holds a Bachelor of Commerce in Accounting and a Masters' Degree in Business Administration, both from the University of Botswana. He is a fellow member of the Chartered Institute of Management Accountants and a fellow member of the Botswana Institute of Chartered Accountants. Cross has over 20 years' experience across key commercial areas including corporate finance, strategy, ITC and supply chain management.

Other listed directorships: 1 (PrimeTime Property Holdings Limited, also Chairman of the Risk and Audit Committee of this Company)
Committees: Member of the Risk Committee.
Residency: Botswana



Organisational STRUCTURE

C-Suite



Bronwyn Knight
Group Chief Executive Officer
United Arab Emirates



Greg Pearson
Group Managing Director, Business Development and Strategic Operations
United Arab Emirates



Krish Kistnen
Managing Director
Mauritius



Leon van de Moortele
Chief Financial Officer – Strategic Finance
Mauritius



Oteng Keabetswe
Chief Investment Officer – Strategic Investments
Mauritius

C-Suite

Executive Committee

Senior Leaders



ORGANISATIONAL STRUCTURE (CONTINUED)

Executive Committee

Corporate Services



Moira van der Westhuizen
Head – Responsible Business
Mauritius



Aurelie Mallac
Head – Human Capital
Mauritius



Shevira Bissessor
Head – ESG, CSR
and GRIT Foundation
South Africa



Leigh Varrie
Head – Marketing
Mauritius



Hugo Jordaan*
Finance Director
Mauritius



Jaco Van Zyl
Head – Treasury
Mauritius



Andre Janari
Head – Strategic Investment
Mauritius



Darren Veenhuis
Head – Investor Relations
and Corporate Finance
United Kingdom

Business Development and Operations



Andries Smit
Head – GMS
South Africa



Craig Clutz
Head – APDM
Mauritius



Donald Borthwick
Head – Industrial
Kenya

* Joining the Group as of November 2022

Senior Leaders

Corporate Services



Oj Nso
Head – Integration
Mauritius



Anouchka Chummum
Group Compliance
Manger
Mauritius



Natacha Clarisse
Group Company
Secretary
Mauritius



Alex Mugambi
Head – Legal
Mauritius



Jacques Hattingh
Head – Group
Finance
Mauritius



Tomas Humphrey
Corporate Finance
Manager (Treasury)
Mauritius



Evan Karnavos
Senior Business
Analyst
Mauritius



Luc Tseung-Sum-Foi
Senior Investment
Manager
Mauritius

Business Development and Operations



Craig Leach
Head – Asset
Manager
Mauritius



Debra Kippen
Head – Leasing
Manager
Mauritius



Marieke Pieterse
Head – Operations
Manager
South Africa



Beth Titan
Senior Development
Manager
Mauritius



Pumi Lukhele
Head of
Construction and
Development
– East Africa
Kenya



Jessica Ha Shun
Group Finance
Manager
Mauritius

Corporate GOVERNANCE STATEMENT

Our Governance Structure

Grit takes pride on conducting its business in an open and transparent manner. Our well-established structured framework comprising of the Board and its committees, enables the Company and our directors to work effectively as described below:

Board of *Directors*

Board *Committees*

Executive *Committee*

Operation *Committees*

The Board Charter, duly approved by the Board and reassessed on an annual basis, is available on the Company's website at <https://grit.group/governance>.

Biographies (Pages 80 to 83)

Roles and Responsibilities (Page 98)

Note: The governance structure as detailed in this Corporate Governance section of the IAR is as at 30 June 2022. Post year end, the Board of Directors and the Executive Committee have reviewed and restructured the organisation (refer to pages 86 to 87). More details will be provided in the IAR ending 30 June 2023.

The Board

Responsible for the overall leadership of the Group, the Board defines our purpose, values, and strategy and aligns them with our culture. Considering the views of our key stakeholders, the Board promotes the Group's long-term sustainable success and its contribution to wider society. It is also responsible for the Group's performance and governance oversight, whilst remaining flexible and allowing for fast decision.

The Board maintains a formal schedule of matters which are reserved solely for its approval, whilst operational matters are approved by a sub-committee of the Board - the local committee ("Local Committee"). These non-operational matters include decisions relating to the Group's strategy, capital structure, financing, any major property acquisition or disposal, the risk appetite of the Group and the authorisation of capital expenditure above the delegated authority limits. As and when required, the Board also approves the set-up of sub-committees to take certain decisions.

Board members and attendance during the year under review

The Board met ten times during the year*. On 20 November 2021** and 19 December 2021***, sub-committee meetings of the Board took place.

	Independent	No. of meetings****	Attendance
Bronwyn Knight ¹	No	10/10	100%
Leon van de Moorlele ²	No	10/10	100%
Peter Todd ³	Yes	10/10	100%
Nomzamo Radebe ⁴	No	10/10	100%
Jonathan H. K. Crichton ⁹	Yes	9/10	90%
Catherine McIlraith ⁵	Yes	9/10	90%
Cross Kgosiidile ¹⁰	No	6/10	60%
David Love ⁶	Yes	10/10	100%
Sir Samuel Jonah ⁷	Yes	9/10	90%
Bright Laaka ⁸	No	0/10	0%

* 11 August 2021, 7 October 2021, 27 October 2021, 09 November 2021, 15 November 2021, 17 December 2021, 25 February 2022, 24 March 2022, 20 April 2022 and 14 June 2022.

** Only Leon, Peter and Johnny were required for the meeting.

*** Only Peter, Leon, Bronwyn and David were required for the meeting.

**** Please read 9/10 as 9 meetings attended out of 10.

- Bronwyn was appointed to the Board on 12 May 2014 and is a member of the Investment Committee.
- Leon was appointed to the Board on 30 June 2015 and is a permanent invitee of the Risk Committee, effective as from 01 January 2021. Leon also attends the Audit Committee meetings.
- Peter was appointed to the Board on 14 August 2014 and is the Chairman of the Board as from 12 April 2018. He is a member of the following committees: Nomination (Chairman); Investment (Chairman) and Remuneration.
- Nomzamo was appointed to the Board on 24 November 2017 and is a member of the following committees: Nomination; Investment and Responsible Business.
- Catherine was appointed to the Board on 24 November 2017 and is a member of the following committees: Chairman of the Audit (Chairman); Remuneration (Chairman effective as from 04 August 2020); Risk Committee (effective as from 24 July 2020) and Responsible Business.
- David was appointed to the Board on 4 December 2018 and is a member of the following committees: Responsible Business (Chairman, effective as from 14 January 2021), Audit, Risk and Investment (effective as from 04 August 2020). David was also appointed as the Senior Independent Director (SID) on 04 August 2020.
- Sir Jonah was appointed to the Board on 21 February 2019 and is a member of the following committees: Remuneration; Responsible Business and Investment (effective as from 04 August 2020).
- Bright was appointed to the Board as the permanent alternate director to Nomzamo on 29 November 2018.
- Jonathan was appointed to the Board on 17 September 2020 and is a member of the following committees: Risk (Chairman effective as from 14 January 2021) and Audit.
- Cross was appointed as a director of the Company effective as from 5 March 2021 and accordingly he attended all the three Board Meetings held since then. He is a member Risk Committee. He has been a member of the Audit until December 2021, when Botswana Development Corporation ("BDC") subscribed for additional shares under the Open Offer, resulting in BDC holding over 5% of the shareholding of Grit which is then classified as a substantial shareholder. This resulted in Cross Kgosiidile no longer being an independent NED and hence ceasing to be eligible as a member of the Audit Committee.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Committees

The Board delegates certain matters to its six principal Committees comprised only of members of the Board.

Nomination Committee Manages the composition of the Board and succession planning.	Page 101	Remuneration Committee Ensures rewards are linked to our wider strategy.	Page 116
Audit Committee Oversees all our financial reporting, audit and risk.	Page 106	Investment Committee Consider and approves all investment opportunities for the Group.	Page 128
Risk Committee Identifies, Assesses, Manages and Monitors risks.	Page 110	Responsible Business Committee Oversees delivery of our Responsible Business activities, providing collective advice and assurance.	Page 114

For each committee, the roles and responsibilities are defined in a charter duly approved by the Board and reassessed on an annual basis, which are available on the Company's website at <https://grit.group/governance/>.

Executive Committee

The Board has delegated the execution of the Group's strategy and the management of the Group's daily operations to the C-Suite (of which the Executive Directors are members) and to the Executive Committee.

The Executive Committee has the day-to-day responsibility for implementing this strategy and is accountable to the Board for its delivery. The Board should complement, enhance and support the Executive Committee.

Refer to the Organisational Chart (which is reviewed by the Nomination Committee and the Board from time to time in line with the strategy of the Group) at pages 84 to 87 for details on the Members of the Executive Committee (as amended past year end).

The title of each member of the Executive Committee in itself constitute their job description.

Operational committees

Grit has the following operational committees that support the Executive Committee:

Operation Committees

Disclosure Committee	Valuation Committee	Sustainability Committee	Corporate Governance Compliance Committee	MAR Compliance Committee	Related Part Transaction Committee
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Our stakeholders play an important role in monitoring and safeguarding the governance of our Group. Further information on how we engage with our stakeholders is on pages 94 to 95.

Compliance with the UK Code of Corporate Governance

This report details how the Board has considered and applied the principles and provisions of the 2018 UK Code of Corporate Governance ("UK Code") by addressing in turn each of the five main areas of the Code, as follows, and providing information relating to the principles and provisions contained within each area:

1	Board leadership and company purpose	92 to 97
	A. Effective Board	92
	B. Purpose, values and culture	92
	C. Governance framework and resourcing	92
	D. Our commitment to stakeholder engagement	93
2	Division of responsibilities	98 to 99
	F. Board roles and responsibilities	98
	G. Independence	98
	H. Conflicts of interest	99
	I. Major decisions and activities of the Board	99
3	Composition, succession and evaluation	99 to 100
	J. Appointments to the Board	99
	K. Board skills, experience and knowledge	99
	L. Annual Board evaluation	100
4	Audit, risk and internal control	106 to 109
	M. Financial reporting External Auditor & Internal audit	107
	N. Review of the Integrated Annual Report for the year ending June 2022	107
	O. Internal financial controls Risk management	108
5	Remuneration	116 to 127
	P. Linking remuneration with purpose and strategy	117
	Q. Remuneration Policy review	116
	R. Performance outcomes	117

In addition, this report also sets out compliance with the MRU Code as described on page 79.

Our website (at <https://grit.group/governance/>) has copies of the company's Articles of Association, terms of reference of the Board Committees (under the Charters) and details on the Roles and Responsibilities of the Board. The Charters are reviewed on an annual basis.

1 Board leadership and company purpose

Effective Board

The Board is made up of highly talented and skilled professionals individuals, with a depth of skills, perspectives and corporate experience to our boardroom, from a range of industries (see pages 99 to 100). The independent directors have the opportunity to meet and consult with one another prior to the Board meetings.

To ensure sufficient time for discussion, the Board utilises its principal committees to effectively manage its time (see page 90). At each Board meeting, the agenda ensures sufficient time for the committee chairs to report on the contents of discussions, any recommendations to the Board which require approval and the actions taken.

The Board conducts a detailed annual review of our strategy (including our purpose and strategic objectives). Refer to Corporate Governance at a Glance on page 79. Further information on how we create long-term value is available on the following pages:

- Our strategy page 11
- The section 172(1) statement page 96

Purpose, values and culture

Purpose

Why we do what we do

Values

The qualities we embody

Culture

How we work together

Grit's purpose, values and culture are disclosed on page 92 under the Business Model section of the Strategic Report on pages 5 to 75. The Strategic Report also sets out our values on page 18 and on page 19.

Purpose and values

Grit's purpose communicates the Group's strategic direction and intentions to all our stakeholders, including our employees and shareholders.

Due to its importance, it is regularly reviewed by the Board. At the Board's strategy review meeting in February 2022, it was agreed that our purpose will be aligned to becoming a diversified Group Holding company, owning property related subsidiaries that generate sustainable, superior returns from multinational clients, across the Real Estate value chain, whilst empowering the people of Africa.

Our values articulate the qualities we embody and our underlying approach to doing business. Our values are embedded in our operational practices and to a large extent through the policies approved by the Board and the direct oversight and involvement of the Executive Directors.

Our Culture

Our culture has developed from our values and is a key strength of our business. As the cultural tone of a business comes from the boardroom, safeguarding our culture is a key factor in the development of the Board's succession plans and the Company's strategy.

Embedding our Culture

The Board is focused on long-term corporate and strategic plans. The Board's principal duty is to deliver lasting, sustainable success and generate value for shareholders and other investors, whilst being mindful of our impact on stakeholders and wider society.

The Board recognises the importance of ensuring a healthy and supportive culture within the Group. The Company has dedicated Committees, prioritising culture, stakeholder transparency and ensuring compliance with Board approved strategy and policy. The Board recognises that its decisions regarding strategy and risk impact the corporate culture of the Company, which influences its performance. The Board is further aware that the tone and culture it sets has a great effect on all aspects of the Company and the way that employees behave.

The Board members also strive, through their own behaviours, to set a strong example for Executive Committee and the wider workforce in conducting themselves appropriately and in line with the Group's values and supporting policies. Information on the Company's approach to investing in and rewarding its workforce is set out in the Strategic Report.

Assessment and monitoring

Grit's Board assesses and monitors the Culture of the Group via:

- Dedicated time at Board meetings, supported by the Group HR Manager, to hold discussions on culture and employee/ workforce matters;
- Monitoring the levels and nature of whistleblowing reports and grievance and disciplinary hearings;
- Monitoring absenteeism and employee turnover;
- Audit Committee receiving internal audit reports on fraud and compliance breaches;
- Review of induction and training policies and practices;
- Engaging with employees directly through physical or virtual means;
- Overseeing management's plans to respond to matters raised by the workforce; and
- Reviewing the Group's key policies and HR initiatives.

The Company has an approved Code of Ethics and Business Conduct policy, which is reviewed annually by the Responsible Business Committee ("RBC"). The RBC (and the Board) also regularly monitors and evaluates compliance with Grit's Code of Ethics.

The policies can be viewed on the Company's website at <https://grit.group/governance/>. No breach of ethics has been reported for the financial year ended 30 June 2022.

Governance framework and resourcing

The Board seeks to maintain strong corporate governance structures and processes by working within a clearly defined governance framework, which enables the delivery of sustainable benefit and growth to all stakeholders. Corporate governance is essential to ensuring our business is run in

the right way for the benefit of all of our stakeholders. Our governance arrangements support the development and delivery of strategy by:

- ensuring accountability and responsibility;
- facilitating the sharing of information to inform decisions;
- establishing engagement programmes with key stakeholders (see pages 94 and 95);
- maintaining a sound system of risk oversight, management and an effective suite of internal controls (see page 22);
- providing independent insight and knowledge from the Non-Executive Directors; and
- facilitating the development and monitoring of key performance indicators.

The governance framework has established a structure that supports and assists the Board in discharging its duties through a more comprehensive evaluation of specific issues, followed by well-considered recommendations to the Board. Refer to "Our Governance Structure".

The Board has approved the key senior governance positions, an organizational chart and a statement of accountabilities, which are all reviewed from time to time in line with the strategy of the Group.

If any Director has concerns about the running of the Group or a proposed course of action, they are encouraged to express those concerns (which are then minuted) or by using the Whistleblowing Contact Details. No such concerns were raised for the financial year ended 30 June 2022.

The Directors utilise an electronic Board paper system ("Dilitrust Exec") which provides immediate and secure access to papers. The Chairman of the Board and the chairs of the committees review the agendas for upcoming meetings with support from the Company Secretary/Group Corporate Secretary, who are dully qualified to provide such services. The Board pack/papers are communicated at least 5 working days in advance to directors.

We aim to ensure that the information shared with our Board is of sufficient depth to facilitate debate and to fully understand the content without becoming unwieldy and unproductive. Papers are required to be clear and concise with any background material loaded on Dilitrust Exec. We often invite the author of the paper/report or advisers to join the Board in their discussions, to enable our Directors to truly 'drill down' into the data supplied and question management directly.

All Directors have access to the services of the Company Secretary/Group Corporate Secretary and any Director may instigate an agreed procedure whereby independent professional advice may be sought at the Company's expense. No such advice was sought by any Director during the year.

Resourcing

The Board ensures that the necessary resources are in place for the Company to meet its objectives and measures performance against them. The Board has an integral role in the Company's budget setting and capital allocation processes, and in monitoring availability of credit/debt capital facilities. The Board/Remuneration Committee also receives reports from the Executive Committee on any development gaps in key roles and the plans to address these. When appointing senior executives/managers, the Group's recruitment policy is followed and the Board is informed of such appointments. This recruitment policy is effective in employing all the employees at Grit.

Our commitment to shareholder engagement

Grit recognises the importance of clear communication and proactive engagement with all of our stakeholders, which aims at securing our long-term success. The Board recognises the importance of engaging with all of its stakeholders, including its shareholders and employees, around all aspects of the Group's activities.

Stakeholder engagement has been particularly important in the past two years, due to the uncertainty and economic difficulties caused by Covid-19. Some of our engagement methods required adjustment in response to the restriction imposed by the government to slow the spread of the virus, including the use of conference call facilities to hold 2021 Annual General Meeting, the postponement of many activities, including under CSR and planned face to face meetings with or visits to some stakeholders.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

How we engage with our stakeholders

Stakeholders	Their Expectations	How we Engage	2021/22 Outcomes and Highlights	2022/23 Focus Areas
<p>Shareholders and Investors</p> <p>They play an important role in monitoring and safeguarding Grit's governance.</p>	<ul style="list-style-type: none"> Robust financial performance. Sound strategy and Business model. Sustainable growth and dividend returns. Clear risk mitigation plan. Environmental, social and governance (ESG) initiatives in place. 	<p>Close relationships with our shareholders and investors in all jurisdictions are maintained through regular interactions, trading updates and reporting throughout the year. At Annual General Meeting, shareholder views are brought into our boardroom and considered in decision making.</p>	<ul style="list-style-type: none"> Advancement of asset recycling strategy with the sale of ABSA House and part sale of Orbit Complex to strategic co-investor LLR. Increased investor engagement in Mauritius with specialist events and one-to-one meetings with dedicated Mauritius IR representative. Greater emphasis on Impact in addition to Income generation as part of broader ESG strategy. 	<ul style="list-style-type: none"> Improve liquidity and share price performance. Stronger focus on investor engagement with the introduction of in-country site visits and an annual Capital Markets day. Continuous trading updates to keep shareholders and investors informed of latest developments and increased use of digital channels (social media and redesigned website) to communicate our market activities.
<p>Suppliers</p> <p>In order to run its business efficiently, Grit maintains strong relationships with its service providers.</p>	<ul style="list-style-type: none"> Open and fair payment terms. Long-term partnerships and collaborative approach. Transparency in terms of business decisions and activities. 	<p>We build long-term and strong relationships through transparent and effective collaboration with suppliers holding similar values. Focus is placed on compliance and levels of service delivery, to meet Grit's required expectations.</p>	<ul style="list-style-type: none"> Continued support to local businesses in all jurisdictions. Maintained effective communication to ensure good working relationships. Drive sustainability with all suppliers Expand use of new software to cover all properties. 	<ul style="list-style-type: none"> Improved contract/supplier management by using our new software to manage the SLA's. Continuous support, training and drive compliance with regional Health and Safety regulations and GRIT requirements. Drive environmental sustainability best practices.
<p>Tenants</p> <p>Grit's success is dependent on its ability to understand and respond to its tenants' needs, by delivering tailor-made Real Estate solutions.</p>	<ul style="list-style-type: none"> Suitable and flexible lease terms. Quality, safety and sustainability of premises and its amenities. Prompt and efficient communications regarding Group activities and decisions. 	<p>We actively engage with our tenants, through dedicated property management teams in all jurisdictions, regular meetings, communication, and site visits. These active engagement measures ensure quality service that meets tenants' needs and encourage retention of tenancies.</p>	<ul style="list-style-type: none"> Reconnection with tenants on a personal face to face level -reinforced our continuous engagement and communication with tenants which took place through the Covid-19 period. Assisting in rebuilding and rebasing tenancies for longer term sustainability after challenges of Covid-19. 	<ul style="list-style-type: none"> Development of Group Control Account Manager/Management (CAM) system to ensure holistic communication with tenants to meet their needs.
<p>Government and Authorities</p> <p>Grit is committed to engaging constructively with the local authorities and government in all jurisdictions, where it operates.</p>	<ul style="list-style-type: none"> Compliance with applicable listing rules and legislations. Proactive engagement with authorities and governments. Openness and ethical business practices. 	<p>Grit takes constructive, positive approach to working with authorities and regulatory bodies to ensure continuous compliance with all applicable listing rules, and legislations. Required filings done on time.</p>	<ul style="list-style-type: none"> Continuous compliance with all applicable listing rules, legislations and the principles of the Codes of Corporate Governance (Mauritius & UK). Filings done with authorities on time. Engagement with authorities and regulatory bodies. Special Licenses obtained from Financial Services Commission and close collaboration with authorities for development of projects. 	<ul style="list-style-type: none"> Advanced robust controls to comply with all applicable listing rules, legislations and the principles of the Codes of Corporate Governance (Mauritius & UK). Compliance with specific licensing requirements.
<p>Local Communities</p> <p>Grit supports local communities in jurisdictions where it operates, including residents and the wider public.</p>	<ul style="list-style-type: none"> Support the local economy and give back to the community. 	<p>We continuously engage with various Non-Governmental Organisations (NGOs) and local communities and authorities with the objective of delivering real and measurable impact, by creating and supporting social initiatives that empower people to make a real and lasting difference in their own lives and the communities around them.</p>	<ul style="list-style-type: none"> Formation of the GRIT Foundation which formalizes the Groups social investment programmes. Refer to the Responsibility section on pages 49 to 75 with respect to donations made and support to communities. 	<ul style="list-style-type: none"> Projects earmarked include a swimming programme, a reef conservation programme as well as a health and female hygiene programme in Mauritius, Mozambique, Kenya and Ghana. Each development undertaken by the group has an associated initiative to empower and make an impact on the communities around the development.
<p>Employees</p> <p>Grit has a talented, diverse and dedicated workforce which the Company recognises as a key asset of its business.</p>	<ul style="list-style-type: none"> Opportunities for growth and development. Opportunity to share ideas and make a difference. Diversity and inclusion. Rewarding work environment . Wellbeing and adjudication for solid work-life balance. 	<p>Foster an exciting, collaborative, high-performance culture, and work environment, that supports wellbeing, embraces diversity, and challenges individuals to reach their highest potential, through access to empowering development initiatives, compelling career growth opportunities, and by celebrating successes, recognising, and rewarding outstanding contributions.</p>	<ul style="list-style-type: none"> Implementation of a new Performance Management and Employee Engagement Software. Collaboration with an international service provider for aptitude assessments of candidates. Work Life Harmony program. Launch of online training through Udemy. Enhancement of our recognition program. Launch our Staff Newsletter. 	<ul style="list-style-type: none"> Set organisational, team and individual KPIs for FY2023. Implementation of individual learning plans and learning paths. Focus on Recruitment and selection to attract Key Talents. Launch our digital and interactive employee handbook. Empowering our Employer brand through our influencer program.
<p>Debt providers</p> <p>Grit maintains collaborative relationships with all of its debt partners, this relationship is reinforced and enhanced through maintaining communication with all parties not just during transactions but also having general business updates where we advise on update on the business strategy etc.. The idea is to be transparent and open with the debt providers creating a partnership which allows us to work collaboratively towards financing solutions.</p>	<ul style="list-style-type: none"> Financial performance. Good Credit Rating. Low Gearing. Proactive Communication. Prudent, clear, timely and transparent reporting. Valuations from reputable external valuers . Understanding of their business needs and timelines. 	<p>We engage with our debt providers through a variety of means, through site visits both at the banks, at the GRIT head office in Mauritius and on site at our properties. In addition to this we also go on investor and banking roadshows for our results presentations where we provide in depth analysis of our results and the story behind the numbers as well as providing updates on other business plans and strategy. Financial Covenants and ratios as well other information undertaken are usually provided via email in line with our agreed reporting timelines.</p>	<ul style="list-style-type: none"> Throughout the second half of this year we have been completing a loan syndication wherein we wrap up the majority of our loan portfolio into a \$306m syndicated facility. This has required the support of all our existing lenders who have assisted us through this process, in some cases evening upsizing their exposure to the group. This speaks to our lenders confidence in the group and evidences the partnerships that have been created. We have also throughout the year paid down a number of corporate loan facilities removing floating charges on our parent companies GSL and GREIGL making the structure less cumbersome when dealing with existing and new lender consents and requests. 	<ul style="list-style-type: none"> As a result of the FED the ECB and other institutions hiking interest rates to combat increasing inflation globally interest rates have increased. Through our ongoing relationship management and partnership with the banks we have managed to negotiate well priced loan margins, however we are still exposed to interest rate risk due to increasing base rates. To mitigate this we are considering additional interest rate hedging products to help mitigate this risk. However going forward our relationships with the banks will be more important than ever when discussing covenant pressure and the way forward. The group loan syndication greatly pushes out our WADE which decreasing the risk of refinancing during uncertain times but makes our current relationships that much more important.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

How do we engage with our employees?

Grit recognises that its people (employees and the Board) are its most important asset in achieving the Company's business strategy. For its employees, the priorities outlined in the Group's HR Strategy will help drive alignment, encourage exceptional leadership, talent management, high performance, competitive reward and recognition, personal growth and a culture of passion and relentless determination. It is through a talented team that Grit drives superior performance, innovation and growth to deliver shareholder return.

To succeed, therefore, we need the right people with the right skills and values in place at the right time. Grit's leadership champions an inclusive and supportive working environment, facilitating high performance of a talented, diverse and motivated workforce who are empowered and engaged.

The Grit HR Strategy to create an environment which enables a talented team to thrive and achieve high performance includes:

- Attracting, identifying, developing and retaining high-performing talent across all areas of the business;
- Developing and supporting the growth of transformational leadership and management;
- Enabling the development of a high-performance culture in which staff performance is encouraged, recognised, rewarded, enhanced and managed effectively;
- Fostering a values-based culture focused on diversity, inclusivity, wellbeing and positive engagement;
- Developing a total reward approach which is valued by staff and facilitates organisational objectives; and
- Providing excellent core hr digitisation processes across all business areas to enable the availability of consistent data analytics across the organisation.

For more information, refer to the "Social" section under the "Responsibility" Section of the Strategic Report of this IAR on pages 58 to 64.

How do we engage with our Employees?

Employee Surveys

Social Media Channels

Whistleblowing Channels

Dedicated NED (page 96)

Appraisals/Constant Feedbacks

Open door policy/Open Communication

Responsible Business Committee (pages 114 to 115)

Let's Talk sessions, Newsletter, Happy hours, etc.

Workforce policies and practices

The Board and Executive Committee review and approve all key policies and practices which could impact on our workforce and drive their behaviours. All policies are assessed to ensure they support the Group's purpose and reflect our values.

Policies are published on BambooHR and contained within the employee handbook. Our employees are required to confirm their understanding of these policies upon recruitment and on an annual basis.

To ensure policies are embedded in our business practices, we hold presentations to staff which highlight the key messages and notify them of any changes. We operate a mandatory training programme which aims to reinforce key compliance messages in areas such as anti-bribery, modern slavery, conflicts of interest, etc.

All employees (including the Board) are required to notify the Company as soon as they become aware of a situation that could give rise to a conflict or potential conflict of interest.

Whistleblowing Policy

The Company's Whistleblowing policy has been implemented since 2018 (a copy of this policy is available at <https://grit.group/governance/>), which sets out the whistleblowing rules and procedures. The scope of this policy was amended to be extended to all stakeholders.

The purpose of this policy is to ensure that no stakeholder should feel at a disadvantage in raising legitimate concerns, as Grit believes that a culture of openness and accountability is essential in order to prevent such situations occurring and to address them when they do occur.

The Board has appointed Catherine McLraith, the Chairman of the Audit Committee, to act as an Independent point of contact in the Group's whistleblowing procedure.

Through feedback from the Responsible Business Committee, the Board is routinely updated on any reporting done through the Whistleblowing Channels, if any. For the FY ending 30 June 2022:

- Only one matter was reporting and it was investigated in depth, but it did not related to the Company; and
- The Board is satisfied of the arrangements for raising concerns in confidence.

Section 172 of the Companies Act 2006

Grit is not a UK company and it is therefore not required to comply with the UK's Companies Act 2006, including Section 172. Yet, given the principles outlined under Section 172, the Company has taken steps to meet the requirements set out thereunder.

Provision 5 of the UK Code provides that the board should understand the views of the company's other key stakeholders and describe in the IAR how their interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making.

The board should keep engagement mechanisms under review so that they remain effective in line with the strategic developments and principal decisions of the board during the year as set out under the Responsibility section (under "Snapshot of our Social Performance").

Whilst the Company is not registered in UK and hence does not have to comply with the the matters set out in section 172 of the Companies Act 2006, the Company has adopted, for engagement with the workforce, the use of the following methods:

- A director appointed from the workforce: Bronwyn Knight and Leon van de Moortele are the directors appointed from the workforce.

- A formal workforce advisory panel: The Group also has a dedicated Human Capital department to deal with workforce matters. In addition, there is continuous engagement between management and employees through #LetsTalk sessions. For example at one of the #LetsTalk sessions, an explanation was given about how the executive remuneration aligns with the wider company pay policy.
- A designated non-executive director: The Board had approved that Mrs Catherine McLraith be the NED that engages with the workforce, given that Catherine visits the office quite often, attends most of the committee and board meetings in person at the premises at La Croisette (except that this was not possible during Covid-19, is the Whistleblowing officer at Grit and is known to the employees. During the FY ending 30 June 2022, this was communicated to all the employees at a #Let'sTalk session, including Catherine's role as the go-to NED for all employees. Catherine has advised that she will be engaging more with the Head of Human Capital to organise more recurring formal sessions to meet up with the workforce. Catherine has suggested that she will be recommending decisions to the Board for and on behalf of the workforce.

How do we engage with our shareholders?

Investor Engagement Report: FY2022

No. of Reported Investor Interactions
100+

Geographies Covered
**UK/BOT/
MRU/KEN**

No. of Conferences Participated in
8

Key Theme 1
**Project Glow
Restructure**

Key Theme 2
**LTV Reduction and
Asset Recycling**

Key Theme 3
Capital Raise

A key component of Grit's continued growth stems from its ongoing engagement with shareholders, investors, analysts and the broader investment community.

During the financial year 2021/2022, the Company engaged in a variety of channels and mediums to maintain regular contact with these key stakeholders.

It is through these interactions that the Company is able to keep shareholders and investors apprised of the Group's strategy and also discuss various topics, trends and developments in relation to its business activities and broader market developments. Our main channels of communication include regulatory news announcements, media interviews, investor and analyst calls, one-to-one meetings, country and market-specific roadshows, site tours and capital markets events and conferences.

Returning from an era of online-events to more in-person events, the Group participated in the following forums during the period, including: the Avior Corporate Summit 2022, Mozamreal 2022, Women in Finance & Investment Summit 2022, API Africa Real Estate Market Outlook Webinar 2022, RMB Morgan Stanley Property Showcase 2022, the 5th EFG Hermes Investor Conference 2022, the EPRA 2021 Conference and the API 2021 Investment Summit. Furthermore, the Group hosted an engaging Business Breakfast with the Mauritian Business and Investment Community in March 2022, where the Group presented their financial performance for the period as well as a series of upcoming development projects and CSR initiatives in Mauritius.

At the AGM held in November 2021, shareholders were able to hear from, and put questions to, the Board on a range of matters.

When 20% or more of votes have been cast against the board recommendation for a resolution, the Company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The board should then provide a final summary in the IAR and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken and any actions or resolutions now proposed.

At its AGM held on 29 November 2021, ordinary resolution number 14, relating to the non-binding advisory vote on the implementation of the remuneration policy of the Company, was supported by the majority of shareholders, yet it was voted against by 32.76% of the votes exercised by the Company's shareholders present in person or represented by proxy at the AGM. Special resolution number 1, relating to the authority to issue shares for cash on a non-pre-emptive basis, was not passed and was voted against by 35.15% of the votes exercised by the Company's shareholders present in person or represented by proxy at the AGM.

Accordingly, the Company's shareholders including dissenting shareholders, were invited to attend a consultation on Thursday, 9 December 2021 at 1.00 p.m. Mauritius time (9.00 a.m. UK time) via a telephone conference to further understand their position and perspectives on the resolutions. No shareholder contacted the Company Secretary to confirm their attendance to this meeting. Separate engagements also took place with the dissenting shareholders.



2 Division of Responsibilities

Board roles and responsibilities

There is a clear division between executive and non-executive responsibilities. The Company operates a unitary tier board whereby the roles of Chairman and CEO are separately held, and their responsibilities are clearly established, set out in writing and regularly reviewed by the Board. More details on the Board Roles and Responsibilities are available on the Company's website at: <https://grit.group/governance/>.

Independence and tenure

Independence of the Board

Status

Independent directors	Non-independent Directors
5	4

The Board has identified which Directors are considered to be independent. As at 30 June 2022, 55.6% of our Board are independent NEDs, which ensure that there is no group think.

The independence of our Non-Executive Directors is reviewed by the Board from time to time. The Board has reconfirmed that our NEDs are and remain independent, and free from any business or other relationship which could materially interfere with the exercise of their judgement. The definition of "independence" is as per the UK Code and the Mauritius Code (of Corporate Governance).

Peter Todd is a founder of the Osiris Group of companies which provides corporate finance and administrative services to global clients, including the provision of directors' services. Peter sits as an administrative director on many companies incorporated in Mauritius and was a director of certain companies that became associated with Grit. However, he has resigned as a director of all companies that had an association with Grit. In the past and on an ad hoc basis, some of the Osiris companies have provided administrative services to Grit. The Board has considered these relationships and does not consider that they impact Peter Todd's independence as a non-executive director of Grit.

The Group acknowledges that some persons may question the independence of Board chair post-appointment, notwithstanding the above and the fact that the Group's Board deems Peter Todd as being fully independent under Principle F of the UK Code. Were Mr Todd to be deemed not independent due to role as Chair, the composition of the Remuneration Committee and Nomination Committee during the FY ending 2022 would not technically be in line with Provisions 32 and 17 of the UK Code, respectively. The Group highlights the inconsistent logic and application of excluding a chair from the Board independence calculation, but not the committee independence calculation, and notes that if the approach to Board independence was applied to committee independence, the Group would have had a majority of independent members serving on the Remuneration Committee and Nomination Committee, respectively. Refer to "Additional considerations for the Nomination Committee" at pages 102.

Sir Samuel Jonah is the founder and controlling shareholder of Mobus Properties (Ghana) Limited ("Mobus"), a privately held Ghanaian property investment, development and management company focusing on commercial and residential property development. On 14 April 2018, Grit announced the acquisition of a 47.5% interest in Capital Place Limited – which owns an office complex known as Capital Place – from

Mobus for US\$8.5m. The acquisition was financed through the issue of Shares to Mobus at a price of US\$1.5267 per Share, net of dividends on 11 May 2018. Mobus holds 1.68% of Grit's issued share capital as at 30 June 2022. The Board has considered these relationships and does not consider that they impact Sir Samuel Jonah's independence as a Non-Executive Director of Grit.

David Love is the Chief Financial Officer of Knight Frank Investment Management ("KFIM") in the UK. For the purposes of the audited financial statements for the year ended 30 June 2019 and for the purposes of this prospectus, Knight Frank LLP were appointed as Independent Valuer for the Grit's existing portfolio. KFIM is a totally independent and different business unit than Knight Frank LLP and the valuation team involved in the engagement. Knight Frank LLP highlight that there is a clear separation between the businesses. The Board has considered this relationship and does not consider that it impacts David Love's independence as a non-executive director of Grit.

The Non-Executive Directors play an important role in ensuring that no individual or group dominates the Board's decision making. It is therefore of paramount importance that their independence is maintained. To safeguard their independence, Non-Executive Directors are not permitted to serve more than nine-year terms unless in exceptional circumstances.

Tenure of the Non-Executive Directors

Years	Number of NEDs
Under 3	2
3-6	5
6-9	1

Peter Todd will be serving for nine years in August 2023 and accordingly the Nomination Committee/Board would discuss his independence and his remaining as a NED of the Company.

The UK code provides that "The chair (of the Board) should not remain in post beyond nine years from the date of their first appointment to the board". In this respect, the Nomination Committee/Board would also plan the effective succession of Peter Todd as Board Chair.

Other external appointments

The Board takes into account a Director's other external commitments when considering them for appointment to satisfy itself that the individual can discharge sufficient time to the Grit's Board and assess any potential conflicts of interest.

Our Directors are required to notify the Group Compliance Manager of any alterations to their external commitments that arise during the year, on a monthly basis. At each Board meeting, the Board also considers the number of directorships (including other listed companies) held by the individual already and their expected time commitment for those roles. All Directors have confirmed (as they are required to do annually) that they have been able to allocate sufficient time to discharge their responsibilities effectively. There has been no significant external appointment that would hinder any Board member's commitment to the Company.

The details of directorships of the directors held in other organisations are set out at <https://grit.group/the-board/>.

Conflict of interest

As a Non-Executive Director's independence could be impacted where a Director has a conflict of interest, the Board operates a policy that restricts a Director from voting on any matter in which they might have a personal interest unless the Board unanimously decides otherwise.

Prior to all major Board decisions, the Chairman requires the Directors to confirm that they do not have a potential personal conflict with the matter being discussed. If a conflict does arise, the Director is excluded from discussions.

The interests register is regularly reviewed by the Board to ensure it remains up-to-date. The Board is satisfied that potential conflicts have been effectively managed throughout the period. The Company Secretary or the Group Corporate Secretary maintains the register of interests and a copy is available to the shareholder upon written request to the Company Secretary.

Other than set out in the registers maintained by the Company (Register of declared transaction interest of directors, Register of Directors' interest in the Shares of the Company and Declaration of Directors' Interest) and as set out under Note 37 of the AFS on Related Parties, the directors do not have a relationship with the Company or with the majority shareholder.

A copy of the Company's Conflict of Interest Policy is available at <https://grit.group/governance/>.

3 Composition, Succession And Evaluation

Appointments to the board

Appointments to the Board are made, made on recommendation from the Nomination Committee, on merit with the overall objective of ensuring that the Board maintains the correct balance of skills, length of service and knowledge of the Group to successfully determine the Group's strategy. Due consideration is also given to the benefits of diversity in its widest sense, including gender, social and ethnic backgrounds and personal strengths.

This report provides further information on:

- Board composition – page 102
- Non-Executive Director tenure – page 98
- Board appointments and induction – page 104
- Succession planning; and
- Diversity.

For information on the procedure for appointment of new directors to the Board, and the role of the Nomination Committee in this process, refer to the Nomination Committee Report on pages 101 to 106.

The size and composition of the Board and its various committees are reviewed by the Nomination Committee on a quarterly basis and the current size and composition are considered appropriate for the Company and this is how the Board has reached its current size as of date.

Board skills, experience and knowledge

An effective Board requires the right mix of skills and experience. Our Board is a diverse and effective team focused on promoting the long-term success of the Group for the benefit of all stakeholders. The Directors' biographies are available on pages 80 to 83.

Skills & Experience of directors

Details on the skills and experience of directors are provided below and under their respective bio-data:



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Skills & Experience of directors

Skills & Experience	Brief Definition	Number of Non-Executive Directors	Number of Executive Directors
Executive and strategic leadership	Senior executive and directorship experience	7	2
Financial acumen (including audit)	Senior executive experience in financial accounting, reporting or corporate finance	7	2
Property and real estate	Experience in property development, construction or real estate management	7	2
African Experience	Experience linked to investments in Africa	7	2
Governance and compliance	Prior experience as a Board member, industry, or membership of governance bodies	7	2
Corporate responsibility and community relations	Experience in corporate or social responsibility, charitable bodies or human resources	7	2
Sustainability	Experience in sustainable matters and climate-related risks and opportunities	7	2
Health and safety	Experience in health and safety matters	7	2
Capital projects	Experience working in an industry with projects involving large-scale capital outlays and long-term investment horizons	7	2
Remuneration	Prior Remuneration Committee membership and/or experience in relation to remuneration including incentive programmes	4 (Peter, Cathy, Sir Sam, Bright)	2
Risk management	Experience in risk management and internal controls	6 (Excluding Sir Sam)	2

Training

With the ever-changing environment in which Grit operates, it is important for our Executive and Non-Executive Directors to remain aware of recent, and upcoming, developments. We require all Directors to keep their knowledge and skills up to date and include training discussions with the Chairman in their annual performance reviews.

As required, we invite professional advisers to provide in-depth updates. Updates and training are not solely reserved for legislative developments but aim to cover a range of issues including, but not limited to, market trends, the economic and political environment, environmental, technological and social considerations. Regular updates to the Board and its committees on regulatory and corporate governance matters are provided.

During the year ended 30 June 2022:

- In February 2022, the Directors attended a two-day Grit strategic session.
- The Board received regular market and leasing updates.
- The Board received further presentations on ISO 45001 and its implementation for the Group
- The Board received regular updates from the Risk Committee, including updates on tax matters and IT matters
- The Board also received updates on ESG/Sustainability matters, with focus on TCFD.

Annual Board Evaluation

Every year, the Board and Committees conduct an evaluation to consider the:

- Effectiveness of the Board members and its Committees, the Chair and Company Secretary
- Composition and dynamics
- Information flows and meeting management
- Chairman's leadership
- Extent to which the Board fulfils its role and responsibilities, with particular regard to strategy, oversight of risk and succession planning
- Strategic issues and oversight; and
- Areas for development identified and priorities for change

The process this year has been launched since June 2022, internally and independently with the help of the Group Compliance Manager through DilITrust Exec, the digital board portal, through which paperless board and committee meetings are organized.

It has been agreed to set up a specific session post the board approving the financials in October 2022 to consider the outcomes of the evaluation process. Accordingly, the results (and updates on actions thereon) of the Board and Committee evaluation will be published in the IAR for year ending 2023. No significant issue was identified.

Re-election of Directors

In accordance with the Code, all the Directors will be putting themselves forward for re-election at the 2022 AGM, which the Board believes that the re-election of each Director is in the best interests of the Company.

Nomination COMMITTEE REPORT



Peter Todd

Chairman of the Nomination Committee

2022/2023 Focus Areas:

- Continue to review the composition of the Board and its Committees to ensure that Directors have the required level of expertise and relevant skills;
- Continue to monitor the development of the internal talent pool to ensure that they are given the appropriate opportunities and support to develop;
- Continue to promote diversity and inclusion through the business;
- Discussing the Succession Planning of the Group, to comply with UK Code.

Committee Composition and performance

The Nomination Committee ("Committee") consists of three Non-Executive Directors (biographies are available on pages 80 to 83). At the request of the Committee, Executive Directors, members of the senior management team and external advisers may be invited to attend all or part of any meeting, as and when appropriate.

Meetings of the Committee

During the year under review, the Committee met three times, in October (2021), February and June (2022). Due to travel restrictions caused by Covid-19, and the requirement to maintain social distancing, the Committee meetings were mostly held by tele/videoconference.

Members of the Committee	Independent	No. of meetings	Attendance
Peter Todd (Chairman)	Yes	3/3	100%
Catherine McLraith	Yes	3/3	100%
Nomzamo Radebe	No	3/3	100%

Roles and Responsibilities

The Committee's role and responsibilities are set out in Charter and are on the Company's website at: <https://grit.group/governance/>

Key Activities during the year under review

- Continuously reviewed the composition and effectiveness of the Board and its committees;
- Assessed the following focus areas:
 - Improvement of induction program.
 - Proposal for Board members to visit properties.
- Reviewed the induction of directors and annual on-going training plan;
- Re-assessed the Board, Audit and Risk Committees composition and considering the independence of Mr. Cross Kgosiile, following BDC's increase in shareholding of Grit to more than 5%;
- Proposed that Mrs Nomzamo Radebe remains as a member of the Board post the dissolving of Drive In Trading, due to the extensive value and input that she adds to the Board. Discussing that in 12 months', Mrs Nomzamo Radebe will become an independent NED; and
- Consequently, considered removing Mr. Bright Laaka as permanent alternate to Mrs. Radebe.

NOMINATION COMMITTEE REPORT (CONTINUED)

Committee Performance Evaluation

The 2022 evaluation of the Board, its committees and individual Directors was internally facilitated by the Group Compliance Manager, in accordance with Grit's yearly evaluation process. There has been confirmation by the members that the Committee continues to operate effectively, with no significant matters raised. Please also refer to the Corporate Governance Statement report under "ANNUAL BOARD EVALUATION".

Board and Committee Composition

At each of its meetings, the Committee considers the composition of the Board and its committees in terms of its balance of skills, experience, length of service, knowledge of the Group and wider diversity considerations. The Committee did not identify any material skill gaps on the Board or its committees.

An overview of the Board's skills, experience and knowledge is on page 100.

The Committee's review also aims to ensure each committee is appropriately composed to be effective and is conducted alongside discussions on Board succession and Non-Executive Director (NED) tenure.

The table below provides an overview of the composition of the Board's six principal committees as at 30 June 2022.

	Audit Committee	Risk Committee	Remuneration Committee	Nomination Committee	Responsible Business Committee	Investment Committee
Peter Todd - Chairman			✓	✓ (Chair)		✓ (Chair)
David Love - Senior Independent	✓	✓			✓ (Chair)	✓
Catherine McIlraith	✓ (Chair)	✓	✓ (Chair)	✓	✓	
Nomzamo Radebe			✓	✓	✓	✓
Bronwyn Knight ¹						✓
Leon van de Moortele ²					✓	✓
Sir Sam Jonah					✓	
Jonathan Crichton	✓	✓ (Chair)				
Cross Kgosidiile		✓				

Following the Committee's review in February 2022, it was confirmed that the membership of the six principal committees continues to be appropriate, effective and in accordance with the UK and Mauritius Codes.

Non-Executive Director changes

In December 2021, Botswana Development Corporation ("BDC") subscribed for additional shares under the Open Offer, resulting in BDC holding over 5% of the shareholding of Grit which is then classified as a substantial shareholder. Cross Kgosidiile, is an Independent Non-Executive director (NED) on the Grit Board and works for the BDC. The Committee therefore needed to re-assess his independence and the composition of the various committees that he sat on.

The Committee made the following changes:

- Cross Kgosidiile would no longer be viewed as Independent;
- The Risk committee was still correctly composed and he would remain on this committee; and
- He needed to step down from the Audit Committee as this committee can only be composed of Independent NED's.

The Committee have considered the composition of the Board, its effectiveness and diversity, and has concluded that no further appointments to the Board will be made during FY2023.

Executive Director changes

There is no expectation for any change in the Executive Directors as Bronwyn Knight and Leon van de Moortele remain the Executive Directors of Grit.

Additional considerations for the Nomination Committee

Following interactions with the external auditors, at the forthcoming Nomination Committee meeting, the following will be given due consideration, after seeking advice from external service providers on the matter:

- Considering the independence of the Chair, in conjunction with the FRC's commentaries on the UK Code and in line with comments in this IAR, including under "Independence and Tenure";
- Reviewing the composition of the committees, in particular the Nomination Committee;
- Seeking advice from experts in the UK as to composition of the Risk Committee, taking note that the UK Code does not require the Company to have such a committee, but given that the external auditor has advised that it should be composed of only independent NEDs; and
- Carefully examining the other directorships of each director and deliberating again if each director has sufficient time to dedicate to the Company

1. Bronwyn is an invitee to the other Committees

2. Leon is also invited to all the Committees and in particular the Audit and Risk Committees

Non-Executive Directors' tenure

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Peter Todd - Chairman									
David Love - SID									
Catherine McIlraith									
Nomzamo Radebe									
Bronwyn Knight									
Leon van de Moortele									
Sir Sam Jonah									
Jonathan Crichton									
Cross Kgosidiile									

Notes:

1. Directors hold their office until the next following AGM and then retire, but are eligible for appointment at that meeting. The Board has the authority to appoint Directors to fill any vacancy that may arise from time to time, which appointment is ratified at the following AGM.
2. Life directorships and directorships for an indefinite period are not permissible.
3. Refer to comment under the Corporate Governance Statement under "Tenure" as Peter Todd will be completing 9 years in August 2023 and the Nomination Committee will have to consider and determine his independence.

Process used in Relation to Appointment of Directors

The Board currently includes seven non-executive directors, including the Senior Independent Director and the Chairman, who all bring considerable knowledge, skills and experience to the Group and all of whom, save for Nomzamo Radebe and Cross Kgosidiile, are considered independent.

As is best practice, the Board is continually assessed and periodically refreshed to ensure it maintains an appropriate balance of skills and experience. Directors are appointed based on their specific skills set, industry expertise and experience as well as the overall level of contribution they can make to the activities of the Group. The Committee is tasked with identifying and recommending suitable Board candidates for the Board's consideration through a formal process.

The Committee conducts a robust selection process for appointments, as outlined in the FY2021 IAR (refer to page 87 of the FY2021 IAR at <https://grit.group/wp-content/uploads/2021/11/2021-integrated-annual-report-2.pdf>). The process will be reviewed as appropriate ahead of the next Board-level appointment and to always ensure supporting a diverse pipeline.

Internal Board and Committees Evaluation

The 2022 evaluation of the Committee was internally facilitated by the Group Compliance Manager, in accordance with Grit's yearly evaluation process. No significant issue was identified.

Diversity - Valuing, Encouraging, and Supporting a Diverse Workforce

The Board believes that diversity and inclusivity at Board level and throughout the business is key to the long-term success of Grit and assists in achieving its objectives.

Diversity at Board level sets the tone for diversity throughout the business and brings constructive challenge and fresh perspectives to discussions. At Grit, we consider diversity, in its widest sense (and not limited to gender, but also skills, experience, professional background and tenure), during our Board composition reviews, as part of succession planning and the development of recruitment specifications.

Grit promotes diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Company operates a non-discrimination policy, which covers, amongst others, disability, gender equity, sexual orientation, race, religious beliefs, and age and there has been no matter reported during the FY ended 30 June 2022 that there has been any discriminatory case. As regards the gender balance of senior management and their direct reports, please refer to the Sustainability Report on the website at <https://grit.group/governance/>.

NOMINATION COMMITTEE REPORT (CONTINUED)

Nationality of Board Members as at 30 June 2022

Nationality	Count as at 30 June 2021	Count as at 30 June 2022
South Africa	3	3
Mauritius	1	1
UK	2	2
New Zealand	1	1
Ghana	1	1
Botswana	1	1
Grand Total	9*	9*

* Bright Laaka has not been counted in these numbers as Nomzamo Radebe has been counted in these statistics (Bright Laaka being a permanent alternate to Nomzamo Radebe)

Gender Diversity as at 30 June 2022

	Number of Female at 30 June 2021	Number of Male at 30 June 2021	Grand Total at 30 June 2021	Number of Female at 30 June 2022	Number of Male at 30 June 2022	Grand Total at 30 June 2022
Board members only	3	6	9*	3	6	9*

* Bright Laaka has not been counted in these numbers as Nomzamo Radebe has been counted in these statistics (Bright Laaka being a permanent alternate to Nomzamo Radebe)

Skills & Experience of directors

The board is also well diversified in term of their personal strengths, skills and experience. Details on the skills and experience of directors are provided on pages 80 to 83 under their respective bio-data.

Induction

The Company provides new Directors with a comprehensive and tailored induction process which includes visiting a number of the Group's properties, meetings with the Group's audit partner and corporate lawyer, together with meetings with the Executive Directors, Executive Committee and senior management.

Induction programmes are developed by the Group's Responsible Business team and approved by the Chair of the Committee.

If considered appropriate, new Directors are also provided with external training that addresses their role and duties as a Director of a quoted public company.

We aim to limit the amount of information provided as reading material during an induction process.

All new Directors are provided with access to the Company's online Board meeting system and also provides easy and immediate access to the following key documents:

- Our latest budget and strategic plan.
- Recent audited financial statements.
- Information on our sustainability initiatives.
- The Group's Risk Register, Schedule of Principal Risks and Schedule of Emerging Risks.
- Organisation and legal charts, overview of the committees' membership and Non-Executive Director tenure.
- Matters reserved for the Board and the committees' terms of reference.

Since no new director was appointed during the year under review, the Company did not conduct any induction process.

Succession Planning

As Directors, we have a duty and the responsibility to ensure the long-term success of the company, which includes ensuring that we have a steady supply of talent for executive positions and established succession plans for Board changes. The Committee considers the Group's succession planning on a regular basis to ensure that changes to the Board are proactively planned, diversified and co-ordinated. The Executive Directors are responsible for the Group's succession plans below the Board.

The Chairman of the Board is approaching 9 years and during the coming FY2022/2023, the Nomination Committee/Board will discuss/consider if Peter Todd will remain an independent director. However, to ensure compliance with the UK Code, it is intended that Peter Todd will no longer remain the Chairman of the Board.

Succession planning is a continuous process that identifies necessary competencies required by an organisation and works to assess, develop and retain a talent pool of employees to ensure a continuity of leadership within the organisation, for all critical positions. The Board views succession planning as crucial to the Company's sustainability. The Committee ensures that, as Directors retire, candidates with the necessary skills and experience are identified to ensure that the Board's competence and balance is maintained and enhanced, taking into account the Group's current and future needs.

In considering Executive Director succession, we address continuity in, and development of, the Management Team below Board level. Current Executive Directors have a long tenure. Whilst there are no immediate vacancies at Board level, we recognise that it is important to develop internal talent. Our development planning encourages employees to fulfil their potential and grow in their roles. In the absence of any of the Executive Directors for any reason, there is still business continuity.

Management ensures that all departments are staffed to the optimum. The table below shows that the Company has sufficient skilled human resources to ensure that the Company meets its objectives in line with its Strategy, whilst complying with all internal controls:

Headcount per Department (numbers) as at 30 June 2022

Department	Headcount as at 30 June 2022	Headcount as at 30 June 2021
Admin	18	10
Business Analytics	2	–
Communication	1	–
Development	5	–
Executives	–	2
Finance	28	18
Human Capital	3	3
Investment	9	6
Legal	1	–
Management	5	–
Operations	33	25
Property Staff	–	5
Responsible Business	8	–
Risk & Compliance	–	5
Strategy	4	4
Treasury	7	6
Grand Total	124	84

The Group's talent pipeline has been strengthened through a number of external appointments and internal promotions.



Audit COMMITTEE REPORT

Catherine McIlraith

Chairman of the Audit Committee

2022/23 Focus Areas

- Evaluate the adequacy of controls on the accounting and reporting system for external auditors' and those of the internal auditors to ensure robust control environment and a quality assurance framework in place;
- Consider the impact assessment of BEIS audit, reporting and corporate governance reform in the UK on Grit in the future;
- Review internal auditors' scope of work upto June 2025 and their assignments with specific focus on recommendations with regards to Grit's integration of GREA; and
- Chairman to engage with shareholders with respect to areas of responsibility.

Committee Composition

As at 30 June 2022, the Committee was composed of three independent Non-executive Directors with a combined wide range of skills-set including finance and real estate. The Chairman, Catherine McIlraith, has sufficient financial and business experience, which combined to her Chartered Accountant certification, gives her the required skills to perform her duties as Chairman of the Committee.

Meetings of the Committee

During the year under review, the Committee met seven times: in September, October (2 meetings), November (2 meetings) (2021), February and June (2022). While travel restrictions have been lifted in most jurisdictions, the Committee meetings continued to be held by tele/videoconference.

Members of the Committee	Independent	No. of meetings	Attendance
Catherine McIlraith - Chairman	Yes	7/7	100%
David Love	Yes	7/7	100%
Jonathan Crichton	Yes	6/7	86%
Cross Kgosiidile	Yes	5/5*	71%

* Refer to "Non-Executive Director Changes" on page 102.

In addition to the Committee members, meetings are also attended by the Internal and external Auditors and members of the Group's executive and senior management. To ensure assurance and transparency, the Committee holds secluded sessions with the Internal and External Auditors, in the absence of management when required. The Committee liaises closely with the Risk Committee and may invite any relevant persons to attend Committee meetings. The Chairman also reports all matters to the full Board.

Roles and Responsibilities

The quality assurance on the financial information that we produce is established by Audit Committee, through ongoing discussions with management and key service providers. The Committee's roles and responsibilities are set out in the Audit Committee Charter (<https://grit.group/governance/>), which has been approved by the Board and is reviewed annually by the Committee.

Key Activities during the year

- Reviewed and approved the IAR, including FY2021 Audited Financial Statements, the letter of representation to the external auditor and made representation to the Board;
- Discussed the budget of the Company for review and approval by the Board for the financial year ended 30 June 2023;
- Approved the internal audit plan for the financial years running 2023 – 2025 and assessed KPMG as internal auditors of the Company;

- Ensured the implementation of the recommendations of internal auditors, on the internal controls and processes for operating efficiency;
- Reviewed the Company's Abridged Unaudited results for the six months ended 31 December 2021 and made recommendation to the Board for approval;
- Carried-out the 2021 performance evaluation of the Committee; and
- Considered the audit plan for FY2022 with the external auditors.

The Committee is always given the opportunity, by the External Auditors, to have secluded meetings with them to discuss any issues in the absence of management.

Significant issues that the audit committee have considered during the year are as follows:

- Determining the accounting treatment and disclosure required for acquisitions and disposals. Examples of this would be the acquisition of a stake in APDM, the acquisition of an additional interest in GREA, the disposal of ABSA House.
- Accounting treatment for financial instruments. As an example, the Perpetual note with BluePeak and Ethos in terms of classification as equity or debt instruments.
- Assessing the going concern and viability period for the Group.
- Fair value of investment properties at interim and full year. For example, the independent third-party property valuations that are performed by Knight Frank and REC.
- Assessing new regulatory requirements such as TCFD and implementing the adequate processes and procedures on order to be able to meet the TCFD recommendations.

In addition to the above further details are provided in Note 1 to the Annual Financial Statements.

Committee Performance Evaluation

The 2022 evaluation of the Committee was internally facilitated by the Group Compliance Manager, in accordance with Grit's yearly evaluation process. No significant issue was identified.

Financial Reporting

A primary responsibility of the Committee is to review and report any concerns to the Board around the clarity and accuracy of the Group's financial statements, including the Annual Financial Report and interim statement. During the year ended 30 June 2022, this included a detailed review of the accounting implications of the integration of GREA, as a subsidiary in the Group, including any likely changes to the accounting standards adopted under IFRS.

The Committee continues to bear in mind the general requirement that the financial statements present a 'true and fair view' and also consider the following:

- the accounting policies and practices applied;
- the effectiveness and application of internal financial controls;
- material accounting assumptions and estimates made by management;
- significant judgements or key audit matters identified by the External Auditor; and
- compliance with relevant accounting standards and other regulatory financial reporting requirements including the UK and the MRU Code of Corporate Governance.

The Committee further seeks clarifications from management on these matters, if required, though there is transparent communication from management with the Board, through monthly management packs and ad hoc meetings at the request of the Committee.

Viability Statement

The Committee reviewed the process and assessment of the Company's prospects and viability made by management for the next two years which formed the basis for the viability statement (see pages 20 to 21)

Review of the 2022 Integrated Annual Report

At the request of the Board, the Committee was asked to review the Group's IAR and to consider whether, in absolute terms, it was fair, balanced and understandable. In carrying out its review, the Committee had regard to the following:

Fairness and balance

- Is the report open and honest, are we reporting on our weaknesses, difficulties and challenges alongside our successes and opportunities?
- Do we provide clear explanations of our KPIs and is there strong linkage between our KPIs and our strategy?
- Do we show our progress over time and is there consistency in our methodology for metrics and measurements?

Understandable

- Do we explain our business model, strategy and accounting policies simply, using precise and clear language?
- Do we break up lengthy narrative with quotes, tables, case studies and graphics?
- Do we have a consistent tone across the IAR?
- Are we clearly 'signposting' to where additional information can be found?

Specific considerations for the 2022 Integrated Annual Report

- Whether there were any significant issues identified;
- Whether we clearly explain the short and long-term impacts of the GREA integration on our business and performance;
- Whether we clearly explain the anticipated post Covid-19 impact on our business and performance; and
- Whether we have adequately responded to the questions which the FRC Financial Reporting Lab believe investors will seek information on from reports post the Covid-19 pandemic.

As part of the discussions with the auditors and the executives, the Audit Committee challenged the underlining assumptions and parameters that were applied by the Company and the auditors in establishing the viability of the Group and its going concern. The Committee expressed its satisfaction with the outcome of the various scenarios that were run by management, in consideration of each parameter applied.

The Committee paid particular attention to the above to ensure they did not impact on the balance and clarity of the IAR. Following its review, the Committee confirmed to the Board that the 2022 IAR is fair, balanced and provides sufficient clarity for shareholders to understand our business model, strategy, position, performance and outlook. The Committee further confirmed that no significant issue was identified.

AUDIT COMMITTEE REPORT (CONTINUED)

Internal Financial Controls

The Audit Committee is responsible to review the adequacy and effectiveness of the Group's system of Internal financial controls as described briefly in the table below on an ongoing basis. The system and its effectiveness are reviewed annually by both the Audit Committee and the Risk Committee, as set out in the Risk Committee report and the Risk Management Framework section on pages 22 to 29.

Governance framework	Our governance framework (see page 92) supports effective internal financial controls.
Financial reviews and internal procedures	An annual budgeting exercise is carried out with quarterly/semi-annual rolling forecasts prepared. A three-year strategic review is prepared annually.
Treasury and tax procedures	Treasury is controlled by the Chief Financial Officer and Head of Treasury. All transactions are checked, monitored and reviewed by our advisers. Corporate tax returns are prepared by the Finance department supported by our external tax advisers Carpus Tax. We maintain an open relationship with Mauritius Revenue Authority and have a 'low risk' tax status.
Risk identification and monitoring	The Risk Committee regularly reviews the Group's risk registers, the schedule of key controls and key risk indicators. The schedule of key controls provides evidence of how the controls are being operated and their effectiveness.
Training and staff awareness	Staff are aware of the delegated authority limits set by the Board and confirm their understanding of our internal policies. The Company is working on finalizing a Group Policy Handbook, which will be available to all employees.
External verification	Through the comments and reviews by both the external and internal auditors, recommendations are implemented to improve the internal financial controls.

The Audit Committee received detailed reports on the operation and effectiveness of the internal financial controls from members of the senior management team. The outcome of the external audit at year end and the half-year review are considered in respect to our internal controls. The Committee also received updates on the policies and procedures in place and how these are being communicated to and complied with by our staff.

Grit is relatively small in terms of number of employees. Our Group structure is organised to be simple and transparent (i.e. relatively few subsidiaries) and our internal control procedures and policies are well established, reviewed annually and subjected to external verification by both our internal and external auditors.

Although the Audit Committee remains satisfied that the review of internal financial controls did not reveal any significant weaknesses or failures and they continue to operate effectively, it was agreed that the documentation and evidence of assurance would be a focus area for the financial year 2021/22.

Information on the Risk Committee's review of non-financial internal controls and risk management is available on pages 22 to 29.

Internal Audit

Part of our 3rd line of defense is Internal Audit ("IA"), which is an independent, objective assurance and consulting activity designed to add value and improve Grit's operations. As at 30 June 2022, our internal audit function continued to be outsourced to KPMG Advisory Services Limited ("KPMG") and this has been since 2018. There are no restrictions placed over the right of access by internal audit to the records of the organisation, to the Management of the organisation nor to the employees of the Company across business units.

During the year under review, KPMG examined and evaluated the activities and the suitability of the systems of internal control, enterprise risk management and governance. The internal auditors review and evaluate compliance with policies and procedures for each business division under review, and ensure sound business practices. They also provided the Audit Committee and the Board with a quarterly report of findings and recommendations discussed with management for each review performed, including agreed management actions with timelines, along with other sources of assurance. These reports are used by the Board in evaluating the efficiency of the Group's internal controls and risk management system.

KPMG operates within defined boundaries of authority as set out by the Audit Committee and the Board and as agreed in the service level agreement. The IA plan is closely followed, with deviations discussed and agreed at the Audit Committee in advance. The IA plan is prepared using a risk-based approach, considering changes in risk profiles and emergence of new risks. An updated IA plan for the financial years running July 2022 – June 2024 has been prepared and approved by the Audit Committee, in consideration of recent changes in the Group's operating functions, with the integration of GREA. Anticipated risks are considered at each Audit Committee and the IA plan and areas to be covered are discussed and updated accordingly.

The methodology used remains the same as previous years and is based on the identification of key inherent risks through an enterprise risk assessment carried out by KPMG to define the IA plan. For each business process under review, the process level risks are identified, and the IA approach consists of verifying key controls in terms of design and effectiveness, in view of eliminating or reducing the risks to an acceptable level, and the formulation of relevant recommendations.

Any business process improvement points identified through the reviews conducted by the IA function are discussed with GRIT Management who commits on the implementation of adequate remedial steps in the interest of the Company. The Audit Committee and the Board monitor the agreed deadlines to close on remedial actions.

The IA team maintains its independence through its internal policies and procedures designed to manage its professional competence, independence and objectivity. The independence of the IA team is also governed by the terms of its engagement letter with the Group. The Committee performs a formal review of KPMG's effectiveness during the course of every financial year.

Throughout the year under review, the IA function had and continues to have a direct reporting line to the Audit Committee and maintains an open communication channel with Management and the Chairman of the Audit Committee. This reporting structure allows KPMG to remain independent and report all items of significance to the Committee.

The IA Plan for the financial year ended 30 June 2022 covered the following areas:

- Investment Management;
- Facilities Management; and
- Data Migration Review.

Effectiveness Review of the Internal Auditors

For the year ended 30 June 2022, the Audit Committee has been pleased overall with the work performed by KPMG and with the additional assurance received from their reviews. Management has implemented the recommendations made by KPMG on the internal controls around the investment and facilities management functions, and system improvements have been rolled-out to all business units where necessary. The recommendations on data migration are still in progress and the Committee would continue to monitor these till complete implementation.

The Committee performed a formal assessment of the effectiveness of the internal audit process and the quality of audit and reporting based on specific criteria as set out below:

Internal auditor key performance indicators (KPIs)

Delivery KPIs

Audits commenced in line with original timescales

Clear planning definition document with audit scope

Draft reports issued within 10 working days of debrief meeting

Management responses received within 10 working days of draft report

Final report issued within 5 working days of management responses

Presentation of key findings to Audit Committee

Quality KPIs

Conformance with IIA Standards(i)

Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit

Two working days response time for all general enquiries for assistance

One working day response time for emergencies and potential fraud

The results of the assessment indicated the Committee was satisfied with experience and expertise of the Internal Auditors and in the entire IA process and quality of the reports and communication thereof.

External Auditor

The Audit Committee has primary responsibility for managing the relationship with the External Auditor, including assessing their performance, effectiveness, and independence annually and recommending to the Board their reappointment or removal. Accordingly, the Chairman of the Audit Committee and the CFO would have regular meetings to discuss findings raised by the external auditors in a timely manner to ensure a smooth audit process.

PricewaterhouseCoopers LLP (PwC) remain the Group's External Auditor since appointment in the audit purposes in 2018.

The Committee has considered the replacement of the current audit partner, Mr Darryl Phillips, who will be serving his last year as the signing Audit Partner, as the Company cannot have the same signing Audit Partner

for more than 5 years (June 2018 – June 2022). The new signing Audit Partner, namely Diane Walmsley, has been introduced to the Committee during the June 2022 Audit plan discussions with management.

In June 2021, the Company approved at its Extraordinary General Meeting the appointment of PricewaterhouseCoopers LLP as the statutory auditors of the Company (also Guernsey accredited auditor).

The tenure of the statutory auditors is for one year, subject to annual re-assessment as set out below and in accordance with the guidance from the Financial Reporting Council.

Annual review of the External Auditor

Based on the Audit Committee's satisfaction with their assessment of the independence, objectivity and effectiveness of the external auditors, it has been recommended to the Board that PricewaterhouseCoopers LLP be re-appointed.

While assessing the effectiveness of the External Auditors following the year end audit, the Committee reviewed the audit plan, which was focused on risk and materiality, and considered the quality of their planning, whether the agreed plan had been met, the extent to which it was tailored to our business and its ability to respond to any changes in the business.

The results of the assessment revealed the Committee was satisfied that PricewaterhouseCoopers LLP had performed their audit effectively, efficiently and to a high quality. Once again this is why the Committee had recommended that the External Auditor be maintained for the year ending 30 June 2022.

Any feedback arising from the annual assessment are discussed with the External Auditor for implementation into the audit plan for the next year end audit. Likewise, any key accounting issues or judgements made by management are monitored and discussed with the Audit Committee throughout the year.

Non-audit services

The purpose of our Non-Audit Services Policy (<https://grit.group/governance/>) is to ensure that the provision of such services do not impair the external Auditor's independence or objectivity. We align our Non-Audit Services policy to the latest FRC Ethical Standards.

Non audit services provided by PwC during the financial year ended 30 June 2022, as approved by the Audit Committee and recommended to the Board for approval, related to services for online accounting manual and fee paid for audit-related procedures performed by PwC on the IFC loan covenant requirements.

	30 June 2022 US\$'000	30 June 2021 US\$'000
PwC Mauritius & PwC UK	15.6	1

Risk COMMITTEE REPORT

Jonathan Crichton

Chairman of the Risk Committee

2022/23 Focus Areas

- Ensure timely completion of identified debt financing/refinancing strategies to reduce refinancing risk;
- Ensure successful integration of GREAs;
- Continue enhancing the Group's risk management framework and methodology, in consideration of the changing dynamics in the global environment and best practices;
- Enhance our environmental and social framework, for building a sustainable system for environmental risk identification and monitoring; and
- Focus on completing our pathway to net-zero emission and disclosing our exposure to climate-related risks and underlying opportunities in consideration of the TCFD recommendations.

Risk Committee

The responsibility of risk governance and definition of the nature and extent of the principal risks that the Group is willing to take in consideration of its strategic objectives, rest with the Board. The Risk Committee (the "Committee") has been delegated by the Board, to establish a sturdy risk identification and management system (refer to pages 22 to 29). The Committee is responsible to assure the Board that the risk management processes that are in place and applied on an ongoing basis, are sufficient in managing the risks to which the business is exposed. In order to gain a comprehensive understanding of the risks facing the business and the management thereof, the Committee periodically receives presentations on any specific risks to be considered, from senior managers and external advisers (Tax, Insurance Brokers and IT), as well as internal auditors. By identifying the risks within the Company's operations, the Committee further provides advice on the scope of the internal and external audits and communicates same to the Audit Committee for Board consideration.

Our principal risks (refer to pages 26 to 29), are assessed frequently and documented in a risk schedule which includes a comprehensive overview of the key controls in place to mitigate each risk and its potential impact on the Company. Due to its importance, changes to the list of principal risks are made with the approval of the Risk Committee and Board.

The Risk Committee and the Board review and approve the Group's risk assessment on a quarterly basis. In addition, risks deemed to be key indicators of changes in the Group's risk profile, or deviation from the Board's risk tolerance, are singled-out and reported-upon at each working session prior to the Risk Committee meeting. During these working sessions, emerging risks, being those that could impact the business in the medium to long-term, are identified and managed on a specific risk register.

Subsequent to its appraisals, for the period under review, the Committee gave confirmation to the Board, on its satisfaction that the Group's internal control and risk management measures:

- Functioned successfully throughout the reporting period, giving due consideration inter alia and in particular to the Company's external risks, strategic risks, financial risks, operational risks, IT risks and compliance risks; and
- Are aligned with the guidance confined within the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Group's Risk Management Policy has been reviewed within this reporting period; however, our risk management framework therein has not changed, in terms of how we identify, assess, monitor and respond to risks.

This is summarised below:

Risk Management Framework

- Identify**
Risks are identified through workshops between the Directors, members of the C-Suite and senior management team, and appointed Risk Champions using analytical techniques, independent reviews as well as historical data and experience.
- Assess**
Following the identification of a potential risk, the members of the C-Suite and senior management team and Risk Champions undertake a detailed assessment process to gain sufficient understanding of the risk to allow an effective and efficient mitigation strategy to be determined.
- Manage – risk response and action plan**
Controls and procedures are implemented in response to identified risks with the aim of reducing the Group's risk exposure, so that it is aligned to or below our risk appetite as approved by the Board. These measures may be tactical changes such as new controls or more strategic projects.
- Monitoring and Reporting**
As part of our risk management procedure, risk owners and the Committee routinely conduct monitoring exercises to ensure that risk management activities are being consistently applied across the Group, that they remain sufficiently robust to monitor significant risks and to identify any weaknesses or enhancements which could be made to the procedures.

Continuous reporting is done through the various forums and via several channels.

For more detail on our Risk Management structure and framework, kindly refer to the Group's Risk Management Policy on <https://grit.group/governance/>

The Company has a policy management control document as the Group's policies supports the Risk Management Framework.

Committee Composition

As at 30 June 2022, the Committee comprised of four Non-executive Directors, of which three are independent. The Group acknowledges that as the Risk Committee is also responsible to review the internal financial controls and for this purpose the composition of the Risk Committee needs to be of only independent non-executive directors. Mr Cross being no longer independent since December 2021 meant that the Group were not in compliance with provision 17 of the Corporate Governance Code from this date. The Group will be relooking at the composition of the Risk Committee to ensure that only independent NEDs are its members.

Meetings of the Committee

During the year under review, the Committee met three times: in October (2021), February and June (2022). While travel restrictions have been lifted in most jurisdictions, the Committee meetings continued to be held by tele/videoconference.

Members of the Committee	Independent	No. of meetings	Attendance
Jonathan Crichton – Chairman*	Yes	3/3	100%
David Love	Yes	3/3	100%
Catherine McIlraith	Yes	3/3	100%
Cross Kgosiile	No	3/3	100%

The Risk Committee liaises closely with the Audit Committee and may invite any relevant persons including the CFO, to attend Committee meetings. The Chairman also reports all matters to the Board.

Roles and Responsibilities

The effectiveness of the risk management and internal financials controls are reviewed by the Risk Committee on an ongoing basis and at least on a quarterly basis or as and when required. The roles and responsibilities are fully set out in the Risk Committee Charter which is available on the Company's website at <https://grit.group/governance/>

Further information on Risk Management can be found on pages 22 to 29.

Key Activities during the year under Review

- Challenged the assessments of principal and Group wide risks, by participating in working sessions and continued to monitor and review key controls, including financial, operational and compliance controls. All key findings are reported to the Board;
- Identified new and emerging risks to be considered for monitoring by the Group;
- Assessed the integrity of the risk control system;
- Performed quarterly reviews of the following registers for the Group:
 - Litigation Register;
 - Warranties/Guarantees/Indemnity Register and enhancements thereto to also cater for same linked to potential investments (based on draft agreements);
 - Related Party Register (enhancements thereto and requesting Directors to provide updates as regards their list of directorships and shareholdings); and
 - Compliance with covenants Register.
- Reviewed the Group's insurance policies and schedules, as well as the adequacy of insurance coverage;

RISK COMMITTEE REPORT (CONTINUED)

- Reviewed IT reports and adequacy of disaster recovery and business resumption plans as well as Reinforcement of the Group's Cyber Security;
- Reviewed the Group's Risk Management Policy as well as Committee charter and annual work plan;
- Continued to identify and monitor Covid-19 related risks on the business;
- Monitored the risk management activities of the Group and received update on compliance with debt facility covenants;
- Took note of the Corporate Tax Reports and Treasury Reports circulated to the Committee on a quarterly basis, including risks highlighted therein; and
- Reviewed and approved the updated Group Delegation of Authority matrix.

Cyber Security

Ransomware has been identified across the Globe as the most immediate threat to businesses. As a focus area for 2022/2023, an independent review of our controls in respect to ransomware and cybersecurity in general will be conducted and we will aim to implement any recommendations during 2023.

We have engaged an independent service provider to perform an audit of our IT network infrastructure in August/September 2022, through a concise penetration test from inside an outside network aspects of our IT infrastructure. As part of this audit, a phishing exercise will be conducted to benchmark the impact of Cybersecurity awareness on employees.

As an internal control, our IT service provider – TripleTech perform live monitoring of our entire IT infrastructure, using CrowdStrike to perform IT health checks.

Our cyber security controls have been significantly enhanced during and Post-Covid-19, in response to the rising threat this poses to businesses, and cyber security continues to remain a specific area of focus, as part of our overall risk management strategy. We adopt a layered approach to cyber security which provides various opportunities for threats to be identified in time before any impact could be felt by the business.

Effective data security in the Group is achieved through the following layers:

- Policies, procedures, and awareness
- Physical security
- Perimeter security
- Internal security
- Host security
- Application security
- Data security

Information Security

At Grit we ensure all staff are fully aware of the importance of our Information Security and Data Protection Policy and the impact of non-compliance on the Group (refer to <https://grit.group/governance/> under Policies). The Company's information security and acceptable use policy is reviewed annually (or when required) by the Risk. The purpose of this policy is to outline the acceptable use of computer equipment and information assets at the Company. These rules are in place to protect GRIT and all employees/contractors. Inappropriate use exposes the Company to risks including unauthorised disclosure of information, virus attacks, compromise of network systems and services, and potential legal issues.

Our Information Technology Governance ("ITG") is built around several policies and the Board is ultimately responsible for ITG at Grit. The Risk Committee has been delegated the duty to ensure that the IT risks insofar as they relate to financial reporting and the going concern status of the Company are adequately managed.

At quarterly Risk Committee meetings, IT dashboards are submitted to report on the performance of the IT infrastructure and whether all associated risks are being managed properly. At the same time, monthly performance monitoring reports are pulled from the IT system and submitted to the CFO and the COO.

Our ITG framework is built around the following IT-related policies, and these are reviewed as required by the IT service provider and the Committee:

- Information Policies;
- Security Policies;
- Information Security Policies;
- Incident Management Policy; and
- Change Management Policy.

For security reasons, the above IT policies have not been shared on Grit's website, but a summary of the IT policies is available at <https://grit.group/governance/>. In accordance with the above-mentioned policies, restrictions over the right of access to information are catered for.

Data Protection

Grit also has a Data Protection Policy that complies with the Mauritius Data Protection Act 2017 (the "DPA"), the Data Protection (Bailiwick of Guernsey) Law, 2017 ("Guernsey DPL") and the European Union's General Data Protection Regulation 2016/679 (the "GDPR") to ensure that all personal data collected is protected.

Grit is also registered as a Data Controller, along with its operational company, Grit Services Limited under the DPA. Prior to sharing any personal information, Grit ensures that the recipient undertakes to protect such personal data in case of collecting, procuring, retaining, processing, transferring or disclosing it. All contracts need to have data protection clauses where personal information is shared.

Insurance

Insurance is one key tool used in managing risk and at Grit, we have identified specific risks that can be controlled through appropriate insurance covers.

We make use of an insurance broker that has strong relationships with the main insurers and reinsurers providing cover across Grit's investment territories. Our insurance brokers understand our business and our way of operating and can advise us on the ideal covers that we need to manage our exposure to the specific risks that could have a significant impact on our Group.

Given the nature of our business, property damage and loss of income are the primary risks that we are exposed to, and as a means of control, we have a comprehensive Asset All Risk and Business Interruption policy that covers the assets against loss from complete property damage and loss of income during reconstruction. We also have public liability in each jurisdiction, for both our tenants and their visitors on our properties.

Grit has also taken covers against risks associated to external environment such as political violence and terrorism, as well as political risk insurance. These covers are inevitable risk-control tools in consideration of the countries in which we invest. Important to note that these risks are identified upfront during the feasibility of deals in a new jurisdiction.

Grit has a number of other insurance covers taken such as:

- Directors' and Officers' liability cover for any claims against our directors for the information put out to the market.
- Keyman insurance and Cyber Security covers are being taken-up against the risks of loss of key staff and any loss from cybercrime respectively.

All insurance covers are renewed annually, with discussions between management and the Risk Committee, around the sum insured and any exclusions.

Business Continuity and Disaster Recovery

Covid-19 provided an opportunity second to none, to stress test our IT infrastructure and show evidence of our ability to provide reliable, remote connectivity to the entire workforce across all operating jurisdictions and over a prolonged period of more than eighteen months.

All management directories including management server, file servers and management consult for anti-virus, are replicated daily to an online cloud-based system. The cloud-based data is synchronized with 2 servers based in Mauritius, so if one fails there is a back-up server with all data on it. There is also an off-site server that performs daily back-ups as well as back-ups on external drives that are kept in a locked safe offsite for 2 weeks. The Broll-Online System equally does cloud back-ups of every data on the system. In a disaster scenario, the Company can restore all data from any of these back-ups. The disaster recovery process is tested quarterly, and as at date, the process has not experienced any unsuccessful tests.

Anti-bribery and Corruption

We are committed to the highest standards of ethical conduct and integrity in our business practices and adopt a zero-tolerance approach to bribery and corruption.

An overview of our policies and procedures in this area is contained in the table below.

All employees will receive refresher training on anti-bribery and corruption during FY2022/2023 as part of the mandatory compliance training programme.

Principle	How Grit Manage it	Applicable Policy
Corporate hospitality	Hospitality must be reasonable in value, appropriate to the occasion and provided openly and transparently. It must not compromise, nor appear to compromise, the Group nor the business judgement of our staff.	Grit Group Gifts and Hospitality Policy
Business gifts	Generally, gifts should not be accepted unless valued less than US\$75, are not cash or a cash equivalent (e.g. gift certificate), are appropriate to the circumstances and are not given with the intention of compromising or influencing the party to whom it is being given.	Grit Group Gifts and Hospitality Policy
Hospitality and Gift Returns	All staff are required to complete quarterly Hospitality and Gift Returns which document all instances of third-party hospitality or gifts (given or received) if the value is in excess of US\$75 for hospitality and for gifts. The Hospitality and Gift Returns are subject to review by the Risk Committee.	Grit Group Gifts and Hospitality Policy
Political donations	The Company strictly prohibits any political donations being made on its behalf.	Grit Group Gifts and Hospitality Policy/Corporate Fraud, Anti-Bribery & Corruption Policy
Charitable donations	Charitable donations are handled by the ESG Exco, under the supervision of the Responsible Business Committee. 'Know your client' procedures are applied to charitable organisations to ensure we are dealing with a valid body acting in good faith and with charitable objectives.	Sustainability Policy
Purchase cycle process flow	Contains the minimum KYC we expect from our suppliers	Group Accounting Manual/Corporate Fraud, Anti-Bribery & Corruption Policy
Payments	All payments made must be warranted, transparent and proper. All payments must be accurately recorded through the normal accounting and financial procedures without any deception or disguise as to the recipient's identity or the purpose of the payment in question. No one approves their own expense claim. For all approvals linked to expense claims, there is a capturer and approver process/actioner and controller process.	Group Accounting Manual/Corporate Fraud, Anti-Bribery & Corruption Policy
Facilitation payments	Facilitation payments are bribes and are strictly prohibited.	Corporate Fraud, Anti-Bribery & Corruption Policy/Group Accounting Manual
Conflicts of interest	All conflicts of interest or potential conflicts of interest must be notified to the Company Secretary/Group Corporate Secretary and a register of such notifications is maintained. The Corporate governance statement on page 99 explains our process for managing potential conflicts.	Corporate Fraud, Anti-Bribery & Corruption Policy/Grit Conflict of interest Policy
Training	We provide our employees with guidance notes and regular training on anti-bribery, corruption, ethical standards and the prevention of the facilitation of tax evasion.	
Whistleblowing procedures	A confidential reporting helpline is available for staff to raise concerns anonymously (see page 96).	Whistleblowing Policy

Committee Performance Evaluation

The 2022 evaluation of the Committee was internally facilitated by the Group Compliance Manager, in accordance with Grit's yearly evaluation process. No significant issue was identified.

Responsible BUSINESS COMMITTEE REPORT



David Love

Chairman of the Responsible Business Committee

The Responsible Business Committee ("Committee") supports the Board with the oversight and reporting on organizational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships.

The commitment to sustainable development involves ensuring that the Company conducts business in a manner that meets existing needs without knowingly compromising the ability of future generations to meet their needs.

2022/23 Focus Areas

Continue to operate as a sustainable business and enhance our monitoring and reporting (also enhance on the technical standards, scoring framework and the way data is collected) thereof, including consideration of the following: the six pillars of Grit's ESG priorities (refer to "Responsibility" under Strategic Section)

- the six pillars of Grit's ESG priorities (refer to "Responsibility" under Strategic Section);
- the 4 high-level KPI's linked to the six pillars: 25% reduction in Group carbon emissions by 2025 (including working towards net carbon emission by 2040); 25% improvement in building efficiency through reductions in electricity and water consumption by 2025; more than 40% women in leadership positions; and more than 65% of employees being locals;
- enhancing disclosures against EPRA sustainability Best Practice Recommendations;
- the ten principles of the United Nations Global Compact¹;
- comprehensive stakeholder consultation process and reporting; and
- obtain ISO45001 accreditation by 31 December 2022.

Committee Composition

As at 30 June 2022, the Committee is comprised of four Non-executive Directors, three of which are independent, as per table and notes set out under "Meetings of the Committee" and whose biographies are set out in the Board and Committees section of this IAR.

1. <https://www.unglobalcompact.org/what-is-gc/mission/principles>

Meetings of the Committee

During the year under review, the Committee met three times: in October (2021), February and June (2022). Due to travel restrictions caused by Covid-19, and the requirement to maintain social distancing, the Committee meetings were held by tele/videoconference.

Members of the Committee	Independent	No. of meetings	Attendance
Catherine McLraith	Yes	3/3	100%
David Love	Yes	3/3	100%
Sam Jonah	Yes	2/3	67%
Nomzamo Radebe	No	3/3	100%

Roles and Responsibilities

The Committee's roles and responsibilities are set out in the Responsible Business Committee Charter, which has been approved by the Board and is reviewed annually by the Committee. The full Charter is available on the Company's website at <https://grit.group/governance/>

Key Activities during the year under Review

In the course of the financial year ended 30 June 2022, the Committee was involved in the following:

- Review of the Sustainability Policy and framework and quarterly monitoring against targets;
- Considering ESG and Sustainability reporting (EPRA) in particular on the following aspects:
 - Carbon Emission reduction;
 - Building Efficiency (Water usage);
 - Electricity Usage;
 - ISO/Health and Safety Report; and
 - Facilities Management - Environmental Sustainability Board Report.
- Considering Employee engagement (satisfaction score at 75%);
- Being informed of the Task force on climate-related financial disclosures (TCDF) implementation;
- Establishment of GR1T Foundation;
- Set up of CSR Impact Calculation;
- Discussing Related Party Transactions; and
- Monitoring the number of whistleblowing report if any and discussing if there is any need for reviewing the arrangements for raising such reports.

The Company has a zero-tolerance policy in respect of committing or concealment of fraudulent acts by employees, contractors or suppliers.

Grit promotes the highest standards of ethical behavior among all persons involved in the Group's operations in line with its adopted Code of Ethics and Business Conduct Policy for the Company, which can be found on the Company's website at <https://grit.group/corporate-governance/> under "Policies".

Committee Performance Evaluation

The 2022 evaluation of the Committee was internally facilitated by the Group Compliance Manager, in accordance with Grit's yearly evaluation process. No significant issue was identified.

This report should be read alongside the Responsibility section on pages 49 to 75, which provide detailed information on Grit's Environmental, Social and Governance related activities.

Remuneration COMMITTEE REPORT

Catherine McIlraith

Chairman of the Remuneration Committee

2022/23 Focus Areas

- Map a new Job Levelling (Hay Reference level) on our current Global Grading System
- Benchmark remuneration to align with new job levelling
- Ensure that the executive and employee incentive arrangements remain competitive and are aligned with shareholder interest;
- Ensure integration of new recruits as well as the teams from APDM and GREA;
- Review Succession Plan;
- Obtain the international equal pay certification after the new job levelling exercise which would be carried out by Korn Ferry; and
- Chairman to engage with shareholders with respect to areas of responsibility

Annual Statement

During the year under review the Remuneration Committee ("RemCo") has focussed on three main areas:

- Implement the new LTIP designed for rewarding management and Key Talents;
- Reviewing the wider systems of reward through financial and non-financial metrics to ensure accountability and optimal performance and recognition across our business to ensure Grit remains a first-class employer
- Ensure ESG factors are included in remuneration framework; and
- Market trends around executive remuneration – Benchmarking done by Korn Ferry.

A copy of the Remuneration Policy approved by the Committee in June 2022 can be found on our website at <https://grit.group/governance/> and is reviewed as and when required in accordance with the group's strategy.

Company Performance & Bonus

At the start of the financial year the world was emerging from the consecutive national lockdown imposed in several jurisdictions. Notwithstanding these pressures brought about by the second year of the Covid-19 pandemic, we are pleased with how the business and our people have performed during the year.

The RemCo has granted exceptional shares awards in Dec 2021 to some Key staff members who have contributed significantly in the new projects, mainly the acquisition of African Property Development Managers ("APDM") and GREA.

What the Committee did in FY2022

Key areas of focus for the Committee were:

- Implement new Long Term Incentive Plan (LTIP);
- Designed and ensure performance targets for financial and non-financial measures including ESG factors are included in our variable remuneration framework (LTIP and STI); and
- Benchmarked remuneration internationally.

Key Activities during the Year under Review

- Endorsed revisions to the Remuneration Charter and Work-Plan;
- Amended the Remuneration policies in respect of the new Performance conditions set;
- Benchmarked salaries internationally;
- Appointment of Mrs. McIlraith, our Chairman, as designated Non-Executive Director to engage with staff. A work #Let'stalk session was held in June 2022 where the Chairman introduced herself and had the opportunity to engage with the Grit staff; and
- Approved the budget for FY2023:
 - Discussed and agreed that there would be an inflationary increase for FY2023;
 - NED and executive fees will be increased as per employees inflationary rates

Linking Executive Directors' remuneration with our purpose and strategy

Grit's Remuneration Policy is designed to be simple and transparent and to promote effective stewardship that is vital to the delivery of the Group's purpose – to provide above average long-term returns to its shareholders while bringing social and economic benefits to all its stakeholders.

Success against strategic objectives is measured using KPIs, which are largely embedded within the executive remuneration framework.

Since Grit values openness and transparency, the Committee strives to provide clarity on how pay and performance are reported by the Company. Also on how decisions made by the Committee support its purpose and the strategic direction of the Group.

Performance Outcomes

The financial year ended 30 June 2022 has again been a challenging year with Covid-19 having a significant impact on the Group, as well as on the wider economy and society. As a business, Grit's resilience has been evident, and the Company has taken several strategic steps at keeping a good performance.

When determining the annual bonus and outcomes based on performance during the financial year ended 30 June 2022, the Committee considered performance against financial and strategic targets, as well as broader perspectives including: underlying business performance and affordability; the experience of shareholders; and the experience of employees and other stakeholders.

The following was noted:

- The financial highlights and how the Group performed are set out at page 6;
- No employees lost their job during the year under review;
- All eligible employees received a 13th cheque bonus in December 2021; and
- All employees eligible for STI received a prorated bonus paid in shares in December in lieu of STI.

With effect from 1 July 2022, the Committee approved an inflationary increase as follows:

Currency	Inflation rate
USD	7.9%
MUR	11.0%
ZAR	5.7%
AED	2.02%
MZN	7.7%
MAD	6.5%

Implementation in financial year ended 30 June 2022

There have been various implementations during the year under review in particular to align the Remuneration Policy and the LTIP Rules with the 2018 UK Corporate Governance Code (the UK Code). The Committee has approved the introduction of Performance conditions both made up of financial and non-financial metrics that will dictate payment of LTI and STI when applicable.

The company has also undergone an international benchmarking exercise with Korn Ferry. This thorough review has confirmed that our key roles and key talents are fairly remunerated.

We have ideally benchmarked against the African market, UK Market and Mauritian Market. Some readjustment has been planned for FY2023 to align some roles to market benchmark.

Roles and Responsibilities

The Remuneration Committee ("Committee") is delegated with the authority from the Board to establish an independent role to review and make recommendations to the Board on the Group's remuneration policy and practices, the payment of bonuses and retention schemes. The Committee ensures that all employees, Executive and Non-executive Directors are appropriately remunerated in accordance with Grit's strategy as well as its short- and long-term incentive schemes. The Committee accordingly makes recommendations to the Board for its consideration and final approval.

The Committee attended to all activities set out in the Remuneration Work-Plan during the year, and in accordance with the Remuneration Charter ("Charter").

The Committee's roles and responsibilities are set out in the Remuneration Committee Charter, which has been approved by the Board and is reviewed annually by the Committee.

The full Charter is available on the Company's website at: <https://grit.group/governance/>. The Charter fully complies with the requirements of the UK Code and the National Code of Corporate Governance for Mauritius 2016 ("MRU Code").

Committee Composition

As at 30 June 2022, the Committee comprised of three Non-executive Directors, all of which are independent, as per the table and notes set out under "Meetings of the Committee" and whose biographies are set out in the Board and Committees section of this IAR.

Meetings of the Committee

During the year under review, the Committee met four times, in October (2021), February, April and June (2022). Due to travel restrictions caused by Covid-19, and the requirement to maintain social distancing, the Committee meetings were held by tele/videoconference.

Members of the Committee	Independent	No. of meetings	Attendance
Catherine McIlraith- Chairman	Yes	4/4	100%
Peter Todd	Yes	4/4	100%
Sir Samuel Jonah	Yes	3/4	75%

Committee Performance Evaluation

The 2022 evaluation of the Committee was internally facilitated by the Group Compliance Manager, in accordance with Grit's yearly evaluation process. No significant issue was identified.

REMUNERATION COMMITTEE REPORT (CONTINUED)

Advisers to the Committee

The Committee has authority to obtain the advice of external independent remuneration consultants.

For the year ended 30 June 2022, Korn Ferry was engaged for a once-off benchmarking service.

The Committee considers using the services of Korn Ferry next financial year (FY2023) for a job leveling exercise, upon effective completion of phase III of the GREA acquisition (refer to page 39 of the IAR). The Group also makes use of the Korn Ferry online platform for aptitude tests as part of the Company's selection process.

We chose Korn Ferry as a result of referrals from several companies and checked with PwC UK who agreed they were a reliable and well-known company.

RemCo has been made aware and approved to use Korn Ferry for the benchmarking.

The Remuneration Policy

The Objective of the Remuneration Policy

The objective of the remuneration policy is to create a framework for managing and controlling remuneration, ensuring that the Group can effectively attract, retain, and motivate the talent required to achieve desired business results.

The detailed policy sets out Grit's approach to remunerating all employees, across all elements of remuneration, including fixed and variable pay as detailed below.

The remuneration policy, and its application, is reviewed on an ongoing basis to ensure that the pay outcomes are competitive and in accordance with regulatory requirements.

During the coming year, the Committee will conduct a comprehensive review of its remuneration policy to ensure alignment with the Company's strategic aims, vision, attitude to risk and culture, aligned to the LSE peer groups.

Ongoing and transparent dialogue with shareholders is important to inform the Committee's thinking on remuneration matters.

A copy of the Remuneration Policy approved by the Committee in June 2022 can be found on the company's website at <https://grit.group/governance/>.

The Remuneration Policy should be read along with the Long Term Incentive Plan Policy and the Rules of the Grit Real Estate Income Group Limited 2021 Long-term Incentive Scheme, which provides for post-employment shareholding requirements encompassing both unvested and vested shares.

Remuneration Philosophy

Grit has a performance-based remuneration philosophy that promotes the Group's entrepreneurial culture, recognising that remuneration, including short- and long-term incentives, play a key role in:

- facilitating the attraction and retention of staff;
- reinforcing the alignment of individual staff objectives with Grit business objectives;
- motivating individual and corporate performance to deliver shareholder value; and
- equal remuneration for work of equal value.

Grit's remuneration philosophy is to structure remuneration packages in such a way, that long and short-term incentives are aimed at achieving both the business objectives and delivering shareholder value.

The following guiding principles underpin the performance-based remuneration philosophy which applies to all staff:

- **Total remuneration:** Grit Group adopts both guaranteed and variable pay to reward its staff. The variable pay currently comprises of a short-term incentive (STI) plan, a long-term incentive (LTI) plan and a Discretionary Bonus based on Outstanding Contributions to the business. The total remuneration will comprise an appropriate balance of these reward elements. In the context of a relatively newly established company embarking on a high growth phase, the mix of these elements will initially be weighted more heavily towards variable pay.
- **Market competitive:** The Company's defined market position for Total Guaranteed Pay is at the 50 percentile or median, with a bell-shaped curve around the median, ranging from new entrants at the lower end to sustained high performers at the higher end of the pay-scale.
- External benchmarking against the peer group is conducted every 2 years and Grit Group endeavours to pay at or around the industry specific median for on-target performance. The opportunity to earn remuneration at an outperformance level support delivering higher reward to individuals only when the company achieves higher than target (expected) returns. The primary peer group for purposes of benchmarking pay will comprise of other similar sized property funds multi-listed on the London and Mauritius. Benchmarking is used only as a guide to determining market competitiveness of remuneration levels.
- **Performance linked:** Grit Group's performance-based pay philosophy is designed to ensure that the executives have an element of their total remuneration tied to Grit Group's performance through variable pay. Variable remuneration will therefore be linked to pre-defined performance measures. Each year, the Committee will consider the performance measures to ensure that they are appropriate and challenging in the context of the prevailing business environment and reinforce the business strategy. The performance measures in the incentive plans will be limited in number and individual measures will be tailored to maximise accountability and will include non-financial measures.

Grit Group embraces defensible differentiation in pay whereby a greater proportion of reward is distributed to the highest performers.

- **Flexibility:** As Grit requires specialist skills which are key to the success of the business, Senior Management (SMT) identifies critical skills and competencies required to support the business growth. The adopted remuneration structures must be able to adapt and evolve with changing business and human resource needs.
- **Affordability:** Total remuneration costs need to be affordable at an individual corporate entity level and justifiable to employees and stakeholders.
- **Simplicity and transparency:** The reward philosophy, principles and structures are to be openly communicated, to internal and external stakeholders, with the annual reward opportunity and alignment to individual performance being communicated to the individual. Remuneration structures must not be overly complex to communicate, administer and understand. Open communication assists in the engagement of employees by supporting an environment of trust and stakeholder confidence regarding remuneration issues.
- **Sustainability:** The remuneration policy and practices are designed to support long term value creation for all stakeholders as well as compliance with regulatory changes.

Remuneration Elements

The following table sets out the key elements of Grit's remuneration structure:

1. Guaranteed Package (Excluding Expatriate Allowances)

Definition	Grit Group applies the remuneration approach, also referred to as 'guaranteed package'. This is the non-variable element of total remuneration. The value of the guaranteed package reflects the individual's competencies and skills and is reviewed annually in June effective from July each year.
Policy	Increases are discretionary and are determined with reference to projected consumer price inflation, affordability within the legal entity, skills scarcity, internal value (position in the job hierarchy), individual performance and external value (relative positioning to the market). External benchmarking is conducted every 2 years and Grit Group endeavours to pay at or around the industry specific median for on-target performance. Benchmarking will be conducted using local/country executive remuneration surveys as well as peer group companies.
Strategic Intent and Eligibility	To attract, retain and motivate employees to achieve operational and strategic objectives. To reward all permanent employees for completion of their base role requirements and competencies.
Performance Link	Individual performance and competence.

2. Benefits

Definition	Medical Insurance benefit provided to all employees relevant to the jurisdiction. Benefits are benchmarked against market practices from time to time to ensure they remain competitive.
Policy	Participation in medical insurance schemes is relevant to the jurisdiction. Medical Insurance is compulsory unless the employee provides proof that he or she is a dependant of an alternative registered scheme. Contributions shall be in accordance with the plan selected in terms of job level, the cost of which shall be paid by the company and calculated as part of the Total Guaranteed Salary. However, the cost of the medical insurance is excluded from guaranteed salary in terms of calculating STI & LTI payments.
Strategic Intent and Eligibility	To enhance the employee value proposition available to employees relevant to the different jurisdictions.
Performance Link	None.
Definition	Group Life and Disability
Policy	Risk benefits of: <ul style="list-style-type: none"> • 3x annual guaranteed salary (excluding medical insurance) Group Life Cover. • Disability Cover which is split into two categories: TTD –Total Temporary Disability of up to 75% of guaranteed salary (for the first 12 months) and PHI – Permanent Health Insurance of up to 75% of guaranteed salary (after 12 months of TTD cover up until retirement age of 65) is provided to all employees. Normal retirement age for the executive is 65 years.
Strategic Intent and Eligibility	To enhance employee value proposition available to all employees in all jurisdictions.
Performance Link	Individual performance and competence.

REMUNERATION COMMITTEE REPORT (CONTINUED)

3. Short-term Incentives (STI) – STI Plan and Discretionary Bonus

Definition – STI Plan	A short-term incentive to reward Executives, Senior Management and key talent who achieve and exceed their individual and company annual performance targets. Participating Employees only become eligible to benefit from the STI scheme after successful completion of the 6-month probation period.
Policy	Performance is assessed against specific annual performance criteria (Key Results Areas – KRAs), both at a corporate level and an individual level. To receive payment, the recipient must be in the employ of the company at the time of payment and must not be under notice of termination or poor performance. STI awards will be paid annually between October and November once the financial figures have been finalised and audited. Awards are at the sole discretion of the Committee. Joiners starting on or after 1st July will participate in the plan on a pro rata basis following the successful completion of the 6-month probation period. Details of the STI are set out in a separate document.
Strategic Intent and Eligibility	To encourage superior performance by rewarding key/strategic employees against the achievement of their KRAs. To attract, motivate and retain strategic employees who are accountable for, and contribute to, the achievement of key short-term business performance measures.
Performance Link	The STI plan is a key driver of the company's strategy. This is demonstrated through the careful selection of performance criteria (Key Results Areas - KRAs) that are aligned to the company's strategy. The performance metrics are consistent with long-term value creation.
Definition – Discretionary Bonus	An opportunity to formally recognize employees at any level who have made an exceptional contribution to the business, on a once-off or short-term basis, which is over and above the employee's normal job requirements and is worthy of recognition.
Policy	Outstanding contribution award policy To provide employees with a tangible reward to an outstanding contribution of a short-term nature. To motivate employees to achieve excellence in their day-to-day business as they work towards achieving the Company's objectives. To reinforce the values of the Company by acknowledging outstanding achievements which embody the Grit values. Details of the Outstanding Contribution Award Policy are set out in another document.
Strategic Intent and Eligibility	To encourage a culture of going above and beyond the requirements of the job and recognising outstanding performance and contribution to the business at all levels in the Company.
Performance Link	Extraordinary performance over and above achievement of KRAs.

4. Long-term incentive Plan

Definition	The purpose of the long-term incentive (LTI) is to create a strong link between long-term performance and reward by providing a variable/at risk element of Senior Executive remuneration that focuses on the successful delivery of the Company's strategy through the achievement of stretching and demanding forward looking performance and service conditions over a combined vesting and holding period of generally five years. It aims to align the interests of Senior Executives with those of shareholders and to aid in maintaining a stable Senior Executive team.
Policy	LTI awards, and Company policy in relation to those awards, is reflected in and subject to the Rules of the Scheme and the terms and conditions of the LTI award documentation. Details of the Scheme are set out in a separate document and is supported by: <ul style="list-style-type: none"> LTI Scheme Rules (as approved by Shareholders at the Company's General Meeting held in May 2021) LTI award documentation (including performance conditions and participant acceptance forms) <ul style="list-style-type: none"> It is expected that awards will be granted on an annual basis to help attract, retain and incentivise key employees and consultants. All employees within the Company's group (and a small number of consultants) shall be eligible to be considered for an award at the discretion of the Remuneration Committee; however, participation will normally be focused on those individuals who can and are expected to have the greatest positive impact on the delivery of long-term performance and value creation. Align reward programmes with shareholder expectations and interests and provide a clear line of sight to participants under which reward is linked to the achievement of stretching and demanding performance conditions over a three-year performance period. Link rewards to organisational success over a multi-year period, normally comprising a minimum three-year vesting period and two-year post-vesting holding period to at least 50% of the number of shares that vest (less shares sold to pay any tax liability). Encourage share ownership and the holding and retention of shares. Provide wealth accumulation opportunities. Deliver market competitive total compensation.
Strategic Intent and Eligibility	The LTI plan is a key driver of the company's strategy. This is demonstrated through the careful selection of performance criteria (Key Results Areas - KRAs) that are aligned to the company's long-term strategy, purpose and values. Performance conditions shall be measured over a fixed three-year period with no retesting. Performance conditions may only be measured early where an award is capable of vesting early on the termination of employment (for a 'good leaver' reason) or as a result of a takeover or change of control.
Performance Link	Performance conditions will be determined and set by the Board on or prior to the grant of an award and shall be based on the achievement of stretching and demanding performance conditions and targets linked to the achievement of separate long-term financial and non-financial targets. The performance metrics are consistent with long-term value creation and delivery of the Company's strategy, purpose and values.

Guaranteed package

Annual adjustments to Guaranteed Package are discretionary and are determined with reference to a projected consumer price inflation, affordability within the legal entity, skills scarcity, compa-ratio, internal value (position in the job hierarchy), individual performance and external value (relative positioning in the market). Appraisal of performance remains a major factor in the determination of an individual's guaranteed package.

Special adjustments at an Executive level, which may become necessary in the course of a year, which cannot wait until next annual review of salaries, must be pre-approved by the Remuneration Committee, CEO and CFO, as appropriate. Special Adjustments to Senior Management and Staff must be pre-approved by the Executives.

Adjustments may be made upon promotion to a higher level, with Executive promotions being subject to the approval of the Remuneration Committee, CEO and CFO, as appropriate and, promotions at a staff level, being subject to the approval of the Executives.

Short-term incentive (STI) Plan

An STI award is an incentive award funded by corporate performance beyond minimum threshold levels. Such a reward is made to individuals who achieve a minimum moderated performance rating score each year. The STI is therefore a payment that varies each year in accordance with annual corporate performance factor (CPF) of the Group and the individual performance factor (IPF) of the individual.

The actual individual STI award is determined by a formula which is set each year by the committee and recommended to the Board for final approval. The generic formula is set out below:

$$\text{Individual STI Award} = [\text{Guaranteed package}] \times [\text{STI target\%}] \times [(\text{CPF}) + (\text{IPF})]$$

$$\text{STI payment} = \text{TGP} \times \text{on-target \% (grade specific)} \times [(\text{Corporate Performance Factor} \times \text{weighting}) + (\text{Individual Performance factor} \times \text{weighting})]$$



REMUNERATION COMMITTEE REPORT (CONTINUED)

Grit's strategy is to retain its Talents. The STI is one of the reward strategies put in place to recognise and retain our Talents. Previously, the STI was based on 5 categories as per below:

Participants	STI on target
Job Level 18-17	80%
Job Level 16-15	50%
Job Level 14-13	33%
Job Level 12*	25%
Other Key Talent Job Level 11-12**	17%

The weights between the Corporate Performance and Individual Performance factors are as follows:

Participants	Company	Individual
Job Level 18-17	70%	30%
Job Level 16-15	60%	40%
Job Level 14-13	50%	50%
Job Level 12*	40%	60%
Other Key Talent Job Level 11-12**	30%	70%

* Level 12 employees identified as Middle Managers, eligible to an STI of 25%. Criteria are:

- Forfeit of 13 months.
- Level 12 up (Middle Management not in Senior Management Team).
- Completion of a full year of employment.
- If probation is completed, but employed less than 1 year, STI is based on 17%.

** Level 12 employees not in a Middle Management position.

Individual Performance Factor (IPF)

Individual Performance Factor will be determined according to the overall performance evaluation outcome as set out below.

Moderated performance appraisal rating	Description	Individual Performance Factor (IPF for 2020 Financial Year)
1	Unsatisfactory	0%
2	Needs Improvement	0%
3	Meets Requirements	80%
4	Exceeds Requirements	100%
5	Outstanding performance	120%

The Committee retains the discretion to review and moderate STI awards to avoid any unexpected outcomes. The Board approves the STI awards, considering the recommendations made by the Committee. Awards under the STI plan are not guaranteed and Management reserves the right to amend the design of the plan from time to time.

Corporate Performance Factor (CPF)

The CPF is determined through Performance conditions both made up of financial and non-financial metrics.

Financial Based Metrics	Target	Weightage
Total (accounting) return – measured by EPRA NAV movements between period plus dividend yield (calculated on opening NAV)	12%/15%*	60%
Total property return - i.e. "portfolio performance"	3%	10%
Growth in EPRA earnings per share	2%	5%
Resulting %		75%

* Post Glow

Financial Based Metrics	Target	Weightage
EPRA Occupancy Rate	95%	5.0%
Staff Satisfaction Score	75%	5.0%
ESG KPI's per Grit sustainability policy		
i. Reduction of Carbon Footprint by 2025	25%	2.5%
ii. Improvement of building efficiency by 2025	25%	2.5%
iii. Woman in Leadership positions (gender diversity)	40%	5.0%
iv. Local Employee representation	65%	5.0%
Resulting %		100%

Long-term incentive plan

An LTI award is an incentive award funded by corporate performance over a fixed three-year period beyond minimum threshold levels. Such a reward is made at the discretion of the Remuneration Committee to eligible individuals who achieve a minimum moderated performance rating score each year. The LTI is therefore an award that varies each year in accordance with annual corporate performance of the Group and of the individual. Eligible employees have no contractual right to participate in the LTI and be granted an LTI award, even if they have been granted an LTI award in a prior year.

The term Total Guaranteed Package (TGP) is given the same meaning as referred to in the Remuneration Policy, i.e. the total guaranteed cost to the Group of employing an incumbent and includes all fixed and regular monthly income, allowances but excludes any allowances paid in respect of the Expatriate Relocation Allowances.

Objectives of the LTI scheme

The purpose of the long term incentive (LTI) Scheme is to provide a long term performance and retention incentive scheme which helps align the interests of the participants with the company's shareholders, by motivating them, through participation, to increase the long term growth in shareholder returns, the achievement of certain key strategic objectives and to aid in maintaining a stable Senior Executive team.

The LTI is a key driver of the Group's strategic priorities. This is demonstrated through the careful selection of performance criteria (key performance indicators - KPIs) that are aligned to the Group's strategy and result in performance sustained over the longer term, in line with shareholder interests and long term value creation.

Guiding Principles

The LTI Scheme reinforces the remuneration philosophy of 'performance-based pay' and helps to develop and maintain a performance oriented culture. Performance related pay is characterised by meaningful differentiation of variable pay in accordance with robust performance targeting and measurement over a fixed performance period of at least three-years.

It is intended that the LTI shall be operated and LTI awards granted on an annual basis. Each LTI award will be subject to its own distinct three-year performance period. This helps ensure that key employees have a continuing and meaningful interest in the ongoing long-term performance of the Group. Performance conditions will not be retested at the end of the relevant performance period. Annual LTI awards with different forward looking three-year performance periods and targets help ensure that eligible individuals and participants are not overly reliant and incentivised by large up-front one-off awards, which can sometimes lead to the wrong behaviours.

General Rules

Performance period

The Measurement Period will not be less than three years, subject to early curtailment for 'good leavers' and the occurrence of a takeover and certain corporate events. It is intended that the start of the Measurement Period will be the start of the financial year in which a grant is made (it may not start before that date), regardless of when the grant is made during that year. The end of the Measurement Period is then the end of the third financial year from and including the year of the grant. The Measurement Period may not be retested at the end of the three-year performance period and any part of the award that has not vested in line with performance will lapse.

Underpin

All awards will be subject to the satisfaction of a general performance underpin under which the Board will assess whether the level of vesting is, in its opinion, also reflective of the Company's underlying financial performance over the Measurement Period. If the Board determines that the level of proposed vesting is not reflective of the Company's underlying financial performance the Board may reduce the extent to which an LTI award vests.

Annual Share Allocation

In line with good UK corporate governance and institutional expectations, LTI awards may normally only be granted during the period of 42 days after date of announcement of the Company's results for any period (i.e. annual or half-year).

Awards may also be granted at any other time when the Board determines that exceptional circumstances exist which justify the grant of awards (e.g. on recruitment of a key senior executive).

Amendments and approvals

The Board may at any time amend the Scheme in any way. However, the Board must obtain prior shareholder approval for any amendments or alterations to a key feature (e.g. Scheme limits, the rights of vesting etc) that are to the material advantage of participants.

No amendment may be made to a subsisting award that is to the material disadvantage of the participant without that participant's prior written consent or the consent of participants holding a majority of the subsisting awards effected by the change.

Discretion

In addition to the performance underpin, the committee also retains the discretion to review and moderate any LTI awards to avoid unexpected outcomes.

Awards under the LTI Scheme are not guaranteed and management reserves the right to amend the design of the scheme from time to

time, within the rules and (where required) subject to the approval of the Company's shareholders in general meeting.

The Remuneration committee may decide to cancel the future operation of the LTI and not grant and further awards if:

- fails to meet the objectives for which it was established; or
- produces outcomes which are not in the best interests of the Group.

Vesting Rules (As per the scheme rules)

Shares shall normally vest in the hands of the Beneficiaries after three years, subject to the scheme rules. On vesting, participants will normally be required to retain and hold a proportion of the vested shares (e.g. 50%) less any share sold to pay tax, until the expiry of a two-year holding period. Vested shares may not be forfeited during the holding period.

Holding Periods

Vested Shares subject to awards granted to or held by the Company's executive directors and any other eligible person so selected by the Remuneration and Nomination committee shall normally only vest and be released if the relevant participant has agreed to retain and not dispose of 50% (or such higher percentage determined by the committee) of those vested Shares (less any Shares sold to pay tax on vesting or exercise, or the cost of exercising an option) during a holding period of up to two-years starting on the date on which the relevant award vests.

Individual and Plan Limits

Malus and Clawbacks

Malus and clawback has been added to the design consideration of the LTIP. The terms and conditions set out in scheme Rule under 'Malus and clawback' dictates conditions under which the Board may, at its absolute discretion, decide to reduce the total number of Shares held under an Award (malus) and/or seek to recover from a Participant Shares and/or cash that has already Vested, been paid and/or been acquired on the exercise of an Option.

No LTI award will be granted to an eligible person if this will cause the aggregate market value (at grant) of all shares to be issued or transferred to that person pursuant to any award granted under the Scheme in that financial year to exceed 150% (200% in exceptional circumstances) of their annual base salary or (in the case of a consultant under Part 2) annualised fee.

LTI awards may be satisfied using newly issued shares, treasury shares or shares purchased in the market.

The total aggregate number of shares that may be issued (or committed to be issued) pursuant to awards made under the Scheme on any day must not exceed 10% of the ordinary share capital of the Company in issue immediately before that day, when added to the total number of shares issued or issuable pursuant to options and awards granted in the previous 10 years under the Scheme and under any other share plan (including any other plans that permit awards to be granted to consultants and non-employees) operated by the Company.

A similar 5% in 10 years limit applies to awards granted under any discretionary share plan (which includes the Scheme).

Executive Director Contracts

The Executive Directors do not have fixed term contracts with the Company. Their notice period is 12 months to ensure a succession in the event of termination and mitigate the risk of sudden loss of intellectual property.

There is no provision in the contracts for loss of office payments, other than those required by employment law.



REMUNERATION COMMITTEE REPORT (CONTINUED)

Implementation of the Remuneration Policy

During the 2022 financial year, the remuneration policy of the Group was applied.

The remuneration and benefits for the executive management comprised the following elements:

Executive Directors

2022	Basic Salary US\$'000	Other Benefits US\$'000	Share Based Bonus US\$'000	Performance Bonus US\$'000	Total 2022 US\$'000
B Knight	498	123	300	70	991
L Van de Moortele	389	58	200	50	696

2021	Basic Salary US\$'000	Other Benefits US\$'000	Performance Bonus US\$'000	Total 2021 US\$'000
B Knight		485	29	514
L Van de Moortele		376	32	408

Basic Salary

The increase in basic salary is due to the 20% reduction in salary (due to Covid-19 cost cuttings) for part of the 2021 and from 1 July 2021 the full salary was paid.

Other Benefits

Other benefits include car allowance (US\$23k), school allowance (US\$74k), medical aid benefits (US\$24k), life cover (US\$13k) as well as subsistence and travel allowance ("S&T") (US\$18k), leave (US\$13k) and others (US\$16k).

During the financial year, Covid-19 restrictions were eased and travelling picked up and so did the S&T.

Also, our CEO relocated to Dubai, and the school and medical benefits had to be readjusted to match market price.

Executives moved to an international health insurance scheme.

Performance Bonus & Share Based Bonus

Following various successful corporate actions amidst difficult market conditions due to Covid-19, the Remco approved an exceptional discretionary bonus which was paid partly in cash and partly in shares.

In addition to the executive emoluments disclosed above, Bronwyn Knight received Non-executive Directors fees from an associate Letlole La Rona Limited.

	2022 US\$'000	2021 US\$'000
Letlole La Rona Limited	43	43

Other Senior Management Team (SMT)

2022	Basic Salary US\$'000	Other Benefits US\$'000	Performance Bonus US\$'000	Total 2022 US\$'000
SMT (8)	982	187	75	1,243

2021	Basic Salary US\$'000	Other Benefits US\$'000	Performance Bonus US\$'000	Total 2021 US\$'000
SMT (8)	1,137	183	-	1,320

Basic Salary and Other Benefits

There was no salary increase in FY2021 due to the Covid-19 situation. After the acquisition of APDM in April 2022, the Senior Management Team ("SMT") was restructured and four employees from APDM were recognised as part of SMT. The remuneration of these four employees was reflected only as from April 2022.

Performance Bonus:

The Committee granted some exceptional discretionary bonus for the contribution of the management in the acquisition of APDM.

LTI Awards

Details of awards of share options granted pursuant to the Grit Share Incentive Plan which are held by the Directors are as follows:

Responsibility	Vesting date	Holding Period	Option Strike price (US\$)	30 June 2022 No. of options US\$'000	30 June 2022 No. of options US\$'000
Bronwyn Knight					
Opening Balance of share options				1,815	1,815
Initial award	30-Jun-19		1.40		0
2017 award	30-Jun-22		1.40	534	534
2020 award	30-Jun-25		0.89	1,281	1,281
Awards granted during the year (New award)			0.52	1,442	
Options exercised during the year					
Options vested during the year			1.40	(534)	
Closing balance of share options				2,723	1,815
Initial award	30-Jun-19		1.40	0	0
2017 award	30-Jun-22		1.40	0	534
2020 award	30-Jun-25		0.89	1,281	1,281
2021 award	17-Dec-24		0.52	1,442	
Leon van de Moortele					
Opening Balance of share options				1,198	1,413
Initial award	30-Jun-20		1.40		216
2017 award	30-Jun-22		1.40	273	273
2020 award	30-Jun-25		0.89	925	925
Awards granted during the year (New award)	30-Jun-25		0.52	962	
Options exercised during the year					(216)
Options vested during the year			1.40	(273)	
Closing balance of share options				1,887	1,198
Initial award	30-Jun-20		1.40		0
2017 award	30-Jun-22		1.40		273
2020 award	30-Jun-25		0.89	925	925
2021 award	17-Dec-24		0.52	962	0

	Date of grant of award	No. of ordinary shares	Vesting date for award
Bronwyn Knight	01-May-20	1,280,906	Apr-25
Leon van de Moortele	01-May-20	924,897	Apr-25

REMUNERATION COMMITTEE REPORT (CONTINUED)

Non-Executive Directors' Fees

The table below sets out the Non-executive Directors' fees paid for years 2021 and 2022.

Name of Director	Year ended 30 June 2022 US\$'000	Year ended 30 June 2021 US\$'000
Catherine McLraith	92	84
Samuel Esson Jonah	60	53
Peter Todd	116	104
David Love	92	78
Johnny Crichton	60	41
Cross Kgosidile	56	16
Nomzamo Radebe*	60	0
Total	537	392

In line with the Executive directors receiving their full salaries from 1 July 2021, following the 20% salary reduction due to Covid-19 cost cutting, the NED fees returned to 100% from 1 July 2021.

The table below sets out the approved Non-executive Directors' fees for the year ending 30 June 2022 and the proposed fees for FY2023. In line with the salary increases that Executive director and Senior staff are receiving from 1 July 2022, so are the NED fees increasing by 7.9%.

Board and Committees	FY2023	Actual FY2022
Non-Executive Director	51,400	47,600
Additional Payments:	–	–
Chairman of the Board	51,400	47,600
Senior Independent	25,700	23,800
Chairman of Audit committee	25,700	23,800
Chairman of a Sub-Committee	9,100	8,400
Member of a Sub-Committee	4,500	4,200

The expected Non-Executive Director fees for the year ending 30 June 2023 are as follows:

Board membership fees	FY2023 US\$ (Annual fee)
Chairman	102,800
Senior Independent	77,100
Member (5)	257,000

Committee fees	FY2023 US\$ (Annual fee)	Committee fees	FY2023 US\$ (Annual fee)
Audit Committee		Remuneration committee	
Chairman	25,700	Chairman	9,100
Member (3)	9,000	Member (2)	9,000
Risk committee		Investment Committee	
Chairman	9,100	Chairman	9,100
Member (3)	13,500	Member (3)	13,500
Nomination Committee		Responsible Business Committee (Social and Ethics committee)	
Chairman	9,100	Chairman	9,100
Member (2)	9,000	Member (4)	18,000

Note:

The Non-executive Directors are not entitled to any remuneration in the form of share options or bonuses associated with the Company performance.

Results of General Meeting held in 2021 (linked to the implementation of the remuneration policy)

The ordinary resolution relating to the non-binding advisory vote on the implementation of the remuneration policy was voted against by more than 20% of the votes exercised by the Company's shareholders present in person or represented by proxy at the Annual General Meeting held on 29 November 2021. Accordingly, through the announcement issued to advise of the results of the General Meeting, dissenting shareholders, were invited to consult the executives of Grit. No shareholder contacted the Company Secretary and in addition, following separate engagements with the dissenting shareholders, there was no need for any action.

Each resolution of the shareholders' meeting appeared as a separate item on the agenda. The results of each shareholders' meeting, showing the percentage of votes for and against as well as the number of abstentions are detailed in the "Results of the Annual General meeting" available at <https://grit.group/regulatory-news-announcements/>.

Non-Binding Advisory Votes on the Remuneration Report

The remuneration report details what has been paid or awarded to directors in the relevant financial year being reported on. The report will also typically outline details of the performance conditions applying to LTIP awards. Though Grit is not a UK Company, the remuneration report is presented to shareholders for separate non-binding advisory votes on an annual basis at Grit's AGM. In the event that 20% or more of shareholders vote against either the Remuneration Policy or the Implementation Report, or both, at the meeting, Grit engages with shareholders through dialogue, requesting written submissions or otherwise, in order to address shareholders concerns, always with due regard to meeting Grit's stated business objectives while being fair and responsible toward both the employee and shareholders.



Investment COMMITTEE REPORT

Peter Todd

Chairman of the Investment Committee

2022/23 Focus Areas:

- Ongoing alignment of growth through the investment pipeline towards ideal targeted asset class and geographic exposures limits;
- Continued specific focus on the investment pipeline being strategically geared towards resilient asset class and geographies;
- Continued strategic focus within the investment space regarding attracting co-investment partners into existing and new opportunities to organically recycle and generate fresh capital for the purposes of growth;
- Continued strategic focus on the potential disposal of assets within the portfolio which are nearing full maturity and the top of their valuation cycle;
- Continued strategic focus towards the deployment of recycled and fresh capital raised into the most yield accretive pipeline for the maximum benefit of shareholders;
- Strategic focus on ensuring the prioritisation of the long-term relationships with financiers, in particular, with development finance institutions with which the Company is placing a large emphasis in the short to medium term;
- Continuous monitoring and assessment of ESG related initiatives associated with investment pipeline in order to ensure continuous improvement in this regard, and towards the fulfilment of the Company's ESG and Sustainability targets;
- Close monitoring of related party transactions, transactions involving inside information and significant transactions to ensure continued compliance with listing rules;
- Ensuring the required actions are implemented in line with the recommendations from the Internal Auditor, following an Investment Management review; and
- Continued interaction with management regarding deals in the pipeline and their ongoing viability leading up to final closure, as well as the vetting of new potential opportunities.

Committee Composition

As at 30 June 2022, the Investment Committee (the "IC" or "Committee") comprised of four Non-executive Directors, three of which are independent, as per table and notes set out under "Meetings of the Committee" and whose biographies are set out in the Board and Committees section of this IAR (pages 80 to 83).

Meetings of the Committee

During the year under review, the IC met four (4) times in August, November (2021), March and June (2022). While travel restrictions have been lifted in most jurisdictions, the Committee meetings continued to be held by tele/videoconference.

To ensure clear comprehension of all transactions to be approved and alignment of the papers that would be tabled to the IC, the Head of Investment liaises closely with the Chair of the IC prior to meetings. The Chair also reports all matters to the Board.

Members of the Committee	Independent	No. of meetings	Attendance
Peter Todd – Chairman	Yes	4/4	100%
David Love	Yes	4/4	100%
Sir Sam Jonah	Yes	2/4	50%
Nomzamo Radebe	No	4/4	100%
Bronwyn Knight*	No	4/4	100%

* Bronwyn Knight is an Executive Director.

Roles and Responsibilities

The responsibility for making recommendations to the Board on decisions affecting the portfolio and its investment growth opportunities has been assigned to the Investment Committee. For this purpose, the IC is responsible to ensure that the Company acts in line with its investment strategy, in accordance with the Investment Committee charter, a copy of which is available at <https://grit.group/governance/>. The Committee Charter is reviewed annually by the IC and the Board.

The Board equally determines the Committee's authority level as indicated in the Group's approved Delegation of Authority matrix, which is equally reviewed annually.

The Investment Charter and the Investment Process flow provide for the following:

- Roles and responsibilities of the Committee.
- Investment focus, which includes the investment guidelines, investment gates/margins of safety with definitions, strategic countries, locality focus, property sector focus, etc.
- Comprehensive investment process and deal parameters.

Key Activities during the year under Review

During the year under review, the key activities of the Investment Committee were as per the format of the IC meetings, which is usually to address, inter alia, the following main points:

- Receiving quarterly investment updates from the Head of Investment on pipeline transactions and key investment workstreams;
- Approving risk budget allowances in relation to due diligence processes to be initiated on potential new acquisitions;
- (Reviewing country risk papers for both existing and new investment jurisdictions);
- Approving IC papers related to the execution processes under the relevant investment pipeline deals which are in the process of being progressed;
- Follow up and receive accurate and timeous feedback on current pipeline transactions that have been tabled to the IC and engaging into debates regarding these ongoing deals; and
- Receiving updates on the bi-annual valuation process from management and engaging with independent third-party valuers as necessary in facilitating this ongoing process.

Committee Performance Evaluation

The 2022 evaluation of the Committee was internally facilitated by the Group Compliance Manager, in accordance with Grit's yearly evaluation process. No significant issue was identified.

Investment Strategy and Investment Activity

Details regarding the Investment Strategy and Investment Activity have been set out on pages 33 to 39 of this report, which provides for more information regarding the transactions concluded in 2021/2022 and more information regarding the investment pipeline that is ongoing.



Directors' REPORT

The Directors' report for the financial year ended 30 June 2022 is set out on pages 130 to 133. Additional information, which is incorporated into this Directors' report by reference, including information required in accordance with Listing Rule 9.8.4R of the Financial Conduct Authority's Listing Rules, can be located by page reference in the body of this Directors' report and on the following pages:

Future business developments (throughout the Strategic report)	Page 11
Stakeholder engagement	Page 94
Viability statement	Page 20
Diversity and inclusion	Page 103
Internal financial control	Page 108
Risk management and internal controls	Page 22
Long-term incentive schemes	Page 121
Significant agreements	Page 152
Financial instruments	Page 159
Financial risk management	Page 220
Credit, market, and liquidity risks	Page 220
Related party disclosure	Page 214

The Directors present their IAR and audited financial statements for the year ended 30 June 2022. The Board assumes responsibility for leading and controlling the organisation and meeting all legal and regulatory requirements.

This IAR contains forward-looking statements, which involve unknown risks, uncertainties and other factors, which may cause the actual results, financial conditions, operations and performance or achievement of the Company, or industry results, to be materially different from future results, financial condition, performance or achievements expressed or implied by such forward-looking statements.

These forward-looking statements are based on Management's or Directors' judgments and future expectations/ assumptions. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, global and local market and economic conditions, industry factors, as well as regulatory factors.

GRIT is not under any obligation to (and expressly disclaim any such obligation to) update or alter its forward-looking statements, whether as a result of new information, future events or otherwise. We therefore advise readers to be careful in interpreting any forward-looking statements in this Report.

Strategic Report

For the review of the business and its likely future developments, see the Strategic report on pages 5 to 75 of this IAR.

Corporate Governance Arrangements

During the year ended 30 June 2022, we have applied the principles of good governance contained in the UK Corporate Governance Code 2018 (the "UK Code"). Our Compliance Statement for 2022 is on pages 135. Further details on how we have applied the UK Code can be found in the Governance section on pages 92 to 117. The UK Code can be found in the Corporate Governance section of the Financial Reporting Council's website: www.frc.org.uk.

Company Status and Branch

Grit is listed on the London Stock Exchange main market with a premium listing and holds its secondary listing on the Official Market of the SEM, where it remains a constituent of the SEM10 Index.

In February 2021, Grit migrated its corporate domicile to Guernsey from Mauritius. In July 2021, the Company was granted a certificate of local registration as a foreign company in Mauritius, with company number C180791 GBC.

Results and Dividends

The financial statements set out the results of the Group for the financial year ended 30 June 2022 and are shown on pages 146 to 239.

A final dividend of US\$2.0cps has been declared. This brings the total dividend for the year under review to US\$4.5cps, following the interim dividend of US\$2.5cps declared for the six months ended 31 December 2021, which was paid in April 2022 after satisfying the solvency test.

Key Stakeholders

The long-term success of the Group is dependent on its relationships with its key stakeholders. On pages 94 to 95, we outline the ways we have engaged with the key stakeholders, their expectations of us, the outcomes from 2022 and our focus areas for 2023.

Substantial Shareholders

Set out below are the percentage interests in ordinary share capital of the Company, disclosable under the Disclosure Guidance and Transparency Rules, that were notified to the Company as at 30 June 2022 and 28 October 2022. The information below was correct at the date of notification. It should be noted that these holdings may have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

Shareholder	30 June 2022		28 October 2022	
	Number of shares held	%	Number of shares held	%
Eskom Pension and Provident Fund	33,073,061	6.68%	33,073,061	6.68%
Ruffer LLP	29,097,417	5.88%	27,150,827	5.48%
Government Employees Pension Fund	84,599,515	17.09%	84,599,515	17.09%

Employees

The Board recognises the importance of attracting, developing and retaining the right people. In accordance with best practice, we have employment policies in place which provide equal opportunities for all employees.

Directors

The details of the Directors of the Company, who were in office during the year and up to the date of the signing of the financial statements, are set out on pages 80 to 83. All directors served throughout the year.

The Executive Directors have service contracts with the Company. Copies of these service contracts are available to shareholders for inspection at the Company's registered office and at the Annual General Meeting (AGM).

Details of the Directors' remuneration and service contracts are set out on pages 116 to 127.

Appointment and replacement of Directors

Directors may be appointed by ordinary resolution of the shareholders, or by the Board. Appointment of a Director from outside the Group is on the recommendation of the Nominations Committee, whilst internal promotion is a matter decided by the Board unless it is considered appropriate for a recommendation to be requested from the Nominations Committee.

At every AGM of the Company, any of the Directors who have been appointed by the Board since the last AGM seek re-election by the members.

Directors' Indemnity

Directors' and officers' liability insurance is maintained by the Company. The policy provides for the risks arising out of the acts or omissions of the Directors and Officers of the Grit Group. The cover does not provide insurance against fraudulent, malicious or wilful acts of omissions.

DIRECTORS' REPORT (CONTINUED)

Powers of the Directors

Subject to the Company's Articles of Association, the Companies (Guernsey) Law, 2008 and any directions given by special resolution, the business of the Company is managed by the Board, who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge any of its undertakings, property, assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party.

Directors' Training and Development

Details of the training that has been provided to the Executive and Non-Executive Directors during the year can be found on page 100.

Directors Interests in Grit Shares

The interest of the Directors in the shares of the Company at 30 June 2022 was as follows:

Director	Direct beneficial holding (Number of shares)	Indirect beneficial holding (Number of Shares)	Total number of Shares held as at 30 June 2022	Direct beneficial holding (Number of Shares)	Indirect beneficial holding (Number of Shares)	Total number of Shares held as at 30 June 2021
Bronwyn Knight	606,923	12,133,487*	12,740,410	79,758	6,635,674*	6,715,432
Leon van de Moortele	-	3,976,886*	3,976,886	-	2,133,734*	2,133,734
Nomzamo Radebe	-	3,875,000	3,875,000	-	3,875,000	3,875,000
Samuel Jonah	-	5,567,564	5,567,564	-	5,567,564	5,567,564
Peter Todd	-	8,437	8,437	-	8,437	8,437
David Love	56,466	-	56,466	41,013	-	41,013
Jonathan Crichton	200,000	-	200,000	180,000	-	180,000
Bright Laaka	-	5,812,500	5,812,500	-	5,812,500	5,812,500
Total	863,389	31,373,874	32,237,263	300,771	24,032,909	24,333,680

* Includes vested and unvested share options from awards made via the Grit LTIP plan.

There have been no changes to the number of shares held by the Directors, both directly and indirectly, from the financial year-end date to the date of approval of these annual financial statements.

Share Capital

On 20 December 2021, the Company issued 146,342,312 new Ordinary Shares at a price of US\$0.52 per share, raising gross proceeds of US\$76.1m. A portion of issue of new shares was for the acquisition of majority controlling interests in GREA and APDM, together with reducing Grit's overall indebtedness and to provide future capital for the further expansion of Grit's core and expanded business.

On 20 April 2022, the Company issued a further 17,514,481 new Ordinary Shares at a price of US\$0.52 per share to the existing shareholders, Dorado and GREA Executive Share Trust, to acquire a further 47.37% stake of APDM and 0.1% of GREA.

	Number of shares
Shares in issue at 1 July 2021	331,235,546
New issue – 20 December 2021	146,342,312
New issue – 20 April 2022	17,514,481
Total issued shares at 30 June 2022	495,092,339

As per the Articles of Association and the Companies (Guernsey) Law, 2008, the Shareholders have several rights.

Amendment of Articles of Association

Unless expressly specified to the contrary in the Company's Articles of Association (the Articles), the Articles may be amended by a special resolution of the Company's shareholders.

Related Party Transactions

The Company has a Related Party Transactions Policy in place and all the related party transactions have been conducted in accordance with such policy. A copy of the related party transactions register is maintained at the office of the Company and reviewed by the Board.

A copy of the policy is found at <https://grit.group/governance/> in which the definition of "related party transactions" is provided as per the applicable listing rules and laws.

Refer to note 37 on pages 214 to 220 in the Annual Financial Statements.

Post Balance Sheet Events

Details of post-balance sheet events are given in note 42 at page 227 of the financial statements.

Political Donations

No political donations have been made by the Company or its subsidiaries during the financial year (2021: NIL).

Auditors

It will be proposed at the next AGM for the re-appointment of PwC UK.

The Directors who held office at the date of approval of this Directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Going Concern

Under provision 30 of the UK Code, the Board is required to report whether the business is a going concern. As such they have modelled a 'base case' and a 'severe but plausible downside' of the Company's and Group's expected liquidity and covenant position for a going concern period of at least twelve months from the date of signing the IAR. The base case reflects the director's best expectations of the position going forward. It was modeled on board approved forecasts over the relevant period. The base case scenario includes the Group's and Company's financial projections, while the severe but plausible scenario adjusted to the base case scenario for further significant movements if foreign exchange, interest rates, vacancy and valuation declines as listed above. Refer to the Chief Financial Officer's Statement (page 47) for details on the underlining assumptions of both base case and severe but plausible downside scenarios, as well as the outcome of each scenario.

The process involved a thorough review of the Company's and Group's risk register, an analysis of the trading information both pre and post year end, extensive discussions with the independent property valuers, a review of the operational indicators within the Group and economic data available in the countries of operations. In addition, the Company has conducted a number of reverse stress tests on property valuations to determine levels at which financial covenants could come under pressure and have assessed the likelihood of the underlying break point assumptions being triggered. All of this has been done in the context of what has occurred through the Covid-19 pandemic, previous experience of African real estate valuations and best estimates of expectations in the future.

Annual General Meeting (AGM)

The 2022 AGM of GRIT will be held at Grit's offices at 3rd Floor, La Croisette Shopping Centre, Grand Baie, Mauritius on 30 November 2022.

The Notice of Meeting together with explanatory notes is contained in the circular to shareholders that accompanies the Reports and accounts.

In the event we receive 20% or more votes against a recommended resolution at a general meeting, we would announce the actions we intend to take to engage with our shareholders to understand the result in accordance with the UK Code. We would follow this announcement with a further update within six months of the meeting, with an overview of our shareholders' views on the resolutions and the remedial actions we have taken.

The Strategic report and Directors' report have been approved by the Board of Directors and signed on its behalf by:

Bronwyn Knight
Chief Executive Officer

Leon van de Moortele
Chief Financial Officer

Statement OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and International Financial Reporting Standards.

The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are responsible for:

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for ensuring that the financial statements comply with The Companies (Guernsey) Law, 2008 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company.

Directors' Confirmations

The Directors consider that the IAR and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 80 to 83 confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies (Guernsey) Law 2008, give a true and fair view of the assets, liabilities, financial position and loss of the Group and profit of the Company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

Integrated Reporting Principles

This report has been developed and prepared following the guidelines of the Integrated Reporting <IR> framework for the benefit of all our stakeholders with the aim of providing a more comprehensive reporting on our strategy, business model, operating context, sectors' performance, risk management and governance.

Framework, Assurance and Compliance Reporting

The information included in this Integrated Report has been provided in accordance with and is in compliance with the:

- International Standards ("IFRS");
- UK Corporate Governance Code 2018 ("the UK Code");
- FCA Disclosure Guidance and Transparency Rules;
- Mauritian Securities Act 2005;
- SEM Listing Rules;
- Integrated Reporting Framework (the "Framework"); and
- National Code of Corporate Governance for Mauritius (2016).

Targeted Audience

This report has been prepared primarily for the stakeholders of Grit, including but not limited to shareholders, the Government, regulatory bodies, prospective investors amongst others, and any other stakeholder who has an interest in the performance of the Group.

DTR Statement

Together, the Strategic Report and other sections of the Corporate Governance section incorporated by reference, when taken as a whole, form the Management Report as required under Rule 4.1.5R of the UKLA Disclosure and Transparency Rules (DTR).

The financial statements on pages 146 to 239 were approved by the Board of Directors and signed on its behalf by:

On behalf of the Board

Bronwyn Knight
Chief Executive Officer

Leon van de Moortele
Chief Financial Officer

Statement OF COMPLIANCE

We, the Directors of Grit Real Estate Income Group Limited, confirm to the best of our knowledge that the Company has fully complied with all of its obligations and requirements under the:

- UK Corporate Governance Code 2018 (the "UK Code"); and the
- National Code of Corporate Governance for Mauritius 2016 ("MRU Code")

for the year ended 30 June 2022.

Bronwyn Knight
Chief Executive Officer
28 October 2022

Leon van de Moortele
Chief Financial Officer

Certificate FROM THE COMPANY SECRETARY

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act, 2001 in terms of Section 166(d) for the year ended 30 June 2022.

Intercontinental Fund Services Limited
Company Secretary
28 October 2022

Certificate FROM CORPORATE SERVICE PROVIDER

We, as a Guernsey corporate service provider and registered agent of Grit Real Estate Income Group Limited (the Company) certify that, to the best of our knowledge and belief and on the assumption that we have been provided with complete and accurate factual information by the Company, the Company has filed with the Guernsey Registry all such returns as are required of the Company under the Companies (Guernsey) Law 2008 for the year ended 30 June 2022.

Mourant Governance Services (Guernsey) Limited
Corporate Service Provider
28 October 2022





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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRIT REAL ESTATE INCOME GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Grit Real Estate Income Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2022 and of the group's profit, the company's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements, included within the Integrated Annual Report 2022 (the "Annual Report"), which comprise: Consolidated and Company statements of financial position as at 30 June 2022; Consolidated and Company income statements, Consolidated and Company statements of comprehensive income, Consolidated statement of changes in equity, Company statement of changes in equity and Consolidated and Company statements of cash flow for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's ("FRC") Ethical Standard, as applicable to listed public interest entities in accordance with the requirements of the Crown Dependencies' Audit Rules and Guidance for market-traded companies, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Note 23 'Profit / (loss) from operations', we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the group, the accounting processes and controls, and the industry in which the group operates.
- As in all of our audits we also addressed the risk of management override of controls and risk of fraud in revenue recognition. Although we have not determined these to be key audit matters, we have not rebutted these risks and they are therefore, deemed to be significant risk areas.

Key audit matters

- Valuation of investment properties (group)
- Recoverability and valuation of receivable balances (group)
- Accounting for acquisitions and disposals during the year (group)
- Going concern (group and parent)
- Valuation of Investment in subsidiaries and recoverability of receivable balances (parent)

Materiality

- Overall group materiality: US\$ 9.4 million (2021: US\$ 8 million) based on 1% of total assets of US\$ 937 million.
- Specific materiality of US\$ 0.6 million (2021: US\$ 0.7 million) applied to other working capital and income statement items.
- Overall company materiality: US\$ 2 million (2021: US\$ 3.5 million) based on 1% of net assets of US\$ 409 million, capped at component allocation.
- Performance materiality: US\$ 4.7 million (2021: US\$ 4 million) (group) and US\$1 million (2021: US\$ 1.75 million) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

This is not a complete list of all risks identified by our audit

Revenue Recognition (group) and Covid-19 (group and parent), which were key audit matters last year, are no longer included because of the lessening impact of Covid-19 and the reduction of lease incentives granted. However, the risk of fraud in revenue recognition has not been rebutted and remains a significant risk area. Otherwise, the key audit matters below are consistent with last year.

Key audit matter

Valuation of investment properties (group)

Either held directly or through joint ventures and associates. Directly held - US\$ 604.5 million (2021: US\$ 549.5 million), through Associates and Joint Ventures US\$ 203.8 million (2021: US\$ 206.4 million)

See Note 3 Investment properties and Note 1 Significant accounting policies.

The group holds a significant number of investment properties which are fair valued each year under IAS 40 with the change in fair value being reflected in the income statement. The valuation of these properties is carried out for management by third party valuers Knight Frank and REC (the "valuers"). The valuers were engaged by the Directors and performed their work in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards and the requirements of International Accounting Standard 40 'Investment Property'. The valuation of investment properties represents a significant estimation uncertainty. In determining the valuation of a property, the valuers take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. For developments, the residual appraisal method is used, by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium.

The valuation of the group's property portfolio was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property.

The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.

How our audit addressed the key audit matter

Our audit procedures included, but were not limited to:

- Read the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards;
- Assessed the appropriateness of the key assumptions used across the portfolio, corroborating yields, Estimated Rental Values and other key assumptions to comparable information where available. In instances whereby comparable information has not been readily available we have sought to understand the valuers' rationale and experience in the local market and have recomputed their valuations based on discounted cash flow models factoring in the sensitivity to the overall valuation based on their assumptions;
- Our internal valuation experts have then recomputed the valuation for each investment property based on the method employed by the external valuer to ascertain the reasonableness of the underlying valuation and performed separate sensitivity analysis where appropriate;
- Other detailed inputs to the model such as current rents, expenses, have been agreed back to supporting documentation;
- We, along with our internal valuation experts, held discussions with management and held separate calls with each of the respective valuers to discuss and challenge their approach, any implications of climate change, the key assumptions and their rationale behind the more significant valuation movements during the year. Where necessary we had follow up calls with management and their external valuers to confirm/clarify information and assumptions; The valuation commentaries provided by the external valuers and supporting evidence, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate;
- Considered the disclosure in the accounts including critical accounting estimates; and
- Discussed with the Audit Committee the procedures that we carried out and our findings

Overall findings

Based on the evidence obtained, we concluded that while some of the assumptions on specific properties used were outside of what we considered reasonable (and hence led to judgemental proposed differences deemed not material by the Audit Committee and which we concur with), the overall assumptions used in the valuations by the external valuers were supportable in light of the evidence obtained and materially appropriate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRIT REAL ESTATE INCOME GROUP LIMITED (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

Recoverability and valuation of receivable balances (group)

Other loans receivable of US\$ 37.9 million (2021: US\$ 37.3 million) and trade and other receivables of US\$ 33.7 million (2021: US\$ 21.1 million).

See Note 10 Other loans receivable, Note 12 Trade and other Receivables and Note 1 Summary of significant accounting policies.

Grit has a number of 'other assets and receivables' as well as material trade receivables. Due to the material value of these balances, the jurisdictions within which the group operates and issues with recoverability noted in the past we determined this a significant risk, warranting specific audit focus in this area.

Our audit procedures on the recoverability have included:

- Auditing management's assessment of the recoverability of trade and other receivables with a focus on the ageing profile, credit worthiness of counter parties, and post year end debtor balances settled;
- We vouched of receivable balances settled post year end to cash payments received;
- Obtained management's IFRS 9 expected credit loss model and tested this;;
- Vouching the integrity of the model;
- Reviewed legal correspondence relating to receivables balances under dispute;
- Performed sensitivity analysis over the credit rating issued to receivables balances;
- Challenged management on overdue receivables that could not be supported through external confirmations or post year-end cash receipts;
- Held discussions with local in-country auditors on specific outstanding receivables; and
- We challenged management to consider qualitative indicators as part of their expected credit loss assessment. Provisions were made to reflect the increased risk in light of our challenge.

Overall findings

Based on the procedures performed we are satisfied with the recoverability and valuation of trade and other receivables at the year end after additional provisions were made by management. The provision recognised is in line with the accounting standards and disclosed appropriately in the financial statements.

Accounting for acquisitions and disposals during the year (group)

See Note 7 Investments in associates and joint ventures, Note 8 Investment in subsidiaries and Note 1 Summary of significant accounting policies.

During the year the group:

- Acquired a 77.95% equity stake in African Development Managers Ltd ("ADPM");
- Acquired an additional 20% equity stake in Capital Place Limited;
- Acquired Stellar Warehousing and Logistics Limited;
- Entered into land lease agreement through the newly incorporated indirect subsidiary Ubertas Tatu Investments Sez Limited;
- Acquired an additional equity interest of 6.31% in Gateway Real Estate Africa Ltd;
- Disposed of 4.9% of equity interest in Lettolo La Rona ("LLR");
- Disposed of 100% of BH Property Limited; and
- Disposed of treasury shares by FAM.

The size of the acquisitions and disposals as well as the complex nature in which these have been contracted means that the accounting was determined to be a significant risk.

Our audit procedures on the acquisitions and disposals included:

- Obtained, read and understood the agreements entered into between Grit and the relevant parties involved;
- Assessed the timing of the transaction and ensured it was recorded in the correct accounting period;
- Assessed the impact of the acquisition or disposal on the Group's control over the relevant entity under IFRS 10;
- Assessed whether the acquisition should be accounted for as a business combination or an asset acquisition in line with IFRS 3;
- Inspected a copy of the bank statement and traced payments made or received;
- Recomputed the shares issued to counter parties as part of the consideration;
- Audited the overall calculation for the transaction including the journal entries posted;
- Reviewed the treatment of transaction costs;
- Where necessary, consulted with technical specialists internally;
- Review management's experts work where relevant; and
- Obtained sufficient evidence and performed additional audit procedures for transaction specific elements where required.

Overall findings

Following our challenge, there were a number of adjustments made by management or deemed to be immaterial and therefore were not adjusted for. Based on the procedures performed and the adjustments being made we are materially satisfied with the accounting and disclosure of the acquisitions and disposals.

Key audit matter

How our audit addressed the key audit matter

Going concern (group and parent)

See Directors Report (page 130), Audit Committee Report (page 106) and Basis of Preparation (Note 1.1)

In the prior year the directors modelled a 'base case' and a 'severe but plausible' downside scenario which, under the 'severe but plausible' scenario indicated the existence of a material uncertainty over potential loan to value covenant breaches which may have cast significant doubt about the group's and the Company's ability to continue as a going concern.

This was predominantly driven by the inherent uncertainty in future property valuations as a result of the impact of the COVID-19 pandemic such that in the event that if property valuations across the portfolio decreased more severely or quickly than expected, even after mitigating actions that were within the control of the directors, the group may have been in breach of some of the individual property and group wide covenants

As a result of the material uncertainty with respect to going concern in the prior year in respect of potential loan-to-value covenant breaches, coupled with significant refinancing activities in the current year, we considered going concern to be a significant risk area warranting additional audit focus as part of our procedures.

The directors, for the current financial year's financial statements, modelled a 'base case' and a 'severe but plausible downside' of the group's and Company's expected liquidity and covenant position. This is for a going concern assessment period through to March 2024.

During October 2022 the group:

Completed a multi-jurisdictional debt syndication with Standard Bank of South Africa (lead arranger) refinancing \$306 million of existing debt facilities.

Extended an existing facility of \$ 36 million with Investec to April 2024.

Entered into additional interest rate hedging instruments of \$100 million to fix a portion of floating interest rates relating to the SBSA multi-jurisdictional debt syndication facility.

The base case and downside models factor in the completed facilities above. The base case model is generated from the Board approved forecasts which take into account expected rental receipts, dividend inflows from associates, and committed facilities alongside other assumptions around inflation and foreign exchange rates. The downside scenario introduces more prudent assumptions on some of the key inputs.

In the current financial year the valuers' reports did not contain any material uncertainty clauses with respect to COVID-19 and the directors conducted a review of the group's and Company's risk register, an analysis of the trading information both pre and post year end, held discussions with the independent property valuers (Knight Frank and REC), and considered economic data available in the countries of operations.

After taking into account the results of the analysis and the various mitigating actions available to the Company and the group under both the "base case" and "severe but plausible downside" scenarios, the Board concluded that it is appropriate to prepare the financial statements on a going concern basis and that no material uncertainty exists in the current year financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRIT REAL ESTATE INCOME GROUP LIMITED (CONTINUED)

Key audit matter

Valuation of Investment in subsidiaries and recoverability of receivable balances (parent)

Note 8 Investment in subsidiaries, Note 9 Related party loans receivable and payable and Note 1 Significant accounting policies.

The Company has investments in subsidiaries of US\$ 69 million (2021: US\$ 0 million) and loans to subsidiaries of US\$ 303.4 million (2021: US\$ 375.1 million) as at 30 June 2022. This is following the recognition of a US\$ 30.6 million (2021: US\$ 13.4 million) provision for impairment on investments in subsidiaries, and expected credit loss impairment of US\$25.9 million (2021: US\$ 31.4 million) recognised on loans to subsidiaries in the year.

Due to the material value of the balances and the inherently subjective nature of some of the assumptions underpinning the valuations we determined that this was an area of significant risk for the Company audit and an area of audit focus.

How our audit addressed the key audit matter

Our audit procedures on the valuation of investments in subsidiaries and recoverability of receivable balances included:

- Assessing the accounting policies for investments and loans in subsidiaries to ensure they were compliant with IFRS 13 and IFRS 9.
- Verifying the methodology used by the directors in arriving at the carrying value of each subsidiary and the expected credit loss provision for intercompany receivables, ensuring this was compliant with the respective accounting standards.
- Obtaining the impairment of investments and provision of receivables calculations to ensure the mathematical accuracy of calculation and that assumptions within the calculations were consistent with our understanding of the Company and its subsidiaries as a whole.
- Identifying the key judgements within the requirement for impairment of both the investments and loans due from subsidiaries to the underlying valuation of investment property held by the subsidiaries at fair value (for details of our procedures over investment property valuations please refer to the related group key audit matter above).

Overall findings

Based on the procedures performed the valuation of investments in subsidiaries and recoverability of receivable balances due to the Company following the impairment charges booked are reasonable..

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group's properties are spread across a number of statutory entities with the group financial statements being a consolidation of these entities, the group and the company's associates and joint ventures. The group has one financially significant component, being Freedom Property Fund SARL, which is subject to a full scope audit by our component team in Morocco.

Full scope audits were also performed on 13 other components of the group due to their size by our component teams in Botswana, Mauritius and Mozambique. The above gave us coverage of 98% of consolidated revenue, 91% coverage of consolidated profit before tax and 98% coverage of total assets for the group. All in scope investment properties were audited by the group audit team with the exception of the LLR portfolio which was audited by our component team in Botswana with sufficient oversight by the group audit team.

The group team's involvement comprised of conference calls, in person meetings with Morocco, Mauritius and Mozambique at a senior level, review of component auditor work papers, and other forms of communication as considered necessary. Senior members of the group audit team performed site visits to the properties in Mauritius, Morocco and Mozambique. The group engagement team directly performed the audit of the consolidation. This, together with additional procedures performed at the group level, gave us the evidence we needed for our opinion on the group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	US\$ 9.4 million (2021: US\$ 8 million).	US\$ 2 million (2021: US\$ 3.5 million).
How we determined it	1% of total assets of US\$ 937 million	1% of net assets of US\$ 409 million
Rationale for benchmark applied	The key driver of the business and determinant of the group's value is property investment valuation. On this basis, we set an overall group materiality level based on total assets. In addition, a number of key performance indicators of the group are driven by income statement items and we therefore also applied a lower specific materiality for testing property and other income, administrative expenses, provisions and working capital balances.	The key driver of the business and determinant of the company's value is investments in subsidiaries. As a result we have used an asset based benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between US\$ 0.2 million and US\$ 4.6 million

In addition, we set a specific materiality level of US\$ 0.6 million for other working capital and income statement items. This equates to 5% of the group's average EPRA (European Public Real Estate Association) earnings for the past four years.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% (2021: 50%) of overall materiality, amounting to US\$4.7 million (2021: US\$ 4 million) for the group financial statements and US\$ 1 million (2021: US\$ 1.75 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US\$ 0.47 million for items audited using overall materiality (2021: US\$ 0.4 million), and US\$ 0.032 million (2021: US\$ 0.031 million) for items audited using specific materiality (group audit) and US\$ 0.1 million (company audit) (2021: US\$ 0.2 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and understanding the directors' going concern assessment under both a base case and severe but plausible downside scenario;
- Challenging the assumptions made within the severe but plausible downside scenario, sensitising assumptions including profits expected and reductions to cash flows, and other key assumptions including currency rates, interest rates and inflation rates ensuring these were sufficiently severe;
- Testing key inputs to the model used by management by agreeing back to a sample of supporting documentation such as rent rolls for the properties and expense expectations;
- Agreeing terms of the refinancing with respect to the syndicated loan of US\$ 306 million and the extension of the Investec loan of \$36m back to legally signed source documents including term dates and covenants (which we subsequently recalculated at each future measurement date under both the base case and severe but plausible downside scenario);
- Agreeing that conditions precedent as well as conditions subsequent with respect to the syndicated loan of US\$ 306 million (outside of the control of the group) had been legally satisfied;
- Checking that interest rate hedging instruments were contractually entered into and appropriately reflected within the base case and severe but plausible downside scenario;
- Testing the integrity of management's model by utilising our internal experts on data and model integrity;
- Tested the forecast compliance with LTV (Loan-to-value) and ICR (Interest cover ratio) loan covenants under the base case and severe but plausible downside.
- Considering recent history of management's forecasting accuracy and also the recent experience of trading during pre and post the COVID-19 pandemic to determine whether both the base case and the 'severe but plausible' downside model scenarios are appropriate in particular in terms of rental receipts and property valuations; and
- Reviewing the disclosures presented in the Annual Report in relation to going concern and assessed their consistency with the financial statements and the evidence we obtained in our audit. No issues were identified in our testing.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRIT REAL ESTATE INCOME GROUP LIMITED (CONTINUED)

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibility in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of 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 group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies (Guernsey) Law, 2008; Listing rules in London and Mauritius; and applicable corporation and VAT tax legislation in the various jurisdictions in which the group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to accounting estimates and judgemental areas of the financial statements such as the valuation of investment and development properties and the expected credit loss provisions in respect of tenant debtors and incentives (see related key audit matters above). The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Reviewing the litigation register in so far as it related to non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Risk Committee and the Audit Committee;
- Review of corporation and VAT tax compliance with the involvement of our tax specialists in the audit;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses;
- Challenging assumptions and judgements made by management in their significant areas of estimation; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies (Guernsey) Law, 2008 exception reporting

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company; or
- the company financial statements and the part of the Remuneration Committee report to be audited are not in agreement with the accounting records; or
- a corporate governance statement has not been prepared by the company.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors in July 2018 to audit the financial statements for the year ended 30 June 2018 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ended 30 June 2018 to 30 June 2022.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS

Darryl Phillips
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognised Auditor
London

28 October 2022

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

	Notes	GROUP		COMPANY	
		30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Assets					
Non-current assets					
Investment properties	3	604,474	549,491	–	–
Deposits paid on investment properties	3	8,309	5,698	2,500	–
Property, plant and equipment	5	2,087	2,448	1,678	1,923
Intangible assets	6	670	480	5	6
Other investments		1	1	–	–
Investments in associates and joint ventures	7	206,997	167,492	70,113	20,706
Investments in subsidiaries	8	–	–	69,373	–
Related party loans receivable	9	515	–	265,224	336,949
Trade and other receivables	12	4,615	2,166	–	–
Deferred tax	11	12,544	20,067	–	–
Total non-current assets		840,212	747,843	408,893	359,584
Current assets					
Trade and other receivables	12	29,055	18,946	8,564	885
Current tax receivable		1,881	1,440	–	–
Related party loans receivable	9	298	197	38,250	38,250
Other loans receivable	10	37,908	37,303	–	–
Derivative financial instruments	20	1,862	87	–	–
Cash and cash equivalents	13	26,002	4,890	629	3
Total current assets		97,006	62,863	47,443	39,138
Total assets		937,218	810,706	456,336	398,722
Equity and liabilities					
Total equity attributable to ordinary shareholders					
Ordinary share capital	14a.	535,694	463,842	535,694	463,842
Treasury shares reserve	14b.	(16,212)	(18,406)	–	–
Foreign currency translation reserve		(5,191)	1,495	–	53
Accumulated losses		(177,990)	(176,073)	(126,975)	(106,776)
Equity attributable to owners of the Company		336,301	270,858	408,719	357,119
Preference share capital	14c.	29,558	25,481	–	–
Perpetual preference notes	14d.	25,741	–	–	–
Non-controlling interests		(22,224)	(17,935)	–	–
Total equity		369,376	278,404	408,719	357,119
Liabilities					
Non-current liabilities					
Redeemable preference shares	15	12,840	12,840	–	–
Proportional shareholder loans	16	26,716	17,582	–	–
Interest-bearing borrowings	17	242,091	215,565	26,861	24,505
Lease liabilities	18	545	750	400	642
Related party loans payable	9	1,205	648	–	–
Deferred tax liability	11	49,592	51,720	–	–
Total non-current liabilities		332,989	299,105	27,261	25,147
Current liabilities					
Interest-bearing borrowings	17	182,975	195,023	2,346	8,344
Lease liabilities	18	864	205	166	171
Trade and other payables	19	31,411	24,843	3,272	1,966
Current tax payable		763	1,438	61	544
Derivative financial instruments	20	–	2,714	–	–
Related party loans payable	9	1	91	–	–
Other financial liabilities	21	16,983	6,307	14,511	5,431
Bank overdrafts	13	1,856	2,576	–	–
Total current liabilities		234,853	233,197	20,356	16,456
Total liabilities		567,842	532,302	47,617	41,603
Total equity and liabilities		937,218	810,706	456,336	398,722

These financial statements on pages 146 to 239 were approved by the Board of Directors on 28 October 2022 and signed on its behalf by:

Bronwyn Knight

Leon van de Moortele

The notes on pages 152 to 239 form an integral part of the financial statements.

CONSOLIDATED AND COMPANY INCOME STATEMENTS

For the year ended 30 June 2022

	Notes	GROUP		COMPANY	
		30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Gross property income	22	50,766	49,217	–	–
Property operating expenses		(8,656)	(8,543)	–	–
Net property income		42,110	40,674	–	–
Other income	23	80	169	840	37
Administrative expenses		(16,944)	(13,867)	(6,722)	(6,749)
Net reversal/ (impairment) on financial assets	26	(4,217)	(7,119)	23,806	(31,430)
Profit / (loss) from operations	23	21,029	19,857	17,924	(38,142)
Fair value adjustment on investment properties		20,167	(51,441)	–	–
Contractual receipts from vendors of investment properties		(297)	144	–	–
Total fair value adjustment on investment properties	3	19,870	(51,297)	–	–
Corporate restructure costs	24	–	(3,467)	–	(3,467)
Fair value adjustment on other financial liability	21	(11,315)	(5,230)	(9,080)	(902)
Fair value adjustment on other financial asset		(371)	(1,106)	–	(7)
Fair value adjustment on derivative financial instruments	20	4,501	1,378	–	–
Fair value adjustment on investments in subsidiaries	8	–	–	(30,627)	(13,367)
Share-based payment expense		(1,238)	(127)	(138)	(127)
Share of profits from associates and joint ventures	7	20,611	583	2,438	809
Loss on disposal of investment in subsidiary	32	(2,051)	–	–	–
Loss on disposal of interest in associate	7c	(573)	–	–	–
Impairment of loans and other receivables	25	(3,101)	(1,113)	(600)	(52)
Foreign currency (losses) / gains		(5,412)	2,343	432	(503)
Profit / (Loss) before interest and taxation		41,950	(38,179)	(19,651)	(55,758)
Interest income	27	1,935	2,690	9,932	14,082
Finance costs	28	(26,151)	(25,442)	(2,134)	(2,430)
Profit / (Loss) for the year before taxation		17,734	(60,931)	(11,853)	(44,106)
Taxation	29	(6,621)	(445)	(203)	(185)
Profit / (Loss) for the year after taxation		11,113	(61,376)	(12,056)	(44,291)
Profit / (Loss) attributable to:					
Equity shareholders		10,443	(51,927)	(12,056)	(44,291)
Non-controlling interests		670	(9,449)	–	–
		11,113	(61,376)	(12,056)	(44,291)
Basic earnings / (losses) per ordinary share (cents)	30	2.62	(16.54)	–	–
Diluted earnings / (losses) per ordinary share (cents)	30	2.62	(16.54)	–	–

The notes on pages 152 to 239 form an integral part of the financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	GROUP		COMPANY	
		30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Profit/ (Loss) for the year		11,113	(61,376)	(12,056)	(44,291)
Retirement benefit obligation		154	42	-	-
(Loss) / Profit on translation of functional currency		(9,618)	7,005	-	-
Other comprehensive (expense) / income that may be reclassified to profit or loss		(9,464)	7,047	-	-
Total comprehensive income / (expense) relating to the year		1,649	(54,329)	(12,056)	(44,291)
Attributable to:					
Equity shareholders		2,587	(46,511)	(12,056)	(44,291)
Non-controlling interests		(938)	(7,818)	-	-
		1,649	(54,329)	(12,056)	(44,291)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

GROUP	Notes	Ordinary share capital US\$'000	Treasury shares reserve US\$'000	Foreign currency translation reserve US\$'000	Antecedent dividend reserve US\$'000	Accumulated losses US\$'000	Preference share capital US\$'000	Perpetual preference notes US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balance as at 1 July 2020		454,145	(18,406)	(4,072)	-	(133,784)	-	-	(614)	297,269
Loss for the year		-	-	-	-	(51,927)	-	-	(9,449)	(61,376)
Other comprehensive income for the year		-	-	5,374	-	42	-	-	1,631	7,047
Total comprehensive expense		-	-	5,374	-	(51,885)	-	-	(7,818)	(54,329)
Share based payments		-	-	-	-	127	-	-	-	127
Ordinary dividends declared	34	-	-	-	-	(4,780)	-	-	-	(4,780)
Ordinary shares issued	14a.	9,810	-	-	-	-	-	-	-	9,810
Preference shares issued	14d.	-	-	-	-	-	25,481	-	-	25,481
Share issue expenses	14a.	(113)	-	-	-	-	-	-	-	(113)
Transaction with non-controlling interests without change in control		-	-	193	-	14,249	-	-	(9,084)	5,358
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	(419)	(419)
Balance as at 30 June 2021		463,842	(18,406)	1,495	-	(176,073)	25,481	-	(17,935)	278,404

The notes on pages 152 to 239 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 30 June 2022

GROUP	Notes	Ordinary share capital US\$'000	Treasury shares reserve US\$'000	Foreign currency translation reserve US\$'000	Antecedent dividend reserve US\$'000	Accumulated losses US\$'000	Preference share capital US\$'000	Perpetual preference notes US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Balance as at 1 July 2021		463,842	(18,406)	1,495	-	(176,073)	25,481	-	(17,935)	278,404
Profit / (Loss) for the year		-	-	-	-	10,443	-	-	670	11,113
Other comprehensive (expense)/income for the year		-	-	(8,010)	-	154	-	-	(1,608)	(9,464)
Total comprehensive (expense)/income		-	-	(8,010)	-	10,597	-	-	(938)	1,649
Share based payments		-	-	-	-	138	-	-	-	138
Antecedent dividend reserve	14a.	(3,659)	-	-	3,659	-	-	-	-	-
Ordinary dividends declared	34	-	-	-	(3,659)	(7,903)	-	-	-	(11,562)
Treasury shares	14b.	-	(2,906)	-	-	-	-	-	-	(2,906)
Disposal of treasury shares	14b.	-	5,100	-	-	-	-	-	(3,600)	1,500
Ordinary shares issued	14a.	83,454	-	-	-	-	-	-	-	83,454
Perpetual preference notes issued	14d.	-	-	-	-	-	-	26,775	-	26,775
Preferred dividend accrued on perpetual notes	14d.	-	-	-	-	(1,837)	-	572	-	(1,265)
Share issue expenses relating to issue of perpetual notes	14d.	-	-	-	-	-	-	(1,606)	-	(1,606)
Preferred dividend accrued on preference shares	14c.	-	-	-	-	(4,077)	4,077	-	-	-
Share issue expenses	14a.	(7,943)	-	-	-	-	-	-	-	(7,943)
Non-controlling interests on acquisition of subsidiary other than business combination	31b.	-	-	-	-	-	-	-	1,414	1,414
Reclassification of foreign currency translation reserve on sale of subsidiary	32	-	-	906	-	-	-	-	-	906
Reclassification of foreign currency translation reserve on part sale of interests in associate	7c.	-	-	418	-	-	-	-	-	418
Dividends distributable to non-controlling shareholders		-	-	-	-	1,165	-	-	(1,165)	-
Balance as at 30 June 2022		535,694	(16,212)	(5,191)	-	(177,990)	29,558	25,741	(22,224)	369,376

The notes on pages 152 to 239 form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

COMPANY	Notes	Ordinary share capital US\$'000	Foreign currency translation reserve US\$'000	Antecedent dividend reserve US\$'000	Retained earnings / (Accumulated losses) US\$'000	Total equity US\$'000
Balance as at 1 July 2020		454,145	53	–	(57,643)	396,555
Loss for the year as previously stated		–	–	–	(44,291)	(44,291)
Other comprehensive income / (expense)		–	–	–	–	–
Total comprehensive expense		–	–	–	(44,291)	(44,291)
Share based payments		–	–	–	127	127
Ordinary dividends declared	34	–	–	–	(4,969)	(4,969)
Ordinary shares issued	14a.	9,810	–	–	–	9,810
Share issue expenses		(113)	–	–	–	(113)
Balance as at 30 June 2021		463,842	53	–	(106,776)	357,119
Balance as at 1 July 2021		463,842	53	–	(106,776)	357,119
Loss for the year		–	–	–	(12,056)	(12,056)
Other comprehensive expense		–	(53)	–	–	(53)
Total comprehensive income		–	(53)	–	(12,056)	(12,109)
Share based payments		–	–	–	138	138
Ordinary dividends declared	34	–	–	(3,659)	(8,281)	(11,940)
Antecedent dividend reserve	14a.	(3,659)	–	3,659	–	–
Ordinary shares issued	14a.	83,454	–	–	–	83,454
Transfer to antecedent dividend reserve		–	–	–	–	–
Share issue expenses		(7,943)	–	–	–	(7,943)
Balance as at 30 June 2022		535,694	–	–	(126,975)	408,719

The notes on pages 152 to 239 form an integral part of the financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

For the year ended 30 June 2022

	Notes	GROUP		COMPANY	
		30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Net cash generated from / (utilised in) operating activities	33a.	11,293	19,885	1,757	(13,125)
Acquisition of, and additions to investment properties	33	(38,996)	(10,068)	–	–
Deposits paid on investment properties	3	(2,500)	(550)	(2,500)	–
Additions to property, plant and equipment	5	(117)	(92)	1	–
Additions to intangible assets	6	–	(88)	(12)	(12)
Additions of interests in associates and joint ventures	7a & 7b	(39,613)	(8,493)	(39,613)	(8,493)
Proceeds from disposal of interest in associates and joint ventures	7	3,347	–	–	–
Acquisition of subsidiary, net of cash acquired	31b	1,121	–	–	–
Dividends and interest received from associates and joint ventures	7	3,985	6,361	–	–
Proportional shareholder loans received from associates	7	10,031	1,560	–	–
Interest received		668	1,488	–	1
Proceeds from partial disposal of investment in subsidiaries	8	–	5,358	–	–
Proceeds from disposal of property, plant and equipment		49	122	–	–
Related party loans (repaid) / received		(765)	(61)	10,970	11,930
Settlement of other financial liabilities	21	(639)	–	–	–
Related party loans payables received / (repaid)		467	(4,857)	–	(33)
Proportional shareholder loans repaid	16	(1,967)	–	–	–
Deposits received	19	6,500	–	–	–
Proceeds from proportional shareholder loans		5,576	7,726	–	–
Other loans received		–	64	–	–
Net cash (utilised in) / generated from investing activities		(52,853)	(1,530)	(31,154)	3,393
Proceeds from the issue of ordinary shares	14a	54,488	9,810	54,488	9,810
Proceeds from the issue of perpetual preference note	14d & 17	31,500	–	–	–
Perpetual preference note issue expenses	14d	(1,606)	–	–	–
Perpetual note dividend paid	14d	(1,265)	–	–	–
Share issue expenses	14a	(7,943)	(113)	(7,943)	(113)
Dividends paid to non-controlling shareholders		–	(419)	–	–
Ordinary dividends paid	34	(10,535)	(4,778)	(10,913)	(4,967)
Proceeds from interest-bearing borrowings	17	53,788	50,765	–	7,000
Settlement of interest-bearing borrowings	17	(27,716)	(41,005)	(3,732)	(51)
Finance costs		(26,497)	(23,906)	(1,588)	(1,823)
Payments of leases		(429)	(274)	(289)	(155)
Net cash generated from / (utilised in) financing activities		63,785	(9,920)	30,023	9,701
Net movement in cash and cash equivalents		22,225	8,435	626	(31)
Cash at the beginning of the year		2,314	(5,629)	3	34
Effect of foreign exchange rates		(393)	(492)	–	–
Total cash and cash equivalents (including overdrafts) at the end of the year	13	24,146	2,314	629	3

The notes on pages 152 to 239 form an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

General information

Grit Real Estate Income Group Limited (the "Company"; the "Parent") and its subsidiaries (together the "Grit Group" or "the Group") is a real estate company focused on real estate investment assets in pre-selected African countries (excluding South Africa). The Company was a public company incorporated and domiciled in Mauritius and successfully migrated its corporate domicile to Guernsey from Mauritius on 4 February 2021 where it still remains a public company. The address of its registered office is 3rd floor, La Croisette Shopping Mall, Grand Baie, Mauritius. The Company currently holds its primary listing on the Main Market of the London Stock Exchange (LSE) while its listing on the Official Market of the Stock Exchange of Mauritius Ltd (SEM) is termed as a secondary listing. Grit Real Estate Income Group Limited is the ultimate holding company of the group.

1. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these separate and consolidated financial statements.

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

1.1 Basis of preparation and measurement

The financial statements include the consolidated financial statements of the parent company and its subsidiaries ("**the Group**").

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the IFRS Interpretations Committee (IFRIC); the Financial Pronouncements as issued by Financial Reporting Standards Council, the LSE and SEM Listings Requirements; and, the requirements of the Mauritian Companies Act 2001. The financial statements have been prepared on the going-concern basis and were approved for issue by the board of directors on 28 October 2022.

The financial statements have been prepared under the historical cost basis, except for investment properties and certain financial instruments that are measured at fair value through profit or loss.

Going Concern

The Directors' assessment of the Group's and Company's ability to continue as a going concern is required when approving the financial statements. As such the Directors have modelled a 'base case' and a 'severe but plausible downside' of the Group's and Company's expected liquidity and covenant position for a going concern assessment period through to March 2024, a period of at least 12 months following the approval of these accounts.

The process involved a thorough review of the Group's and Company's risk register, an analysis of the trading information both pre and post year end, extensive discussions with the independent property valuers, a review of the operational indicators within the Group and economic data available in the countries of operations. All of this has been done in the context of the COVID-19 pandemic recovery, recent global markets instability, previous experience of the African real estate sector and best estimates of expectations in the future.

Base Case model

The base case reflects the Directors' best expectations of the position going forward. It was modelled on board approved forecasts over the relevant period. The base case scenario includes the Group's and Company's financial projections and the following key assumptions:

1. Modelling of the Company's contractual lease contracts, which at 30 June 2021 had a weighted average lease expiry of 4.8 years, and associated contractual lease escalations which equate to 5.4% per annum on a weighted average basis across the portfolio. The Group's revenue was adjusted for tenant support already provided and expectation for potential further concessions in specific sectors;
2. Expected take up of vacant space through the ordinary letting activities of the Group and current leasing negotiations;
3. Debt facilities falling due during the period being refinanced in the ordinary course of business, specifically the US\$ 306 million sustainability linked syndicated loan facility and the extension of the Investec Bank facility relating to AnfaPlace Mall (both concluded prior to signature date);
4. A further US\$100 million of notional interest rate hedges by way of fixed for floating interest rate swaps and interest rate collar and caps. Fixed for floating interest swaps amounts to a notional value of US\$ 25 million, swapping US\$ SOFR floating rates for fixed Euro rates of between 2.84% and 3.04% over a period of 18 to 24 months. Interest rate collar and cap transactions for a notional value of US\$ 75 million places a cap of 3.5% and collar of 2.2% to US\$ SOFR floating rates over 3 equal tranches for period of 2, 3 and 4 years. The above hedges are settled quarterly in arrear (with the above being concluded prior to signature date);
5. Base interest rates increases up to 2.06% (in the case of US\$ base rates) and 3.09% (in the case of Euro base rates) from June 2022;

6. Depreciation of the various currencies versus the US\$, most notably the Euro depreciating by up to 9% over the period;
7. Contractual maturity of debt facilities, which at 30 June 2022 had a weighted average maturity profile of 1.8 years and associated weighted average cost of debt of 7.1%, adjusted for committed refinance transactions per 3 above;
8. Drive in Trading guarantee assumed to be paid up in December 2022, followed by the security being realised; and
9. As a result of removal of the material uncertainty clauses included in the independent valuers reports over the COVID-19 period, it was deemed appropriate to remove any valuation risk premiums to the portfolio, with the exception of the Retail sector, where the Directors' maintained the discount and exit capitalisation rates risk premiums until June 2023.

Severe but plausible downside model

A summary of the key assumptions over lays to the Base Case made in the severe but plausible scenario are as follows:

1. Debt facilities that have not been refinanced by signature date are assumed to be settled at maturity date over the assessment period;
2. Base interest rates increases up to 4.26% (in the case of US\$ base rates) and 4.55% (in the case of Euro base rates) from June 2022;
3. Depreciation of the various currencies versus the US\$, most notably the:
 - a. Euro depreciating by up to 15% over the period (net income currency);
 - b. Moroccan Dirham depreciating by up to 15% over the period (net income currency);
 - c. Zambian Kwacha depreciating by up to 9% over the period (net income currency); and
 - d. Mauritian Rupees appreciating by up to 2% over the period (net cost currency).
4. Increased inflation rates across the portfolio with the most material rates applied being as follows:
 - a. US CPI: 8.5% for the balance of 2022, 5.25% for 2023 and 3.25% for 2024;
 - b. Euro harmonised CPI: 7.0% for the balance of 2022, 6.0% for 2023 and 3.15% for 2024;
 - c. Mauritian inflation: 7.5% for the balance of 2022, 6.5% for 2023 and 3.5% for 2024;
 - d. Zambian inflation: 13.7% for the balance of 2022, 6.7% for 2023 and 5.6% for 2024;
5. Receivables amounting to US\$ 8.5 million not being recovered over the assessment period;
6. No dividends assumed on ordinary shares over the assessment period (other than those declared to date); and
7. The Retail sector valuation discount and exit capitalisation rates risk premiums where extended to June 2024.

Under both the base case and the severe but plausible scenario, along with certain remedies within management's control, which include actions like cuts in dividends, the Company is able to meet its liquidity and covenant positions through to March 2024. The Board has therefore concluded that it is appropriate to prepare the financial statements on the going concern basis.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Summary of significant accounting policies (continued)

1.2 Functional and presentation currency

The consolidated financial statements are prepared and presented in USD (\$) which is also the presentation and functional currency of the company. Amounts are rounded to the nearest thousand, unless otherwise stated. Some of the underlying subsidiaries and associates have functional currencies other than the US\$. The functional currency of those entities reflect the primary economic environment in which they operate.

1.3 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is a person or group that is responsible for allocating resources and assessing performance of the operating segments. The Group has determined the board as its chief operating decision-maker as it is the board that makes the Group's strategic decisions. Each operating entity has its own Segmental and Geographical allocation and it is not allocated to more than one sector. Depreciation and amortisation is not shown separately due to the immaterial nature thereof. (Refer to note 43).

1.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectation of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgements.

Historical judgements which continue to affect the financial statements

Unconsolidated structured entity

Drive in Trading (DiT), a B-BBEE consortium, secured a facility of US\$ 33.4 million from the Bank of America N.A (UK Branch) ("BoAML") to finance its investment in Grit. The BoAML facility was granted to DiT after South Africa's Government Employees Pension Fund (GEPPF), represented by Public Investment Corporation SOC Limited ("PIC"), provided a guarantee to BoAML in the form of a Contingent Repurchase Obligation ("CRO") for up to US\$ 35 million. The terms of the CRO obligate PIC to acquire the loan granted to DiT should DiT default under the BoAML facility.

In order to facilitate the above, the Group agreed to de-risk 50% of PIC's US\$ 35 million exposure to the CRO, by granting PIC a guarantee whereby should BoAML enforce the CRO, the Group would indemnify PIC for up to 50% of the losses, capped at US\$ 17.5 million, following the sale of the underlying securities, being the shares held by DiT in Grit.

Given the unusual structure of the transaction, the Group has determined that DiT has limited and predetermined activities and can be considered a structured entity under IFRS 12 as the design and purpose of DiT was to fund Grit rights issue and at the same time enable Grit to obtain B-BBEE credentials.

As the Group does not have both, power to direct the activities of DiT and an exposure to variable returns, the Group has exercised judgement on not to consolidate DiT but disclose it as an unconsolidated structured entity due to DiT being a related party. Refer to Note 37d. for disclosure of the transaction.

Freedom Asset Management (FAM) as a subsidiary

The Group has considered Freedom Asset Management (FAM) to be its subsidiary for consolidation purposes due to the Group's implied control of FAM, as the Group has ability to control the variability of returns of FAM and has the ability to affect returns through its power to direct the relevant activities of FAM. The Group does not own any interest in FAM however it has exposure to returns from its involvement in directing the activities of FAM.

Grit Executive Share Trust I (GEST I) as a subsidiary

The Group has considered Grit Executive Share Trust I (GEST I) to be its subsidiary for consolidation purposes due to the Group's implied control of GEST I, as the Group's ability to appoint the majority of the trustees and to control the variability of returns of GEST I. The Group does not own any interest in GEST I but is exposed to the credit risk and losses of (GEST I) as the Group shall bear any losses sustained by GEST I and shall be entitled to receive and be paid any profits made in respect of the purchase, acquisition, sale or disposal of unawarded shares in the instance where shares revert back to GEST I. No non-controlling interest has been accounted for in the current year.

New judgements made during the current year

Grit Executive Share Trust II (GEST II) as a subsidiary

During the year, Grit Executive Share Trust II has been incorporated to act as trust for the new long term incentive plan of the Group. The trust will hold Grit shares in order to service the new scheme when the shares will vest to the employees in the future. The corporate set-up of GEST II is similar to GEST and the Group has considered GEST II to be a subsidiary the Group's implied control on GEST II.

African Property Development Managers Ltd (APDM) as a joint venture

The Group has acquired an equity interests of 77.95% in APDM. The Group has concluded that even though it holds a majority shareholding in APDM, it does not have control of the latter because it is currently not satisfying the power criteria of control. The design of APDM is such that decisions about the relevant activities need to be approved by the investment committee of the company. For a decision to be approved, seventy five percent of the members present need to vote in favor of the decision. Currently the Group has the right to appoint two members to the investment committee. Public Investment Corporation SOC who holds 21.05% of APDM also has the right to appoint two members and Gateway Africa Real Estate Limited with a current shareholding of 1% can appoint one member. Given the seventy five percent threshold requirement to pass any resolution, the Group and Public Investment Corporation SOC will have to unanimously agree to any decision before those are formally enacted by management. Therefore neither the Group nor Public Investment Corporation SOC on their own control APDM. Because of the unanimous consent required by both the significant shareholders of APDM, the Group concluded that it has joint control of APDM. Therefore the investment in APDM has been classified as an investment in joint venture.

Gateway Real Estate Africa Ltd (GREA) as an associate

The Group has considered Gateway Real Estate Africa Ltd (GREA) to be its associate for the purpose of its consolidated financial statements as the Group has significant influence over the latter. During the financial year, the Group has increased its stake in GREA by acquiring an additional 6.31% equity holding which brings the total shareholding of Grit in GREA to 26.29%. However the increase in shareholding has not changed the entitlement of Grit with regards to the number directors that Grit can appoint on GREA's board of directors. The design of GREA is such that its relevant activities are directed by the board of directors. The Group has the right to appoint one director on GREA's board which is not enough to give it control but is enough to give Grit the ability to participate in the financial and operating policy decisions of GREA.

Estimates

The principal areas where significant estimates have been made are:

Fair value of investment properties

The fair value of investment properties is determined using a combination of the discounted cash flows method and the income capitalisation valuation method using assumptions that are based on market conditions existing at the relevant reporting date. For further details of the valuation method, judgements and assumptions made, refer to note 3.

Fair value of investments in subsidiaries - Company only

The Company accounts for its investments in subsidiaries at fair value through profit or loss. The Company has only one direct subsidiary ie) Grit Services Limited which is included in its separate financial statements as investment. The Company uses a valuation methodology which is based on the net asset value of Grit Services Limited. A separate valuation is performed at Grit Services Limited level to ensure that the fair value of the underlying investment properties held by its subsidiaries appropriately flow into its own net asset value. The estimates and assumptions that the Company considered to be significant and that could have a material impact on the carrying amount if its investments in subsidiaries is the actual valuation of the underlying investment properties. The Company engages independent valuers in their capacity as expert to value the investment properties. Refer to note 3 for sensitivity perform on investment properties.

Taxation

Judgements and estimates are required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax inspection issues in the jurisdictions in which it operates based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each relevant jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting year could be impacted. Also refer to note 3 for sensitivity perform on investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Summary of significant accounting policies (continued)

1.5 Consolidation

Basis of consolidation

The financial statements incorporate the financial information of the Company and all entities which are controlled by the Group.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, except where there are indications of impairment.

De-facto control exists in situations where the Group has the practical ability to direct the relevant activities of an investee without holding the majority of the voting rights. In determining whether de-facto control exists the Group considers all relevant facts and circumstances, including the size of the Group's voting rights relative to both the size and dispersion of other parties who hold voting rights.

- Substantive potential voting rights held by an entity in the Group and by other parties
- Other contractual arrangements entered into between the Group and the investee

The results of subsidiaries are included in the financial statements from the effective date of their acquisition to the effective date of their disposal.

The Consolidated financial statements of the group are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for a non-controlling interest.

Changes in ownership interests in subsidiaries without change in control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised directly into equity attributable to Grit's owners. The Group has developed an accounting policy choice to record any excess of the consideration paid/ received over the carrying value of net assets acquired/dispensed into retained earnings.

During the year there was no change in existing ownership in subsidiary where control was maintained. Last year the Group disposed of an indirect interest of 39.60% in Anfa Mall by disposing of 40% interest in Delta International Bahrain SPC (the beneficial owner of AnfaPlace Mall) and further the Group disposed of an indirect interest of 26.66% in Cognis 1 Limitada by disposing of 49% interest in Moz Delta and 25.60% interest in TC Maputo (which together own 95% of Cognis 1 Limitada). The two mentioned disposals were accounted for as equity transaction inline with the policy described above.

Disposal of subsidiaries

When the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations

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

The Group also assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date carrying value of the Group previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

The consideration transferred for the acquisition of a subsidiary that meets the definition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then a gain is recognised in profit or loss.

Accounting for asset acquisitions

For acquisition of a subsidiary not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values as at the date of acquisition. Such transactions or events do not give rise to goodwill.

Accounting for changes in ownership in associate where control is subsequently obtained

When the Group obtains control of an associate which was previously being equity accounted by the latter acquiring an additional equity stake and further the acquisition does not qualify as the acquisition of a business but rather an asset acquisition, the Group will determine the cost of the group of assets being acquired which is the sum of all the consideration given ie) consideration paid for additional interest plus previously held and any non-controlling interests together with transaction costs. As an accounting policy choice, the Group has elected to measure previously held equity interests in the associate at the previously equity accounted carrying amount ('Accumulated cost approach'). Further as an accounting policy choice, the Group has elected to measure non-controlling interests acquired at the proportionate share of the fair values of the acquiree identifiable net assets.

Company annual financial statements

In the Company's separate financial statements, investment in subsidiaries are carried at fair value with changes recognised in profit or loss.

Transaction costs that are directly attributable to acquisition of the subsidiary are expensed in profit or loss. Fair values are determined by reference to the underlying fair value of the subsidiaries' net assets.

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently carried at cost less any accumulated amortisation and any impairment losses.

Internally generated intangible, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of an intangible assets are assessed as either finite or infinite.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided on such intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The residual value, useful life and amortisation method of each intangible asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The amortisation charge for each year is recognised in profit and loss.

A summary of the useful life and amortization method for each class of intangible asset is included below:

Item	Average useful life	Amortization method
Computer software	4 years	Straight-line basis over the useful life

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Summary of significant accounting policies (continued)

1.7 Investment properties

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the Group, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Investment properties are those which are held either to earn rental income or for capital appreciation or for both. Investment properties are subsequently carried at fair value. External, independent valuation companies, with professionally qualified valuers and recent experience in the locations and categories of properties being valued, value the Group's investment property portfolios on at least a biannual basis. If an investment property is not externally valued at a reporting date then a directors' valuation is undertaken. The fair values are based on market values, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuations are prepared by considering comparable market transactions for sales and letting and having regard for the current leases in place. In the case of lettings this includes considering the aggregate of the net annual market rents receivable from the properties and where relevant, associated costs. A yield which reflects the risks inherent in the net cash flows is applied to the net annual rentals to arrive at the property valuation.

Any gain or loss arising from a change in fair value of an investment property is recognised in profit or loss.

Under IAS 40 "Investment Property", property that is under construction or development for future use as investment property is within the scope of IAS 40. As the fair value model is applied, such property is measured at fair value. However, where the fair value of investment property under redevelopment is not reliably measurable, the property would be measured at cost until the fair value of the investment property under redevelopment is complete.

1.8 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost and subsequently at cost less accumulated depreciation and any impairment losses.

Item of property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual values.

Item	Average useful life
Furniture and fittings	6 years
Computer equipment	3 years
Office equipment	8 years
Office buildings	20 years
Plant and machinery	4 years
Motor vehicles	5 years
Right of use of land	15 years
Right of use of motor vehicles	5 years
Right of use of office	6 years

In note 5, Furniture and fittings, Computer equipment, Office equipment, Plant and Machinery and Motor vehicles have been presented under Other property, plant and equipment.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The depreciation charge for each year is recognised in profit and loss.

The average useful life of the right of use assets is the shorter of the lease term and the useful economic life.

The carrying amount of an item of property, plant and equipment is derecognised on disposal; or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from de-recognition of an item of property, plant and equipment is included in profit and loss when the item is derecognised. The gain or loss arising from de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Where the carrying amount of an asset is greater than its recoverable amount, it is immediately impaired to its recoverable amount.

1.9 Financial instruments - recognition, classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Recognition, measurement and derecognition

Non-derivative financial instruments comprise investment in equity securities, trade and other receivables, cash and cash equivalents, loans and other borrowings and trade and other payables.

All non-derivative financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the relevant contractual arrangement.

Subsequent measurement

Subsequent to initial recognition, non-derivative financial assets are measured as stated below.

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the relevant year.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the Group's right to receive payment is established.

Related party loans receivables, other loans receivable, trade and other receivables and cash and cash equivalents are measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Investments at fair value through profit or loss

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses".

Trade and other receivables

Trade and other receivables including related party loans and other loan receivables that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired.

Unbilled income based on contractual amounts due within the year which have not been invoiced are included within trade and other receivables as income accrued.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with financial institutions and other short-term liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

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

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost. Any amounts received from tenants that relate to periods after the financial year end are recognised as deferred income and included under trade and other payables.

Bank overdraft and borrowings

Bank overdraft and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Summary of significant accounting policies (continued)

1.9 Financial instruments - recognition, classification and measurement (continued)

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Preference share capital classified as financial liability

Preference shares, which are redeemable through a put option, are classified as liabilities. Dividends on these preference shares are recognised in profit or loss as finance costs.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (including unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent comparable arm's length transactions, reference to valuations of other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due with higher rates allocated to receivable balances that are long-outstanding. The provision matrix is initially based on the Group's observed default rates. The group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The asset management team also monitors the payment profile and any qualitative indicators that might indicate a deterioration in the ability of the tenant to repay on time. If it becomes apparent that a tenant is in financial difficulty and will not be able to settle an amount due, a specific provision will be made on the balance at risk to mitigate the overall credit risk on that particular tenant.

1.10 Income tax

Current tax assets and liabilities

Current tax for current and prior years are, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior years exceeds the amount due for those years, the excess is recognised as an asset.

Current tax liabilities / (assets) are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates laws that have been enacted or substantively enacted by the end of the relevant reporting year. Current tax payable also includes any tax liability arising from the declaration of dividends and payment of withholding taxes.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that it arises:

- from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- from temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- from temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised for:

- all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when 1) it arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) and 2) is not recognised when temporary differences relate to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the relevant reporting year. For investment properties that are measured at fair value the presumption that the carrying amount of the investment properties will be recovered through sale has not been rebutted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the eventual current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, where they intend to settle the eventual current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the relevant year, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different year, in other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different year, to other comprehensive income.

1.11 Share capital

Ordinary share capital

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

Treasury shares

The consideration paid for the purchase of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the 'Treasury shares reserve'). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares would be credited to retained earnings.

1.12 Perpetual instrument issued classified as equity

When a perpetual financing instrument is issued, the classification of the instrument as a liability or equity will depend on the terms of the contract. The instrument will be classified as a liability if the definition of a liability is met. If the definition of a liability is not met, the instrument will be classified as equity.

If an instrument contains both a liability and equity component based on the terms of the contract, the fair value of the liability component is determined first. This amount is classified as a financial liability measured at amortized costs (net of transaction costs) until it is extinguished. The remainder of the proceeds from issuance is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax.

Transaction costs are apportioned between the liability and equity components based on the allocation of proceeds to the liability and equity components when the instrument is initially recognised.

1.13 Gross Property Income

The Group's key sources of income include:

- Rental income
- Revenue from contracts with customers which include services to tenants (including management charges) and other expenses recoverable from tenants.

The accounting for each of these elements is discussed below:

1.13.1 Rental income

The Group earns revenue from acting as lessor in operating leases which do not transfer substantially all of the risk and rewards incidental to ownership of an investment property.

Contractual rental income and parking rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as expense over the lease term on the same basis as lease income.

The Group also provides incentives to its tenants in order to incentivize them to either get into new leases or extend their existing leases. Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Summary of significant accounting policies (continued)

1.13 Gross Property Income (continued)

1.13.1 Rental income (continued)

Amounts received from tenants to terminate leases are recognised in the statement of profit or loss when the right to receive them arises. Contingent rents being those lease payments that are not fixed at the inception of the lease, including for example turnover rents are recognised in the period in which they are earned.

Lease modifications are defined as a change in the scope of a lease, or the consideration of a lease, that was not part of the original terms and conditions of the lease. Modifications to operating leases the Group holds as a lessor are accounted for from the effective date of the modification. Modifications take into account any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. The revised remaining consideration under the modified lease is then recognised in rental income on a straight-line basis over the remaining lease term.

1.13.2 Revenue from services to tenants

The Group applies the requirement of IFRS 15 in recognising its service charge income (recoverable property expenses) and management fee.

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. The agreements include certain services offered to tenants as well as support services. The consideration charged to tenants for these services includes fix fee charged. Recoverable property expenses relate to expenditures that are directly recoverable from tenants. The recoverable property expenses are recognised as revenue in the period to which it relates as required by IFRS 15 Revenue from Contract with Customers.

The Group also acts as asset and property manager for some of its associates and receive management fees in relation to these services. Revenue from those fees is recognised over time as the recipient of those services receive and consume benefits as the Group performs its management obligations. The method to be used to calculate the transaction prices are defined in the asset and property management agreement that exist between the Group and the associate's property company.

Other income consists of commissions and fees arising from the management of the Group's properties and is recognised in the Group income statement in accordance with the delivery of service.

Dividend income is recognised, in profit or loss, when the Group's right to receive payment has been established.

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the year in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Long-term employee benefits - share based payments

Where equity settled share awards are made to executive directors, senior managers or certain other key employees, the fair value of the awards at the date of grant is charged to profit and loss over the full vesting period.

1.15 Translation of foreign currencies

Foreign currency transactions in Group entities

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the relevant reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the relevant year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate ruling at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations inclusion in the consolidation

Items included in each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (their functional currency). The results and financial position of all the Group entities that have a functional currency different from that of the presentation currency of the Company are translated into the presentation currency of the Company as follows:

- assets and liabilities are translated at the exchange rate ruling at the relevant reporting date;
- income and expenses are translated at the average exchange rates for each year; and
- any resulting exchange differences are recognised in other comprehensive income and are accumulated in the foreign currency translation reserve, a separate component of equity, until such time as the relevant foreign entity is disposed of at which time such translation differences are recognised in profit or loss.

1.16 Ordinary dividend distributions and the antecedent dividend reserve

1.16a Ordinary dividend distributions

Ordinary dividends are recognised when they become legally payable. For all dividends this is when declared by the directors.

A dividend distribution to ordinary shareholders is accordingly recognised as a liability in the financial statements in the year in which the dividend is declared.

1.16b Antecedent portion of ordinary dividends

Not distributing the antecedent portion of ordinary dividends would result in existing ordinary shareholders' interests being diluted. This can arise due to the payment of an ordinary dividend based on a greater number of ordinary shares in issue, without having had the benefit of the cash flow from the new issues of ordinary shares (or the risks and rewards of ownership of any investment property purchased with the proceeds of the issue of new shares) in the financial year to which the dividend relates. Such distributions are made out of the antecedent dividend reserve.

1.17 Investment in associates and joint ventures

An associate is an entity over which the Group and the Company has significant influence. Investments in associates are accounted for under the equity method both in the Group consolidated financial statements and separate financial statements of the Company.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Interests in joint ventures are accounted for using the equity method of accounting as permitted by IFRS 11 Joint Arrangements, and following the procedures for this method set out in IAS 28 Investments in Associates and Joint Ventures.

The Group's investments in associates and joint ventures include any goodwill (net of any accumulated impairment loss) identified on acquisition. They are initially recognised at cost. This is subsequently adjusted for post-acquisition changes in the Group's share of the net assets of each associate and joint venture, less any impairment in the value of individual investments.

Any excess of the cost of acquisition over the Group's share of the net fair value of the associate's or joint venture's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's or joint venture's profit or loss.

In circumstances where the Group's share of losses exceeds its interest in an associate or joint venture, the Group discontinues recognising further losses, unless it has incurred a legal or constructive obligation or made payments on behalf of the associate or joint venture.

The results of associated or joint ventured companies acquired or disposed of during a year are included in the statement of comprehensive income from the date of their acquisition up to the date of their disposal.

Unrealised profits are eliminated to the extent of the Group's interests in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Where necessary, appropriate adjustments are made to the financial statements of associates and joint ventures to bring their accounting policies in line with those adopted by the Group.

When the Group acquires additional equity interests in an associate and post acquisition, the Group continues to have significant influence, the cost of acquiring the additional equity stake including any directly attributable costs, is added to the equity accounted carrying value of the associate. Previously held interests is not remeasured as there has not been change in status of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 New standards and interpretations

2.1. Standards, interpretations and amendments to published standards that are issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted in the Group and Company Financial Statements.

The Group and Company are assessing the impact of the following standards

- Amendments to IAS 1 – Classification of liabilities as current or non-current.
- Amendments to IFRS 3 – Reference to Conceptual Framework
- Amendments to IAS 12- Deferred taxes related to assets and liabilities arising from a single transaction.

The other standards are not expected to have a material impact on the Group and Company in the current or future reporting periods or on foreseeable future transactions.

2.2. Standards, interpretations and amendments to published standards that are effective and applicable to the group

There were no standards or amendments that were applied by the Group for the first time for the financial year beginning 1 July 2021.

3. Investment properties

Notes	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Net carrying value of properties	604,474	549,491	–	–
Movement for the year excluding straight-line rental income accrual, lease incentive and right of use of land				
Investment property at the beginning of the year	535,433	565,773	–	–
Acquisition through subsidiary other than business combination ¹	33,050	–	–	–
Transfer from associate on step up to subsidiary ²	19,343	–	–	–
Disposal of subsidiary ³	(10,975)	–	–	–
Other capital expenditure and construction	5,946	10,130	–	–
Foreign currency translation differences	(18,196)	10,971	–	–
Revaluation of properties at end of year	19,870	(51,297)	–	–
Contractual receipts from vendors of investment properties (reduction in purchase price)	297	(144)	–	–
As at 30 June	584,768	535,433	–	–
Reconciliation to consolidated statement of financial position and valuations				
Investment properties carrying amount per above	584,768	535,433	–	–
Right of use of land ⁴	6,666	409	–	–
Lease incentive	7,053	7,027	–	–
Straight-line rental income accrual	5,987	6,622	–	–
Investment properties	604,474	549,491	–	–

¹ Acquisition through subsidiary other than business combination

The Group has acquired Stellar Warehousing and Logistics Limited during the year. The acquisition was accounted for as an asset acquisition. Refer to note 31a for more details on the acquisition.

² Transfer from associate on step up to subsidiary

The Group has acquired an additional 20% equity shareholding in Capital Place Limited during the year which has now stepped up from an associate to a subsidiary. Refer to note 31b for more details of on the transaction. The investment property value of US\$ 19.3 million does not include lease incentive and straight line rental income accrual balance. Refer to note 31b for more details on the transaction.

³ Disposal of subsidiary

The Group has fully disposed of its equity shareholding in BH Property Investments Limited. Refer to note 32 for more detail on the disposal made. The investment property value disposed of US\$10.9million does not include the right of use of land and straight line rental income accrual balance.

4 Lease of land

During the year, the Group through its newly incorporated indirect subsidiary Ubertas Tatu Investments Sez Limited has entered into two land lease agreements with Tatu City Limited for two parcels of land (Copia land) situated in the West of Ruiru Municipality in the Thika Area of the Republic of Kenya for a total agreed lease payment of US\$ 5.8million. The land leases will originally be for a period of twenty years with an option to extend to 99 years subject to the options being exercised and further a total payment of US\$ 0.8million being made. The Group believes that the exercise of the options are virtually certain and therefore have considered the extended period of 99 years to be the lease term. Further the US\$ 0.8million has been included in the lease payment in determining the lease liability and eventually the right of use of land carrying amount. The right of use of land is currently being held for capital appreciation and therefore has been classified as investment property.

Lease incentive asset included in investment property

In accordance with IFRS 16, rental income is recognised in the Group income statement on a straight line basis over the lease term. This includes the effect of lease incentives given to tenants. The Group has given lease incentives to tenants (in the form of rent free periods). The result is a receivable balance included within investment property in the balance sheet as those are balances that must be considered when reconciling to valuation figures to prevent double counting of assets. This balance is subject to impairment testing under IFRS 9 using the simplified approach to expected credit loss of IFRS 9.

Notes	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Lease incentive receivables before impairment	7,993	7,027	–	–
Impairment of lease incentive receivables	(940)	–	–	–
Net lease incentive included within investment property	7,053	7,027	–	–

Investment property pledged as security

Certain of the Group's investment property has been pledged as security for interest-bearing borrowings (note 17) as follows:

- Mozambican investment properties with a market value of US\$ 301.1 million are mortgaged to Standard Bank of South Africa to secure debt facilities amounting to US\$ 140.0 million (June 2021: Mozambican investment properties with a market value of US\$ 294.1 million are mortgaged to Standard Bank of South Africa to secure debt facilities amounting to US\$ 140.0 million).
- Moroccan investment properties with a market value of US\$ 71.5 million (2021: US\$ 79.5 million) are mortgaged to Investec Bank South Africa to secure debt facilities amounting to US\$ 35.6 million (2021: US\$ 46.7 million).
- Mauritian investment property with a market value of US\$ 48.8 million is mortgaged to State Bank of Mauritius to secure debt facility amounting to US\$ 24.8 million. In 2021, the market value of the Mauritian investment properties were US\$ 65.3 million and were mortgaged to the State Bank of Mauritius and ABSA Bank Mauritius to secure debt values of US\$ 26.5 million and US\$ 7.5 million respectively. Last year figure included BH Property Investment property market value of US\$ 13.1million and mortgaged to secure debt amounting to US\$ 7.5 million.
- Kenyan investment properties with a market value of US\$ 70.0 million (2021: US\$ 27.2 million) are mortgaged to Bank of China to secure debt facilities amounting to US\$ 8.6 million (2021: US\$ 8.6 million) and also to International Finance Corporation to secure debt facilities amounting to US\$ 16.1 million (2021:US\$ Nil).
- Zambian investment properties with a market value of US\$ 56.9 million (2021: US\$ 46.2 million) are mortgaged to Bank of China to secure debt facilities amounting to US\$ 34.8million (2021: US\$ 28.7 million).
- Ghanaian investment properties with a market value of US\$ 35.3 million (2021: US\$ 16.4 million) are mortgaged to Barclays Bank Ghana Limited to secure debt facilities amounting to US\$ 7.9million (2021: US\$ 8.7 million) and further to Nedbank South Africa to secure debt amounting to US\$ 6.2 million (2021:US\$ Nil).
- Senegalian investment property with a market value of US\$ 20.7 million (2021: US\$ 20.5 million) is mortgaged to ABC Banking Corporation to secure debt facility amounting to US\$ 4.6million (2021: US\$ Nil).

Valuation policy and methodology for investment properties held by the Group, associates and joint ventures

The Group has elected to measure its investment properties at fair value in accordance with IAS 40 Investment Property. Investment properties are valued at each reporting date with independent valuations performed every year by independent professional reputable valuation experts who have sufficient expertise in the jurisdictions where the properties are located. All valuations that are performed in the functional currency of a group entity that is not United States Dollars are converted to United States Dollars at the effective closing rate of exchange. All valuations have been undertaken by the Royal Institute of Chartered Surveyors' ("RICS's"), accredited and registered valuers, in accordance with the version of the RICS Valuation Standards that were in effect at the relevant valuation date and are further compliant with International Valuation Standards. Market values presented by the Group have also been confirmed by the respective valuers to be fair value in terms of IFRS.

In respect of the all of the Mozambican investment properties, independent valuations were performed at 30 June 2022 by REC Chartered Surveyors (2021: REC Chartered Surveyors) using the discounted cash flow method (2021: discounted cash flow method).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Investment properties (continued)

The remainder of the portfolio including investment properties held by associates was independently valued at 30 June 2022 by Knight Frank Chartered Surveyors (2021: Knight Frank Chartered Surveyors), using the discounted cash flow method with the exception of freehold land which is valued by comparable method.

Capital commitments

Capital commitments are disclosed under note 36.

Summary of valuations by reporting date	Valuation date	Independent Valuer	Sector	Country	30 June 2022 US\$'000	30 June 2021 US\$'000
Commodity House Phase I	30-Jun-22	REC	Office	Mozambique	52,346	47,214
Commodity House Phase 2	30-Jun-22	REC	Office	Mozambique	19,264	19,047
Holland Building	30-Jun-22	REC	Office	Mozambique	21,012	20,816
Vodacom Building	30-Jun-22	REC	Office	Mozambique	51,906	49,624
Zimpeto Square	30-Jun-22	REC	Retail	Mozambique	3,395	4,587
Bollore Warehouse	30-Jun-22	REC	Light industrial	Mozambique	10,410	9,012
ABSA House	30-Jun-22	Knight Frank	Office	Mauritius	–	13,109
Anfa Place Mall	30-Jun-22	Knight Frank	Retail	Morocco	71,532	79,535
Tamassa Resort	30-Jun-22	Knight Frank	Hospitality	Mauritius	48,827	52,232
VDE Housing Compound	30-Jun-22	REC	Accommodation	Mozambique	55,180	57,546
Imperial Distribution Centre	30-Jun-22	Knight Frank	Light industrial	Kenya	21,620	24,170
Mara Viwandani	30-Jun-22	Knight Frank	Light industrial	Kenya	2,792	3,050
Mall de Tete	30-Jun-22	REC	Retail	Mozambique	13,804	15,952
Acacia Estate	30-Jun-22	REC	Accommodation	Mozambique	73,809	70,353
5th Avenue	30-Jun-22	Knight Frank	Office	Ghana	16,010	16,440
Capital Place	30-Jun-22	Knight Frank	Office	Ghana	19,320	–
Mukuba Mall	30-Jun-22	Knight Frank	Retail	Zambia	56,933	46,210
Orbit Complex	30-Jun-22	Knight Frank	Light industrial	Kenya	38,926	–
Copia Land	30-Jun-22	Knight Frank	Light industrial	Kenya	6,666	–
Club Med Cap Skirring Resort	30-Jun-22	Knight Frank	Hospitality	Senegal	20,722	20,594
Total valuation of investment properties directly held by the Group					604,474	549,491
Total carrying value of investment properties per the consolidated statement of financial position					604,474	549,491
Deposits paid on Imperial Distribution Centre Phase 2					2,259	2,148
Deposits paid on Capital Place					3,550	3,550
Deposit paid on Gateway Real Estate Africa Limited ¹					2,500	–
Total deposits paid on investment properties					8,309	5,698
Total carrying value of investment properties including deposits paid					612,783	555,189

¹ The deposit on Gateway Real Estate Africa Limited of US\$ 2.5 million has been paid by the Company.

Summary of valuations by reporting date	Valuation date	Independent Valuer	Sector	Country	30 June 2022 US\$'000	30 June 2021 US\$'000
Investment properties held within associates and joint ventures (note 7) - Group share						
Buffalo Mall - Buffalo Mall Naivasha Limited (50%)	30-Jun-22	Knight Frank	Retail	Kenya	6,116	5,441
Kafubu Mall - Kafubu Mall Limited (50%)	30-Jun-22	Knight Frank	Retail	Zambia	11,965	9,623
CADS II Building - CADS Developers Limited (50%)	30-Jun-22	Knight Frank	Office	Ghana	15,100	15,075
Cosmopolitan Mall - Cosmopolitan Shopping Centre Limited (50%)	30-Jun-22	Knight Frank	Retail	Zambia	27,199	24,945
BHI - Cannonier, Victoria, Mauricia Hotels (44.42%)	30-Jun-22	Knight Frank	Hospitality	Mauritius	95,055	101,594
Capital Place (70.0%)	30-Jun-22	Knight Frank	Office	Ghana	–	10,150
LLR (25.1%) - 20 Investment properties	30-Jun-22	Knight Frank	Light industrial	Botswana	14,662	18,647
LLR (25.1%) - 1 Investment property	30-Jun-22	Knight Frank	Hospitality	Botswana	155	209
LLR (25.1%) - 2 Investment properties	30-Jun-22	Knight Frank	Retail	Botswana	4,160	5,325
LLR (25.1%) - 1 Investment property	30-Jun-22	Knight Frank	Office	Botswana	1,003	1,517
LLR (25.1%) - 1 Investment property	30-Jun-22	Knight Frank	Accommodation	Botswana	966	1,300
Gateway Real Estate Africa Ltd (26.29%)	30-Jun-22	Knight Frank	Other Investments	Mauritius	27,389	12,557
Total of investment properties acquired through associates and joint ventures					203,770	206,383
Total portfolio					816,553	761,572

	30 June 2022 US\$'000	30 June 2021 US\$'000
Functional currency of total investment property portfolio		
United States Dollars	544,714	454,837
Euros	164,604	174,420
Mauritian Rupees	–	13,109
Moroccan Dirham	71,532	79,535
Botswanan Pula	20,946	26,998
Kenyan Shilling	2,792	3,050
Zambian Kwacha	11,965	9,623
Total portfolio	816,553	761,572

All of the valuations were performed using the discounted cash flow method. These methodologies are based on estimated rental values with consideration given to the future earnings potential and applying an appropriate capitalisation rate and/or discount rate to the property and country. The capitalisation rates (equivalent yield) applied to the Group's valuations of investment properties at 30 June 2022 ranged between 6.00% and 12.5%. The discount rates applied to the Group valuations that were performed at 30 June 2022 using the discounted cash flow method ranged between 8.25% and 16.00%.

In the current year the valuations includes the right of use of land, lease incentives and certain furniture and fittings.

There has been no material changes to the information used and assumptions applied by the registered valuer.

The fair value adjustments on investment property are included in the income statement.

The directors consider that the deposit payments and capital expenditure which are carried at cost approximate their fair value at the relevant reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Investment properties (continued)

Fair value definition and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The three levels are explained in note 41.

All of the Group's investment properties are categorised as level 3 on the fair value hierarchy in all the years presented.

Inter-relationships between key observable inputs and fair value for level 3 valuations.

All other factors remaining constant, an increase in rental income would increase a valuation whilst increases in nominal equivalent yield and discount rate would result in a fall in value and vice versa. However, there are inter-relationships between unobservable inputs as they are determined by market conditions. Corresponding movements in more than one unobservable input may have a complementary effect on a valuation whereas unobservable inputs moving in opposite directions may compensate each other. For example, where market rents and nominal equivalent yields increase simultaneously, the overall impact on a valuation may be minimal.

Restrictions on the realisability of investment property

The only restriction on the realisability of investment property is obtaining bank approval on disposal of bonded properties.

Sector	Fair value at 30 June 2022 US\$'000	Valuation technique used	Discount rate			Reversionary all risk yield (RARY)		
			Min %	Max %	Average %	Min %	Max %	Average %
Office	179,858	Discounted cash flow method	9.25	11.75	10.38	7.25	8.25	7.88
Retail	145,664	Discounted cash flow method	10.50	11.25	11.00	8.25	9.00	8.56
Hospitality	69,549	Discounted cash flow method	9.25	9.85	9.55	7.25	8.10	7.68
Corporate accommodation	128,989	Discounted cash flow method	9.50	11.75	10.63	7.50	9.75	8.63
Light industrial	80,414	Discounted cash flow method	10.50	12.25	11.25	8.25	8.50	8.33
Total for subsidiaries	604,474							
Office	16,103	Discounted cash flow method	11.90	12.00	11.95	8.50	10.90	9.70
Retail	49,440	Discounted cash flow method	10.25	16.00	12.05	8.00	10.00	8.90
Hospitality	95,210	Discounted cash flow method	9.25	9.25	9.25	7.50	7.50	7.50
Corporate accommodation	966	Discounted cash flow method	-	-	-	-	-	-
Light industrial	14,662	Discounted cash flow method	11.00	13.80	11.50	9.80	12.80	10.50
Other investments	27,389	Discounted cash flow method	10.50	12.00	11.10	7.80	9.80	8.90
Total for associates and joint ventures	203,770							

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio including share of associates and joint ventures and funds as at 30 June 2022

Sector	Fair value at 30 June 2022 US\$'000	Impact on valuations Change in discount rate		Impact on valuations Change in RARY	
		-50 bps US\$'000	+50 bps US\$'000	-50 bps US\$'000	+50 bps US\$'000
Office	179,858	6,382	(6,098)	6,432	(5,658)
Retail	145,664	6,151	(5,849)	5,681	(5,009)
Hospitality	69,549	4,750	(2,480)	3,600	(1,100)
Corporate accommodation	128,989	3,967	(3,803)	3,637	(3,213)
Light industrial	80,414	2,580	(2,470)	2,360	(2,100)
Total for subsidiaries	604,474	23,830	(20,700)	21,710	(17,080)
Office	16,103	27	(23)	17	(13)
Retail	49,440	130	(120)	90	(80)
Hospitality	95,210	3,114	(2,976)	3,174	(2,786)
Corporate accommodation	966	-	-	-	-
Light industrial	14,662	408	(412)	278	(241)
Other investments	27,389	1,233	(1,207)	573	(477)
Total for associates and joint ventures	203,770	4,912	(4,738)	4,132	(3,597)

Information about fair value measurements using unobservable inputs (Level 3) as at 30 June 2021

Investment	Fair value at 30 June 2021 US\$'000	Valuation technique	Discount rate			Reversionary all risk yield (RARY)		
			Min %	Max %	Average %	Min %	Max %	Average %
Office	166,250	Discounted cash flow method	9.50	11.75	10.29	7.50	8.25	7.92
Retail	146,284	Discounted cash flow method	10.50	11.25	11.00	8.25	9.00	8.56
Hospitality	72,826	Discounted cash flow method	8.25	10.00	9.13	7.60	8.25	7.93
Corporate accommodation	127,899	Discounted cash flow method	9.50	11.75	10.63	7.50	9.75	8.63
Light industrial	36,232	Discounted cash flow method	10.50	12.25	11.38	8.25	8.50	8.38
Total for subsidiaries	549,491							
Office	26,742	Discounted cash flow method	11.00	11.50	11.33	8.00	9.50	8.50
Retail	45,334	Discounted cash flow method	10.25	16.00	12.00	8.00	9.50	8.65
Hospitality	101,803	Discounted cash flow method	8.85	8.85	8.85	7.35	7.35	7.35
Corporate accommodation	1,300	Discounted cash flow method	14.00	14.00	14.00	6.00	6.00	6.00
Light industrial	18,647	Discounted cash flow method	10.50	14.50	11.91	8.75	12.50	10.20
Other investments	12,557	Discounted cash flow method	0.00	12.00	11.50	0.00	9.00	8.38
Total for associates and joint ventures	206,383							

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Investment properties (continued)

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio including share of associates and joint ventures and funds as at 30 June 2021

Investment	Fair value at 30 June 2021 US\$'000	Impact on valuations Change in discount rate		Impact on valuations Change in RARY	
		-50 bps US\$'000	+50 bps US\$'000	-50 bps US\$'000	+50 bps US\$'000
Office	166,250	5,356	(5,128)	5,259	(4,630)
Retail	146,284	4,674	(4,294)	4,506	(4,196)
Hospitality	72,826	3,746	(3,481)	2,482	(2,148)
Corporate accommodation	127,899	3,898	(3,730)	3,521	(3,110)
Light industrial	36,232	1,098	(1,048)	1,007	(890)
Total for subsidiaries	549,491	18,772	(17,681)	16,775	(14,974)
Office	26,742	821	(784)	783	(689)
Retail	45,334	1,379	(1,339)	1,269	(1,140)
Hospitality	101,803	3,438	(3,242)	3,586	(3,076)
Corporate accommodation	1,300	65	(71)	65	(71)
Light industrial	18,647	540	(519)	362	(329)
Other investments	12,557	423	(407)	406	(360)
Total for associates and joint ventures	206,383	6,666	(6,362)	6,471	(5,665)

4. Straight-line rental income accrual

Notes	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Reconciliation to amounts included in investment properties (note 3)				
Balance at the beginning of the year	6,622	6,313	-	-
Disposal of subsidiary during the year	(1,235)	-	-	-
Foreign currency translation reserve movement through OCI	(255)	82	-	-
Straight lining of rental income	855	227	-	-
As at 30 June	5,987	6,622	-	-

5. Property, plant and equipment

Notes	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Office buildings	1,205	1,284	1,165	1,242
Cost	1,585	1,586	1,542	1,542
Accumulated depreciation	(380)	(302)	(377)	(300)
Right of use of land	-	-	-	-
Cost	-	50	-	-
Accumulated depreciation	-	(50)	-	-
Right of use of motor vehicles	-	34	-	-
Cost	-	118	-	-
Accumulated depreciation	-	(84)	-	-
Right of use of office	513	682	512	678
Cost	1,216	1,216	1,177	1,177
Accumulated depreciation	(703)	(534)	(665)	(499)
Other property, plant and equipment	369	448	1	3
Cost	3,740	3,980	36	37
Accumulated depreciation	(3,371)	(3,532)	(35)	(34)
Total carrying value of property, plant and equipment	2,087	2,448	1,678	1,923
Movement for the year				
Balance at the beginning of the year	2,448	2,907	1,923	2,177
Gross carrying amount	6,950	6,850	2,756	2,756
Accumulated depreciation	(4,502)	(3,943)	(833)	(579)
Additions	151	92	(1)	-
Right of use of motor vehicles	35	-	-	-
Right of use of office	-	38	-	-
Other property, plant and equipment	116	54	(1)	-
Reclassifications	(34)	-	-	-
Right of use of motor vehicles	-	-	-	-
Other property, plant and equipment	(34)	-	-	-
Foreign currency translation differences	(6)	55	-	-
Office buildings	-	4	-	-
Other property, plant and equipment	(6)	51	-	-
Disposals	(49)	(95)	-	-
Right of use of motor vehicles	(49)	-	-	-
Other property, plant and equipment	-	(95)	-	-
Depreciation	(423)	(511)	(244)	(254)
Office buildings	(81)	(78)	(77)	(77)
Right of use of motor vehicles	(19)	(25)	-	-
Right of use of office	(169)	(201)	(166)	(167)
Other property, plant and equipment	(154)	(207)	(1)	(10)
Total carrying value of property, plant and equipment as at 30 June	2,087	2,448	1,678	1,923
Gross carrying amount	6,541	6,950	2,755	2,756
Accumulated depreciation	(4,454)	(4,502)	(1,077)	(833)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Property, plant and equipment (continued)

Motor vehicles with a cost of US\$ 0.1 million (30 June 2021: US\$ 0.1 million) are held as security in relation to lease liabilities amounting to US\$ 0.1 million (30 June 2021: US\$ 0.1 million).

Office buildings comprise of the operating offices of the Group situated on the 3rd Floor, La Croisette Shopping Centre, Grand Baie in Mauritius. The property is held as security by way of a first ranked mortgage bond in favour of Investec Bank (Mauritius) Limited amounting to US\$ 0.3 million (30 June 2021: US\$ 0.3 Million).

The right of use of office comprise of office space that is rented and it is situated on the 3rd Floor, La Croisette Shopping Centre, Grand Baie in Mauritius. The remaining period of the right of use of office is 3 years.

There is no contractual commitments for the acquisition of property, plant and equipment.

6. Intangible assets

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Computer software	670	480	5	6
Cost	1,189	778	52	40
Accumulated amortisation	(519)	(298)	(47)	(34)
Total carrying value of intangible assets	670	480	5	6

Group

	Computer software US\$'000	Total US\$'000
Cost		
At 01 July 2020	690	690
Addition	88	88
At 30 June 2021	778	778
Addition	411	411
At 30 June 2022	1,189	1,189
Accumulated Amortisation and impairment		
At 01 July 2020	(122)	(122)
Amortisation	(176)	(176)
At 30 June 2021	(298)	(298)
Amortisation	(221)	(221)
At 30 June 2022	(519)	(519)
Net book value		
At 30 June 2021	480	480
At 30 June 2022	670	670

Computer software

Computer software consists of capitalised development costs.

Company

	Computer software US\$'000	Total US\$'000
Cost		
At 01 July 2020	28	28
Addition	12	12
At 30 June 2021	40	40
Addition	12	12
At 30 June 2022	52	52
Amortisation and impairment		
At 01 July 2020	(24)	(24)
Amortisation	(10)	(10)
At 30 June 2021	(34)	(34)
Amortisation	(13)	(13)
At 30 June 2022	(47)	(47)
Net book value		
At 30 June 2021	6	6
At 30 June 2022	5	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Investments in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at 30 June 2022. The country of incorporation is also the principal place of business and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of joint venture	Country of incorporation and operation	% held	GROUP		COMPANY	
			30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Kafubu Mall Limited ¹	Zambia	50.00	11,761	9,502	–	–
Cosmopolitan Mall ¹	Zambia	50.00	27,173	25,076	–	–
CADS Developers Limited ¹	Ghana	50.00	6,974	7,607	–	–
Africa Property Development Managers Ltd ²	Mauritius	77.95	14,247	–	14,247	–
Carrying value of joint ventures			60,155	42,185	14,247	–
Buffalo Mall Naivasha Limited ¹	Kenya	50.00%	3,753	3,402	–	–
Letlole La Rona Limited ³	Botswana	25.10%	17,353	21,672	–	–
Gateway Real Estate Africa Ltd ⁴	Mauritius	26.29%	55,866	20,706	55,866	20,706
Capital Place Limited ⁵	Ghana	70.00%	–	7,471	–	–
Beachcomber Hospitality Investments Limited ^{1,6}	Mauritius	44.42%	69,870	72,056	–	–
Carrying value of associates			146,842	125,307	55,866	20,706
Joint ventures			60,155	42,185	14,247	–
Associates			146,842	125,307	55,866	20,706
Total carrying value of associates and joint ventures			206,997	167,492	70,113	20,706

¹ The percentage of ownership interest for 2022 did not change.

² The Company has acquired an equity interests of 77.95% in the joint venture during the year.

³ The Group interests in the associate has decreased from 30% to 25.1% following the part disposal made during the year.

⁴ The Company and the Group interests in the associate have increased from 19.98% to 26.29% following acquisition made during the year.

⁵ Associate status has changed to a subsidiary. Figures included in the associate note for comparative purpose. The group previously owed 50% of Capital Place Limited.

⁶ The carrying value of Beachcomber Hospitality Investments at 30 June 2022 includes an unsecured loan of € 37.5 million (30 June 2021: € 37.5 million), from the Group to the associate, which bears interest at 6.25% (30 June 2021: 6.25%).

All investments in associates are private entities and do not have quoted prices available with the exception of Letlole La Rona Limited who is a listed entity on the Botswana Stock Exchange.

Secured investments:

Zambian investment properties held by associates or joint ventures have a market value of US\$ 78.3 million as at 30 June 2022 (30 June 2021: US\$ 69.1 million). The properties in the investee entities are fully mortgaged to Bank of China to secure debt facilities amounting to US\$ 57.9 million as at that date (30 June 2021: US\$ 47.7 million).

Mauritian investment properties held by an associate have a market value of US\$ 213.9million as at 30 June 2022 (30 June 2021: US\$ 228.8 million). The property in the investee entity is mortgaged in equal proportions to SBM Bank (Mauritius) Limited and the Mauritius Commercial Bank Limited to secure debt facilities amounting to US\$ 52.5 million (30 June 2021: US\$ 59.6 million).

Kenyan investment property held by an associate has a market value of US\$ 12.2 million as at 30 June 2022 (30 June 2021: US\$ 10.9 million). The property in the investee entity is fully mortgaged to HFCK Bank Limited to secure debt facilities amounting to US\$ 4.6 million (30 June 2021: US\$ 4.4 million).

Ghanaian investment property held by an associate has a market value of US\$ 30.2 million as at 30 June 2022 (30 June 2021: US\$ 30.2 million). The property in the investee entity is fully mortgaged to ABSA Bank Ghana Limited to secure debt facilities amounting to US\$ 12.1 million (30 June 2021: US\$ 14.9 million).

Botswana investment property held by an associate has a market value of US\$ 83.4 million as at 30 June 2022 (30 June 2021: US\$ 89.0 million). The properties in the investee entity is mortgaged to Bank Gaborone Limited and First National Bank of Botswana Limited to secure debt facilities amounting to US\$ 38.8 million (30 June 2021: US\$ 21.2 million).

Included below are details of acquisition made in new joint venture during the year.

7a. Acquisition of equity interest in Africa Property Development Managers Ltd ("APDM")

On 31st March 2022, the Group has acquired 77.95% equity interest in APDM, a non-listed private company based in Mauritius and specializing in the development and management of real estate property in Africa. The Group acquired APDM because it gives the latter exposure to substantial development and asset management fees from developing and managing the assets of Gateway Real Estate Africa Ltd ("GREA"). GREA has an attractive pipeline of net asset value accretive development projects, most notably diplomatic residences across Africa let to the US government and data centres. In the future, the Group also wishes to expand the service offering of APDM to third party clients. The investment in APDM has been classified as an investment in joint venture and further accounted under the equity method. Included in the judgement section of the financial statements the rationale why the directors believe the Group has joint control over APDM.

As part of the acquisition and initial application of the equity method, the Group has undertaken a notional purchase price allocation which includes the process of identifying and valuing assets and liabilities of APDM as if the Group has acquired a business.

The Group has identified and recorded at fair value an asset and development contract intangible asset which was not previously recorded by APDM. The contract that exists between APDM and GREA entitles the former to act as manager on behalf of the latter. In return, APDM is entitled to fees in the form of asset management fees and development fees. Any future economic benefit expected to be derived from the contract arises from contractual rights and therefore the contract meets the contractual-legal criterion and is therefore identifiable.

The asset and development contract has been valued independently by EY Mauritius and the fair value of the contract was determined to be US\$ 13 million at the date of acquisition.

The purchase consideration comprises of cash and the Company own equity shares. The purchase consideration for the acquisition were as follows:

- US\$ 7.6 million paid in cash to Gateway Africa Real Estate Limited for their 30.58% equity stake in APDM
- Issuance of the Company own equity shares to Dorado 1 Ltd amounting to US\$ 4.2million (9.9 million shares at US\$ 0.42 per share) for their 21.05% holding in APDM .
- Issuance of the Company own equity shares to Gateway Delta Executive Share Trust amounting to US\$ 3.0 million (7.2 million shares at US\$ 0.42 per share) for their 26.32% holding in APDM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Investments in associates and joint ventures (continued)

7a. Acquisition of equity interest in Africa Property Development Managers Ltd ("APDM") (continued)

Details of the assets acquired and liabilities assumed were as follows at acquisition:

	Fair value recognised on acquisition US\$'000
Assets	
Property, plant and equipment	270
Intangible assets	13,001
Deferred tax	36
Trade and other receivables	1,245
Cash and cash equivalents	129
Total Assets	14,681
Liabilities	
Deferred tax liability	34
Lease liabilities	99
Trade and other payables	145
Related party loans payable	549
Total Liabilities	827
Net identifiable assets	13,854
Group share of ADPM net identifiable assets	10,799
Goodwill included in carrying amount of joint venture	3,969
Purchase consideration transferred	14,768

As part of the asset management and advisory services agreement signed between APDM and GREA, the former is entitled to receive up to 10% free equity interest in GREA but this is subject to:

1. An exit event as defined in the asset management and the advisory services agreement happening whereby APDM will be entitled to the whole of the 10% free equity interest in GREA, or:
2. Upon GREA achieving the minimum required return as defined in the agreement. The assessment of whether such threshold has been achieved shall be made on some specific pre-determined dates. The next measurement date is on the 31st December 2022. If the minimum required return is met, APDM will be entitled to 7% free equity interest in GREA. On the last measurement period that is on 31st December 2024 APDM would be entitled to a further 3% equity interests in GREA.

At the time of acquiring equity interests in APDM, the directors have considered the entitlement that the latter has under the asset management and advisory services agreement with regards to the free equity interest in GREA. For the purpose of the notional purchase price allocation, the Group has not separately recognized the free equity carry interest as the latter for now has not been legally released to APDM and therefore does not meet the definition of an asset under IFRS.

However after considering the minimum required return and the financial performance of GREA to date, the Directors believe that the release of the free carry interest in GREA to APDM is virtually certain.

7b. Additional equity interest acquired in Gateway Real Estate Africa Ltd

During the year, the Group has acquired an additional equity interest of 6.31% in Gateway Real Estate Africa Ltd from two selling shareholders Dorado 1 Ltd and Gateway Africa Real Estate Limited. The shareholding of the Group in Gateway Real Estate Africa Ltd has increased from 19.98% to 26.29%. The consideration transferred consisted of a combination of cash and Grit own shares. The number of Grit shares issued to Dorado 1 Ltd was 423,616 at an issue price of US\$ 0.42 per share (US\$ 0.177 million) for its 0.10% shareholding in Gateway Real Estate Africa Ltd. A cash consideration of US\$ 13.9 million was paid to Gateway Africa Real Estate Limited for its 6.21% shareholding in Gateway Real Estate Africa Ltd. Following the transaction, the Group kept exercising significant influence over Gateway Real Estate Africa Ltd and therefore continues to account for the latter using the equity method. The Group has used the accumulated cost approach to account for the transaction since there has been no change to the classification of the investment. The purchase price paid for the additional interest has been added to the existing carrying amount of the associate pre-transaction and further the existing interest has not been remeasured. The fair value of the net identifiable assets for the additional interests of 6.31% acquired in Gateway Real Estate Africa Ltd amounted to US\$ 12.4 million at the date of acquisition. The total purchase consideration which includes both Grit shares and the cash consideration amounted to US\$14.1 million. Further directly attributable costs relating to the acquisition amounted to US\$ 0.7million. The increase in the investment has been split notionally between goodwill and the additional interest in the fair value of the net identifiable assets of the associate. The notional goodwill element amounted to US\$ 2.3 million which is equal to the difference between the total purchase consideration including transaction costs of US\$ 14.8 million and the fair value of the net identifiable assets of the additional shareholding of 6.31% acquired of US\$ 12.4 million. The notional goodwill amount has been included in the carrying value of the associate.

Further during the year, the Group has injected US\$ 17.4 million following capital call made by Gateway Real Estate Africa Limited.

7c. Disposal of equity interest in Letlole La Rona Limited

During the year, Grit Services Limited has disposed of 4.90% equity interests in Letlole La Rona Limited on the Botswana Stock Exchange. The trading price as at the date of disposal was BWP 3 per share. The total number of shares disposed was 13,720,000 shares. Following the disposal transaction, the equity interests of the Group in Letlole La Rona Limited has been reduced to 25.10%.

	US\$'000
Fair value of consideration	3,347
Less: Carrying amount of investment in associate to be disposed	3,502
(Loss) on part disposal of interest in associate	(155)
Reclassification of cumulated foreign currency translation reserve to profit or loss	(418)
Total (loss) on part disposal of investment in associate	(573)

7d. Additional equity interest acquired in Capital Place Limited

During the year, the Group has acquired an additional equity interests of 20% in Capital Place Limited. The Group now considers Capital Place Limited to be a subsidiary. Refer to note 31c for more information on the transaction. The additional 20% acquisition in Capital Place Limited has been finalized on 30th June 2022. Prior to 30 June 2022, Capital Place Limited was treated as an associate and therefore has been equity accounted. On the 30th June 2022, the investment status has changed from associate to subsidiary and therefore the Group consolidated Capital Place Limited in its consolidated financial statements.

The tables below provide the summarised financial information of the joint ventures and associates of the Group. The information disclosed reflects the amounts presented in the financial statements or IFRS reporting pack of the associates and joint ventures and not the Group share of those amounts. In circumstances where an associate or joint venture has the same reporting date as the Group, the Group will use the IFRS financial statements of the associate or joint venture. However if the associate or joint venture has a different reporting date from the Group, the latter will use the IFRS reporting pack of the associate or joint venture to incorporate their results in the consolidated financial statements. Where necessary, the financial information have been amended to reflect adjustments made by the Group when using the equity method due to differences in accounting policy.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Investments in associates and joint ventures (continued)

Each of the acquisitions referred to below have given the Group access to high quality African real estate in line with the Group's strategy

	Letlole La Rona Limited US\$'000	Kafubu Mall Limited US\$'000	Beachcomber Hospitality Investments Limited US\$'000	Capital Place Limited US\$'000	Africa Property Development Managers Ltd US\$'000	Gateway Real Estate Africa Ltd US\$'000	CADS Developers Limited US\$'000	Cosmopolitan Shopping Centre Limited US\$'000	Buffalo Mall Naivasha Limited US\$'000	Total US\$'000
As at 30 June 2022										
Statement of financial position										
Non-current assets	98,172	23,931	213,977	-	13,166	213,763	30,200	54,398	12,240	659,847
Current assets	18,463	50	3,842	-	417	31,543	(316)	207	72	54,278
	116,635	23,981	217,819	-	13,583	245,306	29,884	54,605	12,312	714,125
Non-current liabilities	42,574	270	55,031	-	208	32,457	12,155	-	4,683	147,378
Current liabilities	4,925	190	5,504	-	190	9,043	3,781	259	123	24,015
	47,499	460	60,535	-	398	41,500	15,936	259	4,806	171,393
Net asset value	69,136	23,521	157,284	-	13,185	203,806	13,948	54,346	7,506	542,732
Percentage held by Group	25.10%	50.00%	44.42%	70.00%	77.95%	26.29%	50.00%	50.00%	50.00%	
Group's share of net asset value	17,353	11,761	69,870	-	10,278	53,581	6,974	27,173	3,753	200,743
Goodwill	-	-	-	-	3,969	2,285	-	-	-	6,254
Group's carrying value of investment	17,353	11,761	69,870	-	14,247	55,866	6,974	27,173	3,753	206,997
Total comprehensive income										
Revenue	2,788	994	7,480	1,001	-	346	1,559	2,032	294	16,494
Fair value movement in investment properties	664	(829)	5,057	(496)	-	(40)	(89)	2,222	551	7,040
Profit/(loss) for the year	2,917	1,186	9,234	(318)	(521)	2,959	1,013	3,790	351	20,611
Total comprehensive income / (expense)	358	3,025	5,781	(318)	(521)	2,959	1,013	3,790	351	16,438
Dividends received from associates and joint ventures	1,076	-	-	-	-	-	-	-	-	1,076
Reconciliation to carrying value in associates and joint ventures										
Balance at the beginning of the year	21,672	9,502	72,056	7,471	-	20,706	7,607	25,076	3,402	167,492
(Sold)/acquired during the year	(3,502)	-	-	-	14,768	32,201	-	-	-	43,467
Profit / (losses) from associates and joint ventures	2,917	1,186	9,234	(318)	(521)	2,959	1,013	3,790	351	20,611
- Revenue	2,788	994	7,480	1,001	-	346	1,559	2,032	294	16,494
- Property operating expenses and construction costs	(281)	(171)	-	(195)	-	(274)	(27)	(299)	(184)	(1,431)
- Admin expenses and recoveries	106	(14)	(39)	(127)	(519)	4,507	(9)	(17)	(16)	3,872
- Net impairment charge on financial assets	1	18	-	(62)	-	-	-	-	-	(43)
- Fair value adjustment on other investments	-	-	-	-	-	(407)	-	-	-	(407)
- Unrealised foreign exchange gains/(losses)	10	1,257	(13)	(264)	1	(158)	16	(52)	(24)	773
- Impairments	-	-	-	-	-	(980)	-	-	-	(980)
- Transaction costs	-	-	-	-	-	(263)	-	-	-	(263)
- Interest income / (costs)	90	-	-	-	-	413	-	3	-	506
- Finance charges	(547)	(5)	(1,191)	(296)	(3)	(307)	(437)	-	(270)	(3,056)
- Fair value movement on investment property	664	(829)	5,057	(496)	-	(40)	(89)	2,222	551	7,040
- Fair value adjustment on other financial asset	-	-	(1,641)	-	-	270	-	-	-	(1,371)
- Current tax	86	(64)	(484)	-	-	(223)	-	(99)	-	(784)
- Deferred tax	-	-	65	121	-	75	-	-	-	261
Dividends and interest paid to Group	(1,076)	-	(2,694)	-	-	-	(215)	-	-	(3,985)
Repayment of proportionate shareholders loan	-	(766)	(5,273)	(868)	-	-	(1,431)	(1,693)	-	(10,031)
Dividend adjustment	(99)	-	-	-	-	-	-	-	-	(99)
Foreign currency translation differences	(2,559)	1,839	(3,453)	-	-	-	-	-	-	(4,173)
Associate step up to subsidiary	-	-	-	(6,285)	-	-	-	-	-	(6,285)
Carrying value of associates and joint ventures	17,353	11,761	69,870	-	14,247	55,866	6,974	27,173	3,753	206,997



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Investments in associates and joint ventures (continued)

	Letlole La Rona Limited US\$'000	Kafubu Mall Limited US\$'000	Beachcomber Hospitality Investments Limited US\$'000	Capital Place Limited US\$'000	Gateway Real Estate Africa Ltd US\$'000	CADS Developers Limited US\$'000	Cosmopolitan Shopping Centre Limited US\$'000	Buffalo Mall Naivasha Limited US\$'000	Total US\$'000
As at 30 June 2021									
Statement of financial position									
Non-current assets	90,872	19,246	228,698	20,301	154,854	30,150	49,897	10,893	604,911
Current assets	11,820	136	5,243	2,587	42,530	113	510	627	63,566
	102,692	19,382	233,941	22,888	197,384	30,263	50,407	11,520	668,477
Non-current liabilities	25,835	210	62,612	7,125	4,106	14,877	-	4,521	119,286
Current liabilities	4,618	168	9,123	821	2,306	172	256	196	17,659
	30,453	378	71,735	7,946	6,412	15,049	256	4,717	136,945
Net asset value	72,239	19,004	162,206	14,942	190,972	15,214	50,151	6,803	531,532
Percentage held by Group	30.00%	50.00%	44.42%	50.00%	19.98%	50.00%	50.00%	50.00%	
Group's carrying value of investment	21,672	9,502	72,056	7,471	20,706	7,607	25,076	3,402	167,492
For the year to 30 June 2021									
Total comprehensive income									
Revenue	2,811	839	7,380	1,093	250	1,434	1,919	289	16,015
Fair value movement in investment properties	213	1,957	(1,305)	(1,066)	498	(1,960)	(6,433)	(959)	(9,055)
Profit/(loss) for the year	1,758	1,394	4,372	(542)	748	(1,040)	(4,897)	(1,210)	583
Total comprehensive income / (expense)	3,340	556	8,603	(542)	749	(1,040)	(4,897)	(1,210)	5,559
Dividends received from associates and joint ventures	1,344	-	727	-	-	-	845	-	2,916
Reconciliation to carrying value in associates and joint ventures									
Balance at the beginning of the year	19,676	9,552	67,020	8,038	11,404	9,504	31,495	4,612	161,301
Acquired during the year	-	-	-	-	8,493	-	-	-	8,493
Profit / (losses) from associates and joint ventures	1,758	1,394	4,372	(542)	748	(1,040)	(4,897)	(1,210)	583
- Revenue	2,811	839	7,380	1,093	250	1,434	1,919	289	16,015
- Property operating expenses	(335)	(183)	-	(227)	-	(68)	(241)	(291)	(1,345)
- Admin expenses and recoveries	(607)	(12)	(26)	132	996	(26)	(13)	(10)	434
- Net impairment charge on financial assets	-	-	-	-	-	-	-	-	-
- Fair value adjustment on other investments	6	-	-	-	(15)	-	-	-	(9)
- Unrealised foreign exchange gains/(losses)	5	(1,167)	(29)	29	-	4	(90)	(6)	(1,254)
- Investment at fair value	-	-	-	-	(1)	-	-	-	(1)
- Impairments	-	-	-	-	(935)	-	-	-	(935)
- Interest income / (costs)	64	3	-	-	-	-	6	-	73
- Finance charges	(413)	(6)	(1,198)	(335)	(85)	(424)	-	(233)	(2,694)
- Fair value movement on investment property	213	1,957	(1,305)	(1,066)	498	(1,960)	(6,433)	(959)	(9,055)
- FPFS elimination	-	-	-	-	-	-	-	-	-
- Current tax	14	(37)	(530)	-	(47)	-	(45)	-	(645)
- Deferred tax	-	-	80	(168)	87	-	-	-	(1)
Dividends and interest paid to Group	(1,344)	-	(3,567)	-	-	(605)	(845)	-	(6,361)
Repayment of proportionate shareholders loan	-	(606)	-	(25)	-	(252)	(677)	-	(1,560)
Consolidation elimination	-	-	-	-	60	-	-	-	60
Foreign currency translation differences	1,582	(838)	4,231	-	1	-	-	-	4,976
Carrying value of associates and joint ventures	21,672	9,502	72,056	7,471	20,706	7,607	25,076	3,402	167,492



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Investments in subsidiaries

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Name of company				
Grit Services Limited	–	–	69,373	–
	–	–	69,373	–
Movement for the year	–	–		
Balance at the beginning of the year	–	–	–	13,367
Conversion of intercompany loan into additional investment ¹	–	–	100,000	–
Fair value through profit and loss	–	–	(30,627)	(13,367)
As at 30 June	–	–	69,373	–

¹ Conversion of intercompany loan into additional investment during the year

The Company has subscribed for US\$ 100 million of additional shares into Grit Services Limited, a 100% owed subsidiary of the Company. The subscription was settled by converting a portion of the loan receivable from Grit Services Limited at a price of US\$ 1 per share. The total conversion and ultimately additional investment made amounted to US\$ 100 million.

The Company accounts for its investments in subsidiaries at fair value. Movements in the fair value of investment are recognised in profit or loss. The Company engaged with independent property valuation specialists to determine the fair value as at June 2022 on the basis that a key driver of the investment value relates to the fair value movement in investment property. The increase in the company's investment value in the year is predominantly driven by the recovery of investment property following the impact of Covid-19 in prior years. The subsidiaries have therefore been valued using a director's valuation which is based on the net asset value of Grit Services Limited.

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by the Group	
		30 June 2022 US\$'000	30 June 2021 US\$'000
Abland Diversified Holdings Limited (indirect holding)	Mauritius	100%	100%
BH Property Investments Limited (indirect holding)*	Mauritius	0%	100%
BME Kenya Investments Limited (indirect holding)	Mauritius	100%	100%
Casamance Holdings Limited (indirect holding)	Mauritius	100%	100%
CD Properties Limited (indirect holding)	Mauritius	100%	100%
Cognis 1, Limitada (indirect holding)*	Mozambique	58%	58%
Commotor Limitada (indirect holding)*	Mozambique	100%	100%
Delta International Bahrain W.L.L. (indirect holding)	Bahrain	60%	60%
Delta Tete Limitada (indirect holding)*	Mozambique	100%	100%
DIF 1 Co Limited (indirect holding)	Mauritius	100%	100%
Freedom Property Fund SARL (indirect holding)*	Morocco	60%	60%
Gateway Properties Limitada (indirect holding)*	Mozambique	100%	100%
Gerania Limited (indirect holding)	Mauritius	100%	100%
GMS Mauritius Limited (indirect holding)	Mauritius	50%	50%
GMS Serviços De Gestão De Imoveis, Limitada (indirect holding)	Mozambique	53%	53%
GR1T Capital Co. Ltd (indirect holding)	Mauritius	100%	100%
Gr1t Urban Logistics (indirect holding)	Mauritius	100%	100%
Grit Accra Limited (indirect holding)*	Ghana	100%	100%
Grit Management SA Proprietary Limited (indirect holding)	South Africa	100%	100%
Grit Services Limited (direct holding)	Mauritius	100%	100%
Grit West Africa Limited (indirect holding)	Ghana	100%	100%
Capital Place Limited (indirect holding)	Ghana	70%	50%

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by the Group	
		30 June 2022 US\$'000	30 June 2021 US\$'000
HM&K Properties Limited (indirect holding)	Mauritius	100%	100%
Grit Executive Share Trust	Mauritius	0%	0%
Grit Executive Share Trust II	Mauritius	0%	0%
Freedom Asset Management	Mauritius	0%	0%
IDC Kenya Investments Limited (indirect holding)	Mauritius	100%	100%
IWH Kenya Investments Limited (indirect holding)	Mauritius	100%	100%
Kitwe Mukuba Investments Limited (indirect holding)	Mauritius	100%	100%
Leisure Property Northern (Mauritius) Limited (indirect holding)	Mauritius	100%	100%
Lusaka Cosmopolitan Investments Limited (indirect holding)	Mauritius	100%	100%
Mall de Tete Limitada (indirect holding)*	Mozambique	100%	100%
Mara Delta (Mauritius) Property Limited (indirect holding)*	Mauritius	100%	100%
Mara Vivandani Limited (indirect holding)*	Kenya	100%	100%
Moz Delta FZ-LLC (indirect holding)	United Arab Emirates	51%	51%
Mukuba Mall Limited (indirect holding)*	Zambia	75%	75%
Ndola Kafubu Investments Limited (indirect holding)	Mauritius	100%	100%
Orbit Africa Logistics (indirect holding)	Mauritius	100%	100%
Pangea Holdings 2 Limited (indirect holding)	Mauritius	0%	100%
Pangea Holdings Limited (indirect holding)	Mauritius	100%	100%
Paradise Consultancy Services Limited (indirect holding)	Mauritius	100%	100%
Paradise Hospitality Group Limited (indirect holding)	Mauritius - Listed	100%	100%
Paxton Investments Limited (indirect holding)	Mauritius	100%	100%
S&C Imobiliária Limitada (indirect holding)*	Mozambique	100%	100%
SAL Investment Holdings Ltd (indirect holding)	Mauritius	100%	100%
Société Immobilière et de Gestion Hôtelière du Cap Skirring (indirect holding)*	Senegal	100%	100%
Stellar Warehousing and Logistics Limited (indirect holding)*	Kenya	100%	0%
Ubertas Tatu Investments SEZ Limited (indirect holding)*	Kenya	100%	0%
TC Maputo Properties Ltd (indirect holding)	Mauritius	51%	51%
Transformers Holdings Mauritius Ltd (indirect holding)	Mauritius	100%	100%
Warehousely Limited (indirect holding)*	Kenya	100%	100%
Zambian Property Holdings Limited (indirect holding)	Mauritius	100%	100%
Zimpeto Imobiliária Limitada (indirect holding)*	Mozambique	100%	100%

All subsidiaries have coterminous reporting dates with those of the Company with the exception of Société Immobilière et de Gestion Hôtelière du Cap Skirring and Stellar Warehousing and Logistics Limited

All the subsidiaries marked with an * are property holding companies. The rest with the exception of GMS Serviços De Gestão De Imoveis, Limitada which is an asset management company are investment holding companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Related party loans receivable and payable

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Current loans to / (from) related parties				
Copapax Limited	138	138	–	–
Gateway Real Estate Africa Ltd	–	–	–	–
African Property Development Managers	160	59	–	–
Buffalo Mall Naivasha Limited	–	–	–	–
Non current loans to / (from) related parties				
Venus Africa Properties Proprietary Limited *	391	391	391	391
<i>These loans are unsecured, bear interest at the US\$ base rate of the South African Reserve Bank + 300 basis points (subject to a maximum rate of 7.50% per annum) calculated and accrued on a six monthly basis and are repayable 5 years after the drawdown date.</i>				
Lifestax Proprietary Limited *	391	391	391	391
<i>These loans are unsecured, bear interest at the US\$ base rate of the South African Reserve Bank + 300 basis points (subject to a maximum rate of 7.50% per annum) calculated and accrued on a six monthly basis and are repayable 5 years after the drawdown date.</i>				
Buffalo Mall Naivasha Limited	427	–	–	–
<i>Loan granted for operational funding of Buffalo Mall in Kenya. Loan does not bear interest is repayable as and when free cash flows from operations are available to service the loan.</i>				
Gateway Real Estate Africa Ltd	2	(80)	–	–
<i>Loan bears interest of 1 month Libor plus 2.50%. This is a current account to be settled within 30 days.</i>				
Gateway Real Estate Africa Ltd - Pre-development Funding 2	(1,205)	(648)	–	–
<i>Project costs for the Ballore warehouse development project. The loan bears interest at 4% and the repayment terms is still to be determined.</i>				
Bronwyn Knight	122	–	–	–
Noble Tree (Darren Veenhuis)	45	–	–	–
Gregory Pearson	86	–	–	–
<i>Loan are for 5 years and bears interest @5.75% per annum</i>				
Loan to/(from) subsidiaries and consolidated entities				
Grit Services Limited	–	–	317,676	420,015
- Current Portion	–	–	38,000	38,000
- Non-Current Portion *	–	–	279,676	382,015
<i>The loan is unsecured, bears interest at 4%. The loan is repayable 7 years from date of advance or such later date as agreed by the parties.</i>				
Freedom Asset Management Limited *	–	–	16,565	14,557
<i>At the relevant reporting dates the above loans were unsecured, and bears interest at Libor + 6.50% and the borrower had an unconditional right to defer payment for a period of 12 months.</i>				
Grit Executive Share Trust *	–	–	5,997	3,298
<i>At the relevant reporting dates the above loans were unsecured, and bears interest at 5.75% and it is repayable on demand by Grit Real Estate Income Group Limited within such timeframe agreed by the borrower and lender.</i>				
Other accounts with subsidiaries/associates				
Freedom Property Fund SARL	–	–	250	250
Capital Place Limited	–	(10)	–	–

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
CADS Developers	–	–	–	–
Gateway EMT	(1)	(1)	–	–
Allowance for credit losses IFRS 9 - Impairment on financial assets Refer to note 26	(949)	(782)	(37,796)	(63,703)
<i>In the current year, the above loans are unsecured, do not bear interest and the borrower has an unconditional right to defer payment for a period of 12 months.</i>				
	(393)	(542)	303,474	375,199
Classification of related party loans:				
Non-current assets *	515	–	265,224	336,949
Current assets	298	197	38,250	38,250
Non-current liabilities *	(1,205)	(648)	–	–
Current liabilities	(1)	(91)	–	–
	(393)	(542)	303,474	375,199

Details of the relationship of the Group with each of the above related parties is disclosed in note 37.

*In the current year, the non current portions are marked with an **

In the opinion of the directors, on the basis that the loans interest rates are deemed to be market related risk (taking into account the applicable risk adjusted interest rates), that the carrying values of loans to related parties approximate their fair values at each reporting date.

10. Other loans receivable

	Notes	GROUP		COMPANY	
		30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Ndola Investments Limited ¹		5,130	5,115	–	–
Kitwe Copperbelt Limited ¹		5,640	5,624	–	–
Syngenta Limited ¹		19,133	19,081	–	–
Healthcare assets		231	239	–	–
Drift (Mauritius) Limited ²		8,211	7,784	–	–
Drift (Mauritius) Limited ³		2,071	1,947	–	–
Pangea 2 Limited		6	–	–	–
IFRS 9 - Impairment on financial assets (ECL)	26	(2,514)	(2,487)	–	–
As at 30 June		37,908	37,303	–	–
Classification of other loans:					
Non-current assets		37,908	37,303	–	–
Current assets		37,908	37,303	–	–

1. In April 2017 Bank of China provided the Group with a term loan credit facility of US\$ 77.0 million for 5 years. This facility has been fully drawn by the Group (note 17). The Group has advanced loans amounting in total up to 50.00% of the US\$ 77.0 million facility to the other investors in the Zambia investments referred to in note 8. Each of these loans has a 5 year term, is secured by a suretyship under the terms of the respective loan agreement and has interest charged at a rate of 6 month LIBOR plus 5.00%. The party has provided their share of the property as security to Bank of China. This is repayable in the financial year 2023. It is the Group's intention to refinance those facilities with the loan syndication.

2. Project pre-funding 1 - Maputo Housing Project
Loan bears interest at 3 month Libor plus 6.50%, repayable within 24 months or such other time as agreed in writing between the parties.

3. Project pre-funding 2 - Tete Housing Project
Loan bears interest at 3 month Libor plus 6.50%, repayable within 24 months or such other time as agreed in writing between the parties.
In the opinion of the directors, the carrying values of the above loans receivable approximate their fair values at each reporting date.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Deferred tax

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Deferred tax asset/(liability)				
Assessed losses	8,269	15,719	-	-
Foreign exchange losses	3,232	2,983	-	-
Loss allowance on financial assets	1,043	1,279	-	-
Other	-	86	-	-
<i>Total deferred tax asset</i>	12,544	20,067	-	-
Straight-line rental income accrual	(1,518)	(1,343)	-	-
Lease incentives	(1,910)	(1,753)	-	-
Capital allowances	(23,424)	(17,837)	-	-
Fair value adjustments to investment property	(22,740)	(30,787)	-	-
<i>Total deferred tax liability</i>	(49,592)	(51,720)	-	-
Deferred tax - net position per the consolidated statement of financial position	(37,048)	(31,653)	-	-
Balance at the beginning of the year	(31,652)	(32,948)	-	-
Assessed losses	(1,543)	(475)	-	-
Foreign exchange movements	250	(4,495)	-	-
Loss allowance on financial assets	21	(110)	-	-
Lease incentives	(178)	(224)	-	-
Straight-line rental income accrual	(228)	267	-	-
Other	(86)	86	-	-
Fair value adjustments to investment properties	(2,999)	6,450	-	-
Loss allowance on financial assets	(104)	(151)	-	-
Movement per income statement	(4,867)	1,348	-	-
Acquired through acquisition of subsidiary during the year	(896)	-	-	-
Disposal of subsidiary	201	-	-	-
Foreign currency translation differences	166	(52)	-	-
Total movement for the year	(5,396)	1,296	-	-
As at 30 June	(37,048)	(31,652)	-	-

Deferred tax assets have been recognised on deductible temporary differences where management, having reviewed the Group's projections, believe that there will be sufficient taxable income in future to utilise the temporary differences.

In accordance with the Group's accounting policies, deferred tax assets have not been recognised in respect of certain companies within the Group, with unrecognised tax losses (see note 29).

12. Trade and other Receivables

	Notes	GROUP		COMPANY	
		30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Trade and other receivables					
Trade receivables		10,298	15,367	-	-
Total allowance for credit losses and provisions	26	(4,782)	(8,616)	-	-
IFRS 9 - Impairment on financial assets (ECL) ¹		(1,965)	(1,997)	-	-
IFRS 9 - Impairment on financial assets (ECL) (Management overlay on specific receivables) ¹		(2,817)	(6,619)	-	-
Trade receivables - net ²		5,516	6,751	-	-

	Notes	GROUP		COMPANY	
		30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Accrued Income		1,934	1,762	-	-
Loan interest receivable		-	603	-	600
Deposits paid		57	65	1	1
VAT recoverable ³		12,186	8,207	643	513
Purchase price adjustment account ⁴		963	1,198	-	-
Deferred expenses and prepayments ⁵		1,781	3,553	720	301
Listing receivables		9,900	-	9,900	-
IFRS 9 - Impairment on other financial assets (ECL)		(6,012)	(3,815)	(2,700)	(600)
Deferred rental		853	531	-	-
Rental guarantees receivable		640	947	-	-
Dividends receivable		506	642	-	-
Sundry debtors		798	668	-	70
Cash balance held in escrow account ⁶		4,548	-	-	-
Other receivables		28,154	14,361	8,564	885
Total trade and other receivables		33,670	21,112	8,564	885
Classification of trade and other receivables:					
Non-current assets		4,615	2,166	-	-
Current assets		29,055	18,946	8,564	885
		33,670	21,112	8,564	885

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Ageing of trade receivables				
Current	2,000	2,773	-	-
30 days	953	1,129	-	-
60 days +	965	767	-	-
90 days +	1,598	2,082	-	-
	5,516	6,751	-	-

¹ Impairment calculations have been carried out using the forward-looking, simplified approach to the expected credit loss model within IFRS 9. The impact of the Covid-19 pandemic on the Group's business and its occupiers has been considered and in 2022 the severity of the impact has reduced and the charge to the income statement was lower than in 2021. Rent collection rates have improved and are close to pre-Covid levels. In arriving at the estimates, the Group considered the tenants at higher risk, particularly in the retail or hospitality sectors, those in administration, the top 50 tenants by exposure and also considered the remaining balances classified by sector and geography. The impairment provisions are included within 'Allowance for credit losses' (Note 26).

² Total tenants deposits held disclosed under Trade and other payable amounts to US\$ 2.3 million (2021: US\$ 2.6 million) Refer to note 19.

³ As part of the acquisition of Stellar Warehousing Limited (Note 31a), the Group has acquired a VAT receivable amounting to US\$ 5.2 million. On fair valuing the VAT receivable balance on initial recognition, it was determined that the VAT balance will be recovered over a period of nine years and that the carrying amount on acquisition needed to be adjusted to reflect fair value. The Group has recorded as part of fair value adjustment on other financial asset a fair value write down of US\$ 0.8 million.

⁴ On the acquisition of investment properties held within corporate vehicles, any other assets and liabilities that are acquired or assumed as part of the relevant acquisition transaction from/to vendors, are realised and settled respectively using a purchase price adjustment account.

⁵ Included in deferred expenses and prepayments are advance payment made by the Group for services to be provided in future periods. In the current year, the Group has impaired project costs amounting to US\$0.1 million (2021: US\$ 1.1 million) and the Company no impairment (2021: no impairment). Refer to note 24.

⁶ Relates to fund receivable from Lavastone Ltd for the disposal of BH Property Investments Limited. The cash is found in an escrow account as at 30 June 2022. Refer to note 32 for more detail on the transaction.

The carrying value of trade and other receivables are considered by the directors to approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Cash and cash equivalents

Cash and cash equivalents consists of the following:

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Cash at bank available on demand	25,996	4,884	629	3
Petty cash	6	6	-	-
Current assets	26,002	4,890	629	3
Bank overdrafts	(1,856)	(2,576)	-	-
Current liabilities	(1,856)	(2,576)	-	-
	24,146	2,314	629	3
Cash and cash equivalents are held in the following currencies.				
United States Dollars	20,752	433	619	3
Mozambican Meticals	413	965	-	-
Moroccan Dirhams	1,302	273	-	-
Mauritian Rupees	156	6	4	1
Bahraini Dinars	15	15	-	-
South African Rands	18	26	-	(2)
Kenyan Shilling	17	1	-	-
Zambian Kwacha	76	144	-	-
Emirati Dirhams	-	1	-	-
Ghanaian Cedi	1,167	74	-	-
West African Franc	78	270	-	-
Euros	152	106	6	1
	24,146	2,314	629	3

Overdraft facilities

Grit Services Limited holds an overdraft facility of US\$ 2.0 million with Standard Bank (Mauritius) Limited which is unsecured and carries interest at a rate of 1 month LIBOR plus 2.50%.

14. Ordinary share capital, share awards and treasury shares reserve

14a. Ordinary share capital

	THE GROUP AND THE COMPANY			
	30 June 2022 Shares in issue Number '000	30 June 2021 Shares in issue Number '000	30 June 2022 US\$'000	30 June 2021 US\$'000
Authorised				
7 500 000 000 ordinary shares of no par value (2021: 7 500 000 000 ordinary shares of no par value)				
Issued				
Ordinary shares				
495 092 339 ordinary shares of no par value (2021: 331 235 546 ordinary shares of no par value)				
Movement for the year				
Balance at the beginning of the year	331,236	316,236	463,842	454,145
Shares issued during the year ¹	146,342	15,000	76,098	9,810
Transferred to antecedent dividend reserve*	-	-	(3,659)	-
Issuance of share capital for the acquisition of African Property Development Management Ltd (Note 7a)	17,091	-	7,178	-
Issuance of share capital for acquisition of additional stake in Gateway Real Estate Africa Ltd (Note 7b)	424	-	178	-
Less: Transaction costs arising on share issues	-	-	(7,943)	(113)
Balance at end of the year	495,093	331,236	535,694	463,842

- ¹ On 21st December 2021, as part of the capital raised done during the year, the Company issued 146,342,312 New Ordinary Shares at a price of US\$ 0.52 per share. Consideration received in exchange of the shares were as follows
- Cash consideration received for shares issued amounted to US\$ 54.4 million.
 - The Group secured the two Copia land leases for the issuance shares worth US\$ 5.8 million (Note 3).
 - Issuance of shares amounting to US\$1.4million relating to payment to consultants for facilitating the capital raise process.
 - Subscription by Grit Executive Share Trust II of shares amounting to US\$ 2.9 million which will be used to service the new long term incentive plan (Note 14b) of the Group.
 - Issuance of shares amounting to US\$ 1.1 million as bonus shares granted to eligible staffs (Note14e(iii)).
 - Issuance of shares amounting to US\$ 10.4 million issued to an investor who subscribes during the capital raise. The subscription amount was settled by a promissory note which has a maturity date of 30th November 2022.

- ¹ In December 2020, the Company raised gross proceeds of £ 7.2 million/US\$ 9.8 million from high calibre investors, underpinned by the support of its shareholder M&G, through a successful placing of 15,000,000 ordinary shares at a price of £ 0.481/US\$ 0.65 per share.

Distributions from capital - antecedent dividend reserve

* At each annual general meeting of the Company approval is sought to make distributions from capital. Shares issued during the period that comprise of a dividend component within the issue price, such value is transferred to the antecedent dividend reserve to ensure any new share issue does not dilute the dividend per share of existing shareholders. Refer to accounting policy 1.16b for more details on antecedent dividend.

Authority in respect of unissued shares

The unissued shares are under the control of the directors. This authority remains in force until the next annual general meeting of the Company.

14b. Treasury shares reserve

	GROUP		COMPANY		
	Number of shares issued '000	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Movement for 2020					
Balance at the beginning of the year	(12,546)		(18,406)	-	-
Addition of Treasury Shares (acquired by Grit Executive Share Trust to meet the obligations in terms of the Long Term Incentive Scheme)				-	-
Movement for 2021					
Balance at the beginning of the year	(12,546)	(18,406)	(18,406)	-	-
Disposal of Treasury Shares held by Freedom Asset Management	3,000	5,100	-	-	-
Addition of Treasury Shares (acquired by the Grit Executive Share Trust to meet the obligations in terms of the Long Term Incentive Scheme)	(5,588)	(2,906)	-	-	-
Balance at the end of the year	(15,134)	(16,212)	(18,406)	-	-

During the year, Freedom Asset Management a subsidiary of the Group has sold 3 million of Grit shares (Held in treasury reserve in the group consolidated financial statements) that it owned to Pangea Holdings 2 Limited for an agreed consideration of US\$ 1.5 million. The 3 million Grit shares was initially recorded in treasury shares at US\$ 5.1 million when the share was trading at US\$ 1.7 per share. On disposal of the 3 million Grit shares, no gain or loss has been recognised as the transaction relates to the disposal of the Group own equity instrument. The difference between the agreed purchase consideration of US\$ 1.5 million and the previously recorded amount in treasury reserve of US\$ 5.1 million that is US\$ 3.6 million has been recognised directly in equity namely in non-controlling interests because as explained in the judgements section of the summary of significant accounting policies, the Group does not have any equity interests in Freedom Asset Management. The latter is a subsidiary for consolidation purposes due to the Group's implied control on the entity but the non-controlling interests on Freedom Asser Management is 100%.

In December 2021, as part of the capital raise, Grit Executive Share Trust a subsidiary of the Group has acquired 5.6 million Grit Shares at US\$ 0.52 per share that the latter will use to service the new long term incentive plan of the Group. The reacquired shares have been recorded in treasury reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Ordinary share capital, share awards and treasury shares reserve (continued)

14c. Preference share capital

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Opening balance	25,481	–	–	–
Preference shares dividend accrued	4,077	–	–	–
Issue of preference shares (non cash)	–	25,481	–	–
As at 30 June	29,558	25,481	–	–

During the financial year 2021, the group issued 25,481,240 class B preference shares each at a par value of US\$ 1 through DIF 1 Co Limited, a wholly owned indirect subsidiary of the group to Gateway Real Estate Africa Limited, an associate of the group. The class B shares shall not carry any voting rights. The class B preference shares are entitled to a dividend at a fixed rate of 8% per annum. However, the terms of the instrument are such that the group does not have a contractual obligation to settle the preferred dividend unless shareholder loan capital, interest or ordinary shares dividends are paid to the holding company of DIF1 Co Limited that is Grit Services Limited. The preference dividends however if unpaid are cumulative until such point in time that they are settled. The preference shares are also redeemable at the option of DIF1 Co Limited only. The preference shares have been classified as equity instruments in the group consolidated financial statements as the group does not have a contractual obligation to deliver cash to settle the instruments both in terms of the principal and the preferred dividend portion. As of 30 June 2022, the cumulative preferred dividend accrued on the preference shares amounted to US\$ 4.1 million. Neither the principal nor the preferred dividend has been paid as of 30 June 2022.

14d. Perpetual preference notes

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Opening balance	–	–	–	–
Issue of perpetual preference note classified as equity	26,775	–	–	–
Preferred dividend accrued	1,837	–	–	–
Preferred dividend paid	(1,265)	–	–	–
Less: Incremental costs of issuing the perpetual preference note	(1,606)	–	–	–
As at 30 June	25,741	–	–	–

The Group through its wholly owned subsidiary Grit Services Limited has issued perpetual preference note to two investors Ethos Mezzanine Partners GP Proprietary Limited and Blue Peak Private Capital GP during the year. The total cash proceeds received from the two investors for the issuance of the perpetual note amounts to US\$ 31.5 million.

Included below are salient features of the notes

- The Note has a cash coupon of 9% per annum and a 4% per annum redemption premium. The Group at its sole discretion may elect to capitalise cash coupons.
- Although perpetual in tenor, the note carries a material coupon step-up provision after the fifth anniversary that is expected to result in an economic maturity and redemption by the Group on or before that date.
- The Note may be voluntarily redeemed by the Group at any time, although there would be call-protection costs associated with doing so before the third anniversary.
- The Note if redeemed in cash by the Group can offer the noteholders an additional return of not more than 3% per annum, linked to the performance of Grit ordinary shares over the duration of the Note.
- The noteholders have the option to convert the outstanding balance of the note into Grit equity shares. If such option is exercised by the noteholders, the number of shares to be issued shall be calculated based on a pre-defined formula as agreed between both parties in the note subscription agreement.

On recognition of the perpetual preference note, the Group has classified eighty five percent of the instrument that is US\$ 26.8 million as equity because for this portion of the instrument the Group at all time will have an unconditional right to avoid delivery of cash to the noteholders. The remaining fifteen percent of the instrument that is US\$ 4.7 million has been classified as debt and included as part of interest bearing borrowings. The debt portion arises because the note contains terms that can give the noteholders the right to ask for repayment of fifteen percent of the outstanding amount of the note on the occurrence of some future events that are not wholly within the control of the Group. The directors believe that the probability that those events will happen are remote but for classification purposes, because the Group does not have an unconditional right to avoid delivering cash to the noteholders on fifteen percent of the notes, this portion of the instrument has been classified as liability.

The accrued dividend on the equity portion of the note has been recognised as deduction into equity that is a reduction of retained earnings.

The incremental costs directly attributable to issuing the equity portion of the note has been recorded as a deduction in equity ie) in the same equity line where the equity portion of the instrument has been recorded so that effectively the equity portion of the instrument is recorded net of transaction costs. The transaction costs amounted to US\$ 1.6million.

14e. Share awards / options

The Company has in establishment two long term incentive plans. Each of the plan has been detailed below in section 14e(i) and 14e(ii) respectively.

Further during the financial year, the Group has granted shares as bonus to eligible employees. Refer to section 14e(iii) for more details.

14e(i). Legacy long-term incentive scheme

During the year to 30 June 2018, the Company introduced an equity-settled share based remuneration scheme for the executive directors, senior managers and key employees ("Eligible Employee(s)") called the Grit Long Term Incentive Scheme ("the GRIT Scheme"). The purpose of the GRIT Scheme is to provide a long-term performance and retention incentive scheme which aligns the interests of participants with the Company's shareholders, by motivating them, through participation, to increase the long-term growth in shareholder returns. In August 2016, the Company's subsidiary, Freedom Asset Management had implemented an equity-settled share based remuneration scheme ("the FAM scheme) in order to provide for the retention of staff within the Group following the internalisation of the asset management function into the Group. During the year ended 30 June 2018, all awards under the FAM scheme were replaced by new awards in the GRIT Scheme.

Eligible Employees are awarded shares and are advanced a notional loan equivalent to the value of the share award at the date of the award. All dividends attributable to the shares are utilised to reduce this notional loan over a five year vesting period. The notional loan bears interest equivalent to the Group's weighted average cost of debt, which is set quarterly in arrears, less attributed dividends accruing on the allocated shares. The effective option price has been determined as the outstanding notional loan balance divided by the number of shares awarded.

On the date of vesting, the Eligible Employee may elect to sell all the shares and receive a cash pay-out after settlement of the loan; sell sufficient shares to settle the loan and take transfer of the residual shares or may elect to keep the shares within the scheme, at which time the Eligible Employee will become personally liable for the outstanding loan balance attached to the shares.

The GRIT Scheme is administered by the Grit Share Trust ('the Trust') for the benefit of management and staff. The Trust is formed under the laws of Mauritius and the administration of the Trust is conducted out of Mauritius.

Movements in the number of share options outstanding and their related weighted average exercise prices at each reporting date during which the GRIT Scheme was in operation were as follows:

	Weighted average exercise price cents	30 June 2022 Shares US\$'000	Weighted average exercise price cents	30 June 2021 Shares US\$'000
Balance at the beginning of the year	104	5,433	105	5,677
Granted	–	–	–	–
Forfeited	–	(677)	(140)	(49)
Vested	(140)	(1,406)	(140)	(195)
Balance at the end of the year	89	3,350	104	5,433
Add shares vested not exercised	140	2,276	140	769
Total outstanding options	110	5,626	109	6,202

At 30 June 2022, out of the 4,756 million options outstanding, 1,406 million options were exercisable into the 2022 financial year (following the 30 day notification period), no options were however exercised to date. 0.677 million options were cancelled as the participants left the employment of the Grit Group.

At 30 June 2021, out of the 5.413 million options outstanding, 0.195 million options were exercisable into the 2021 financial year (following the 30 day notification period), no options were however exercised and the option lapsed. 0.049 million options were cancelled as the participants left the employment of the Grit Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Ordinary share capital, share awards and treasury shares reserve (continued)

14e. Share awards / options (continued)

14e(i). Legacy long-term incentive scheme (continued)

The options that have not yet been exercised or vested were as follows:

First vesting period	Weighted average exercise price cents	30 June 2022 Shares '000	Weighted average exercise price cents	30 June 2021 Shares '000
2019	–	–	–	–
2020	–	–	140	20
2021	–	–	140	81
2022	–	–	140	1,506
2025	89	3,350	89	3,826
At end of year	89	3,350	104	5,433
Add shares vested not exercised	140	2,276	140	769
Total outstanding options	110	5,626	109	6,202

Due to the relative illiquidity of the Company's share price over the last three years, the volatility was measured as the standard deviation of expected share price returns of a similar peer group of listed property companies, and is based on a statistical analysis of daily share prices over that timeframe.

The share based payment charge recorded in respect of the above awards was US\$ 0.1 million for the year to 30 June 2022 (2021: US\$ 0.1 million) and is equity settled.

14e(ii). New long-term incentive plan

The establishment of the Company new Long Term Incentive Plan ('LTIP') was approved by shareholders at the 17th June 2021 annual general meeting. The new LTIP was introduced to incentivize a group of selected key talents which the Company believes are high performers and significant contributors to the future of the larger Group. Shares awards which represent an entitlement to receive the Company's shares that will be granted under the new LTIP will be designed to secure and promote the Group's long-term strategic objectives and will be granted as conditional rights to acquire shares at a predetermined date following grant subject to the satisfaction of stretching and demanding financial and non-financial performance conditions, the grantee's continued service and minimum holding periods post vesting. Participation in the plan is at the board's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Eligible employees may elect not to participate in the scheme.

During the year, awards have been granted to 19 employees which included executive directors and other key employees under the new LTIP. No payment was required on the grant of the awards. The terms and conditions of the arrangement have been mutually agreed between the grantees and the Company on 24th June 2022. The Company has therefore considered the grant date to be 24th June 2022. The exercise price of the shares is equal to the market price of the underlying shares on the date of grant. The awards vest if and when the service condition and performance conditions detailed below are satisfied during the vesting period. The awards vesting date is on 17th December 2024. The vesting period is between the grant date of 24th June 2022 and the vesting date of 17th December 2024. If an eligible employee ceases to be employed within the vesting period, the rights to receive shares will be forfeited.

Service condition: Employees and non-employees are within employment at the date of vesting.

Performance conditions: Employees and non-employees have maintained an acceptable level of performance within the company over the vesting period as determined by the board of the company in their sole discretion and that they have consistently achieved their key performance indicators as detailed in the table below.

Financial Based Metrics	Target	Weightage
Total (accounting) return – measured by EPRA NAV movements between period plus dividend yield (calculated on opening NAV)	12%	60%
Total property return- i.e) portfolio performance	3%	10%
Growth in EPRA earnings per share	2%	5%
Financial based metrics resulting %		75%

Non-Financial Strategic target metrics

	Target	Weightage
EPRA Occupancy Rate	95%	5%
Staff Satisfaction Score	75%	5%
ESG KPI's per Grit sustainability policy		
i. Reduction of carbon Footprint by 2025	25%	2.50%
ii. Improvement of Building efficiency by 2025	25%	2.50%
iii. Women in Leadership positions (gender diversity)	40%	5.00%
iv. Local Employee representation	65%	5.00%
Non- Financial Strategic target metrics resulting %		25%
Total		100%

The shares to be issued to employees and non-employees under the new LTIP are administered by Grit Executive Share Trust II. The Group considers the trust to be a subsidiary and is therefore consolidated into the group consolidated financial statements. The shares that will be used to service the new LTIP have been acquired as part of the capital raised performed by the Company in December 2021. Those shares are currently being held as treasury shares until such time as they are vested.

For awards granted to employees, the fair value of the awards was measured at the market price of the Company's shares at the grant date. In measuring the fair value of the awards, expected dividend were not incorporated into the measurement of fair value as employees are entitled to dividends throughout the vesting period. Dividends that will be declared during the vesting period but not paid until vesting would be charged to equity and will be recognized as a liability at the point in time that they are declared. On the award vesting in 2024, the employees or non-employees will receive at the discretion of the board either cash and/or shares at a price equal to the market value of the granted shares at the date of vesting. The Company does not have a past practice of settling shares-based compensation scheme in cash.

Considering the terms and conditions on which the shares were granted, the new LTIP has been accounted as an equity-settled plan. The expense recognized for the new LTIP and further arising from equity settled share-based payment transactions in respect of employee service received during the year is US\$ 0.01million (2021:US\$ Nil).

Movement in the year

The table below illustrates the number of movements in shares awarded during the year.

	2022 Number of shares
Outstanding at 01 July 2021	–
Granted during the year	5,980,769
Outstanding at 30 June 2022	5,980,769

14e(iii). Shares issued as bonus

The Group has issued 2.1 million shares to 19 eligible employees during the year as a performance bonus for past performance. The shares granted did not have any vesting condition attached to them and therefore upon issue vested immediately to the employees. Upon issue the price per share was US\$ 0.52. The fair value of the shares granted to the employees at grant date amounted to US\$ 1.1million. The whole US\$1.1 million has been recorded as shared based payment expense during the year.

Movement in the year

The table below illustrates the number of movements in shares awarded and vested during the year.

	2022 Number of shares
Outstanding at 01 July 2021	–
Granted and vested during the year	2,115,387
Outstanding at 30 June 2022	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Redeemable preference shares

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Opening balance	12,840	12,840	–	–
Proceeds from issue of redeemable preference shares	–	–	–	–
As at 30 June	12,840	12,840	–	–

During the year ended 30 June 2017 one of the Company's subsidiaries, Mara Delta (Mauritius) Property Limited, issued 1,284 preference shares at US\$ 10,000 per share to the National Pension Fund of Mauritius. The preference shares carry a coupon rate of 6.25% and are redeemable through a put option. The put option can be exercised by the subscriber after 5 years from the subscription date by providing the grantor with 6 months' notice of their intention to exercise. The Group has received a signed confirmation letter from the National Pension Fund of Mauritius where they confirmed that they will not exercise their put option for at least the next eighteen months starting 30 June 2022. The Group has therefore classified the redeemable preference shares as non-current liability.

The directors consider that the fair value of the preference shares approximates to their book value at 30 June 2022 and 30 June 2021 and that the put option has a negligible fair value at both of these dates.

16. Proportional shareholder loans

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Opening balance	17,582	9,615	–	–
Interest accrued on proportional shareholder loans	418	241	–	–
Proportional shareholder loans repaid	(1,967)	–	–	–
Acquired as part of asset acquisition during the year	5,107	–	–	–
Additional proportional shareholder loans received	5,576	7,726	–	–
As at 30 June	26,716	17,582	–	–

During the previous financial years one of the Company's joint ventures' Mukuba Mall Limited became a subsidiary of the Group through the acquisition of Paxton Investments Limited. In Mukuba Mall Limited there are loans payable to shareholders which are in the same proportion as the shareholder's percentage holding. There is currently a loan payable to Kitwe Copperbelt Investments Limited (the external 25% shareholder of Mukuba Mall Limited which does not form part of Grit Group). From a Group perspective and for consolidation purposes, this loan payable to a party outside of the Group is not eliminated. The loan is denominated in US\$, it is unsecured and interest free and repayable from the free cashflows generated from Mukuba Mall Limited. The amount owing to Kitwe Copperbelt Investments Limited is US\$ 8.2 million. (2021:US\$ 9.6 million)

During the financial year 2021, the Group disposed of an indirect interest of 26.66% in Acacia Estate. As part of the disposal, Gateway Real Estate Africa Limited, the buying shareholder injected funds of US\$ 7.7million into the structure which represents their portion of shareholders' loan. The loan from Gateway Real Estate Africa Limited is denominated in USD, it is unsecured and interest free and has not fixed terms of repayment. The balance of the loan is US\$ 5.5 million (2021: US\$ 7.9 million)

During this financial year, Capital Place Limited became a subsidiary of the Group through the acquisition of an additional 20% equity interests whereby changing the status of the investment from associate to subsidiary. As at 30 June 2022, Capital Place Limited has a loan payable to its minority shareholders of US\$ 5.1 million which also represents a liability for the Group as of that date.

Addition to shareholder loan of US\$ 5.5million relates to additional funds contributed by Gateway Real Estate Africa Ltd to the Freedom Property Fund SARL via the funding vehicle DIF 1 Co Ltd.

17. Interest-bearing borrowings

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Non-current liabilities	242,091	215,565	26,861	24,505
Current liabilities	182,975	195,023	2,346	8,344
As at 30 June	425,066	410,588	29,207	32,849
Currency of the interest-bearing borrowings (stated gross of unamortised loan issue costs)				
United States Dollars	319,687	276,947	27,441	27,327
Euros	104,357	131,420	1,837	3,871
Mauritian Rupees	1,369	1,698	–	1,698
	425,413	410,065	29,278	32,896
Interest accrued	4,927	4,176	459	448
Unamortised loan issue costs	(5,274)	(3,653)	(530)	(495)
As at 30 June	425,066	410,588	29,207	32,849
Movement for the year				
Balance at the beginning of the year	410,588	392,999	32,849	25,180
Proceeds of interest bearing-borrowings	58,513	50,765	–	7,000
Loan reduced through disposal of subsidiary (Note 32)	(6,624)	–	–	–
Loan acquired through asset acquisition (Note 31c)	6,011	–	–	–
Loan issue costs incurred	(4,386)	(1,520)	11	(245)
Amortisation of loan issue costs	2,765	2,974	483	743
Foreign currency translation differences	(14,836)	7,548	(415)	149
Interest accrued	751	(1,173)	11	73
Debt settled during the year	(27,716)	(41,005)	(3,732)	(51)
As at 30 June	425,066	410,588	29,207	32,849

Analysis of facilities and loans in issue

Lender	Borrower	Initial facility	GROUP		COMPANY	
			30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
<i>Financial institutions</i>						
Standard Bank South Africa	Commotor Limitada	US\$ 140.0m	140,000	140,000	–	–
Standard Bank South Africa	Zambian Property Holdings Limited	US\$ 16.4m	–	–	–	–
Standard Bank South Africa	Grit Services Limited	RCF - € 26.5m	27,091	30,676	–	–
<i>Total Standard Bank Group</i>			183,496	170,676	–	–
Bank of China	Warehously Limited	US\$ 8.5m	–	8,555	–	–
Bank of China	Zambian Property Holdings Limited	US\$ 77.0m	76,405	76,405	–	–
<i>Total Bank of China</i>			76,405	84,960	–	–
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€ 9.0m	9,467	10,733	–	–
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€ 3.2m	3,366	3,816	–	–
State Bank of Mauritius	Mara Delta Properties Mauritius Limited	€ 22.3m	23,457	26,593	–	–
<i>Equity Bridge</i>						
State Bank of Mauritius	Grit Real Estate Income Group Limited	US\$ 20.0m	20,000	20,000	20,000	20,000
State Bank of Mauritius	Mara Delta Properties Mauritius Limited	RCF Mur 72m	1,369	–	–	–
State Bank of Mauritius	Grit Real Estate Income Group Limited	RCF Mur 72m	–	1,698	–	1,698
<i>Total State Bank of Mauritius</i>			57,659	62,840	20,000	21,698



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Interest-bearing borrowings (continued)

Analysis of facilities and loans in issue (continued)

Lender	Borrower	Initial facility	GROUP		COMPANY		Weighted average cost of debt for the year ended 30 June 2022
			30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000	
Investec South Africa	Freedom Property Fund SARL	€ 36.0m	32,950	37,974	-	-	
Investec South Africa	Freedom Property Fund SARL	US\$ 15.7m	2,722	8,722	-	-	
Investec Mauritius	Grit Real Estate Income Group Limited	US\$ 0.5m	457	327	457	327	
<i>Total Investec Group</i>			36,129	47,023	457	327	
ABSA Bank Mauritius	BH Property Investment Limited	€ 7.4m	-	7,526	-	-	
ABSA Bank Ghana Limited	Grit Accra Limited	US\$ 9.0m	7,913	8,652	-	-	
<i>Total ABSA Group</i>			7,913	16,178	-	-	
Maubank Mauritius	Grit Real Estate Income Group Limited	€ 3.2m	1,837	3,871	1,837	3,871	
Maubank Mauritius	Freedom Asset Management	€ 4.0m	1,508	2,599	-	-	
<i>Total Maubank</i>			3,345	6,470	1,837	3,871	
ABC Banking Corporation	Grit Services Limited	Equity bridge US\$ 8.5m	2,440	7,286	-	-	
ABC Banking Corporation	Casamance Holdings Limited	€6.4m	4,681	7,632	-	-	
<i>Total ABC Banking Corporation</i>			7,121	14,918	-	-	
Nedbank South Africa	Warehously Limited	US\$ 8.6m	8,635	-	-	-	
Nedbank South Africa	Grit Real Estate Income Group Limited	US\$ 7m	6,985	7,000	6,985	7,000	
Nedbank South Africa	Capital Place Limited	US\$ 6.2m	6,200	-	-	-	
<i>Total Nedbank South Africa</i>			21,820	7,000	6,985	7,000	
NCBA Bank Kenya	Grit Services Limited	US\$ 6.5m	6,542	-	-	-	
NCBA Bank Kenya	Grit Services Limited	US\$ 4.1m	4,158	-	-	-	
<i>Total NCBA Bank Kenya</i>			10,700	-	-	-	
Ethos Mezzanine Partners GP Proprietary Limited	Grit Services Limited	US\$ 2.4m	2,475	-	-	-	
Blue Peak Holdings S.A.R.L.	Grit Services Limited	US\$ 2.2m	2,250	-	-	-	
<i>Total Private Equity</i>			4,725	-	-	-	
International Finance Corporation	Stellar Warehousing and Logistics Limited	US\$ 16.1m	16,100	-	-	-	
<i>Total International Finance Corporation</i>			16,100	-	-	-	
Total loans in issue			425,413	410,065	29,279	32,896	
plus: interest accrued			4,927	4,177	459	448	
less: unamortised loan issue costs			(5,274)	(3,654)	(530)	(495)	
As at 30 June			425,066	410,588	29,208	32,849	

Terms of the facilities (analysed by maturity date)

Lender	Group June 2022 US\$'000	Base rate	Margin	% Fixed	Initial facility	Interest rate	Maturity date	Weighted average cost of debt for the year ended 30 June 2022
<i>Financial Institutions</i>								
ACTIVE FACILITIES								
Standard Bank South Africa	140,000	3 Month Libor	5.00%	71%	US\$ 140.0m	7.25%	Sep 2023	2.57%
Standard Bank South Africa	16,405	3 Month SOFR	7.00%	71%	US\$ 16.4m	8.77%	Mar 2023	0.38%
Standard Bank South Africa	27,091	3 Month Euribor	4.25%	0%	€ 26.5m	4.25%	Apr 2023	0.34%
Bank of China	-	6 Month Libor	4.00%	0%	\$ 8.5m	6.62%	Sep 2022	-
Bank of China	76,405	6 Month Libor	5.00%	0%	US\$ 77.0m	6.62%	Dec 2022	1.58%
State Bank of Mauritius	9,467	3 Month Euribor	4.25%	0%	€ 9.0m	4.25%	Mar 2025	0.11%

Lender	Group June 2022 US\$'000	Base rate	Margin	% Fixed	Initial facility	Interest rate	Maturity date	Weighted average cost of debt for the year ended 30 June 2022
State Bank of Mauritius	3,366	3 Month Euribor	4.25%	0%	€ 3.2m	4.25%	Mar 2025	0.05%
State Bank of Mauritius	23,457	3 Month Euribor	4.00%	0%	€ 22.3m	4.00%	Mar 2025	0.25%
State Bank of Mauritius	20,000	SOFR	4.00%	0%	Equity Bridge US\$ 20.0m	6.97%	Mar 2025	0.34%
State Bank of Mauritius	1,369	Prime Lending Rate	0.75%	0%	MUR 72.0m	5.40%	Nov 2025	0.02%
Investec South Africa	32,950	3 Month Euribor	5.08%	0%	€ 36.0m	5.08%	Apr 2023	0.48%
Investec South Africa	2,722	3 Month Euribor	5.08%	0%	US\$ 15.7m	5.08%	Apr 2023	0.04%
Investec Mauritius	457	3 Month Libor	4.50%	0%	US\$ 0.5m	4.63%	Sep 2026	0.01%
ABSA Bank Mauritius	-	Fixed rate	4.25%	0%	€ 7.4m	4.25%	Jun 2023	-
ABSA Bank Ghana Limited	7,913	3 Month Libor	5.90%	0%	US\$ 9.0m	7.23%	Dec 2023	0.15%
Maubank Mauritius	1,837	6 Month Euribor	4.50%	0%	€ 3.2m	4.50%	Aug 2022	0.02%
Maubank Mauritius	1,508	6 Month Euribor	6.00%	0%	€ 4.0m	6.00%	Nov 2025	0.02%
ABC Banking Corporation	2,440	3 Month Libor	3.50%	0%	US\$ 8.5m	4.83%	Nov 2025	0.03%
ABC Banking Corporation	4,681	3 Month Euribor	4.25%	0%	€ 7.4m	4.25%	Oct 2025	0.05%
Nedbank South Africa	8,635	3 Month Libor	4.00%	0%	US\$ 8.6m	5.56%	Mar 2025	0.11%
Nedbank South Africa	6,985	6 Month Libor	8.40%	0%	US\$ 7.0m	12.16%	Apr 2023	0.00%
Nedbank South Africa	6,200	SOFR	7.00%	0%	US\$ 7.0m	9.33%	Apr 2023	0.14%
NCBA Bank Kenya	6,542	SOFR	6.50%	0%	US\$ 6.5m	7.83%	Nov 2024	0.17%
NCBA Bank Kenya	4,158	SOFR	6.50%	0%	US\$ 16.1m	7.97%	Nov 2024	0.08%
Ethos Private Equity	2,475	Fixed rate	9.00%	0%	US\$ 2.4m	9.00%	Dec 2028	0.12%
Blue Peak Private Equity	2,250	Fixed rate	9.00%	0%	US\$ 2.2m	9.00%	Dec 2028	0.10%
International Finance Corporation	16,100	SOFR	5.75%	0%	US\$ 16.1m	8.05%	Dec 2029	0.34%
Weighted average cost of debt for the year ended 30 June 2022	425,413							7.13%

(Weighted average cost of debt for the year ended 30 June 2021: 5.72%)

The following debt transactions were concluded during and subsequent to the period under review.

Facilities that were settled during the year:

- The ABSA Bank Facility held by BH Property Investments Limited through the sale of the company.

Facilities that were refinanced during the year:

- The Bank of China Facility held by Warehously Limited was replaced by the Nedbank Warehously Facility US\$ 8.6m outstanding as at year end.
- The Bank of China Facility held by Zambian Property Holdings Limited was paid down by US\$ 16.4m, this bullet repayment was refinanced by the Standard Bank of South Africa.

Facilities that were acquired during the financial year were:

- The International Finance Corporation Loan for Stellar Warehousing and Logistics of US\$ 16.1m.
- The NCBA Bank Kenya RCF facility at Grit Services Limited with a total available facility of US\$ 22.6m, US\$ 10.7m outstanding as at year end.

Post Year End:

The Group at the time of writing has just completed a sustainability-linked term loan and revolving credit facility is for up to US\$ 306 million, making it the largest real estate sector transaction to date in Sub-Saharan Africa (excluding South Africa). Standard Bank of South Africa acted as sole lead arranger and bookrunner for the multi-jurisdictional debt syndication covering Grit's assets and debt facilities in Mozambique, Zambia, Ghana and Senegal and a corporate level revolving credit facility. This facility will be refinancing existing debt of US\$ 280m pushing out the average debt expiry profit to approximately 3.26 years post completion. As well as securing a development facility of US\$ 26m for the refurbishment and extension of its Club Med Cap Skiring Resort in Senegal. The main benefits of this loan syndication is the increase in loan tenor, locking a competitive interest margin despite the market's upward pricing pressure, and 7 different facilities being consolidated streamlining the management process and creating scalable solutions for the future.

Other Facilities that were availed post year end consist of:

An increase in the Nedbank RCF Facility held at Grit Real Estate Income Group Limited from a US\$ 7m facility to a US\$ 7m + EUR € 6.6m. This loan was used to refinance the Bank ABC Casamance Holdings Limited Debt while the Syndication was being completed.

A SBM Bridging Facility of US\$ 8m that was used to fund Phase 2 of the acquisition of GREA.

Facilities that were settled post year end consist of:

The Bank ABC Facility held by Casamance Holdings of US\$ 4.6m.
The Bank ABC Facility held by Grit Services Limited of US\$ 2.4m.
The Maubank Facility held by Grit Real Estate Income Group Limited.

Facilities that were refinanced to extend tenor post year end:

The Investec Facility held by Freedom Property Fund of US\$ 35.7m



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Lease liabilities

Set out below are the carrying amounts of the lease liabilities and the movements during the year:

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
As at 01 July	955	1,159	813	911
Accretion of interest	49	74	42	54
Addition of land held under lease	834	–	–	–
Payments	(429)	(278)	(289)	(152)
As at 30 June	1,409	955	566	813
The maturity analysis of lease liabilities is disclosed below:				
Maturity of lease liabilities:				
Current	864	205	166	171
Non-current can be analysed as follows:				
Payable between 1 and 5 years	458	684	382	642
Payable after 5 years	87	66	18	–
	1,409	955	566	813
Minimum lease payments:				
Payable in 1 year	903	256	195	215
Payable between 1 and 5 years	498	766	409	706
Payable after 5 years	93	87	18	–
	1,494	1,109	622	921
Future finance charges on lease liabilities	(85)	(154)	(56)	(108)
	1,409	955	566	813

The Group has lease contract for the use of office space with a lease term of 7 years. The leases on motor vehicles have lease terms between 5 and 7 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

There are no restrictions imposed on the Group by these lease arrangements other than in respect of the specific assets being leased.

The statement of profit or loss shows the following amounts relating to leases:

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Depreciation expense of right-of-use assets	194	226	166	167
Interest expense on lease liabilities	49	74	42	54
Total amount recognised in profit or loss	243	300	208	221

Refer to note 3 and 5 for more details on the right of use asset of the Company and the Group.

19. Trade and other payables

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Trade payables	4,842	6,559	1,189	900
Accruals	5,274	3,644	1,183	830
Deposits received	8,864	2,649	–	–
Deferred income	7,622	7,794	–	–
Dividend payable	1,029	2	691	2
Withholding tax payable	751	461	1	1
Sundry creditors	2,502	3,016	–	–
Taxation and social security costs	527	718	208	233
As at 30 June	31,411	24,843	3,272	1,966

20. Derivative financial instruments

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Interest rate swap - Standard Bank ²	–	611	–	–
Interest rate collars - Standard Bank ³	–	955	–	–
Interest rate collars - Standard Bank ³	–	1,148	–	–
As at 30 June - liability	–	2,714	–	–
Forward contract - ABSA ¹	–	87	–	–
Interest rate swap - Standard Bank ²	405	–	–	–
Interest rate collars - Standard Bank ³	717	–	–	–
Interest rate collars - Standard Bank ³	740	–	–	–
As at 30 June - asset	1,862	87	–	–
Net (asset)/liability				
Opening balance	2,627	4,004	–	–
Fair value adjustment on other financial liability through profit and loss	(4,501)	(1,378)	–	–
Foreign currency translation differences	12	1	–	–
As at 30 June	(1,862)	2,627	–	–

¹ The forward contract was held with ABSA Bank Mauritius Limited. The contract expires on 12 June 2023.

To value an FX forward, the traded fixed is compared to prevailing forward rate for the same tenors and the resulting cashflows are discounted back to present value using government bond yield rate or bank funding rates.

The forward contract has been settled in towards the end of June 2022 in anticipation of the disposal of BH Property Ltd which happened on 30 June 2022.

² The interest rate swap is held with Standard Bank South Africa Limited. The contract expires on 16 October 2023.

Valuation of rate swap is the present value of the difference between traded or fixed rate and the prevailing market rate. The US Dollar Swap Curve is generally used as a benchmark for forward interest rate while US treasury rates being used a discount factor. US Swap Curve predicts how interest rates in the market evolve with time to maturity.

³ The interest rate collars is held with Standard Bank South Africa Limited. The contract expires on 16 October 2023.

Valuation of rate swap is the present value of the difference between traded or fixed rate and the prevailing market rate. The US Dollar Swap Curve is generally used as a benchmark for forward interest rate while US treasury rates being used a discount factor. US Swap Curve predicts how interest rates in the market evolve with time to maturity.

21. Other financial liabilities

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Total other financial liabilities				
CRO obligation liability	14,511	5,431	14,511	5,431
Call option liability	2,472	331	–	–
Share price guarantee liability	–	545	–	–
	16,983	6,307	14,511	5,431
Reconciliation of total other financial liabilities				
Opening balance	6,307	4,868	5,431	4,528
Settlement of other financial liabilities	(639)	(3,791)	–	–
Fair value adjustment on other financial liabilities through profit and loss	11,315	5,230	9,080	903
As at 30 June	16,983	6,307	14,511	5,431
The total other financial liabilities consists of:				
Contingent Repurchase Obligation ("CRO")				
Opening balance	5,431	4,528	5,431	4,528
Fair value adjustment on other financial liability through profit and loss	9,080	903	9,080	903
As at 30 June	14,511	5,431	14,511	5,431

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Other financial liabilities (continued)

Refer to note 37d. for the related party disclosure.

On 22 January 2018, shareholders approved a related party transaction between the Public Investment Corporation SOC Limited ("PIC") and the Company whereby the Company guarantees PIC for 50.00% of any losses suffered by the PIC (up to a maximum of US\$ 17.5 million) resulting from PIC's potential liability under its Contingent Repurchase Obligation ("CRO"). In 2017, the Company facilitated a transformation initiative jointly with the PIC on behalf of South Africa's Government Employment Pension Fund (GEPPF). The transformation initiative was to jointly provide guarantees in order to allow Drive in Trading Proprietary Limited ("DIT") to raise cost effective debt facilities in order to subscribe for shares in the Company. The primary security for DIT's financier was the CRO for an amount of US\$ 35.0 million between the PIC and DIT's financier whereby, in the event of default, the PIC would be obliged to purchase the loan from the financier at cost, up to a maximum amount of US\$ 35.0 million. On expiry of DIT's loan on or around 14 August 2020, DIT failed to repay its financier following which the CRO was enforced, on 24 August 2020 PIC purchase DIT's debt and is the current financier on record.

In terms of the guarantee agreement between the PIC and the Company, the PIC is entitled to call upon the Company to fund the PIC for 50.00% of any losses suffered by the PIC following the sale of DIT's shares in Grit, up to a maximum of US\$ 17.5 million. In fair valuing the Company's financial liability with regards to the above arrangement, the Company has considered the Company's share price as at year end less the net debt in DIT and calculate 50% of that net exposure.

A 10% increase in the share price of the Company will result in a decrease in the liability of 3.32% whereas a decrease in the share price will increase the liability by the same percentage.

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Call option liability				
Opening balance	331	340	-	-
Fair value adjustment on other financial liability through profit and loss	2,141	(9)	-	-
As at 30 June	2,472	331	-	-

New Mauritius Hotels ("NMH") has an option to acquire all the equity held by Leisure Property Northern Mauritius ("LPNM") in Beachcomber Hospitality Investments ("BHI") for a price based on an agreed formula during a future period of time ("the option").

The option has been valued as follows:

- The assumptions used by the independent valuers (Knight Frank) for the valuation of the property of BHI for the current year was extrapolated to calculate the value of BHI and the strike price of the option as at the exercisable anniversary dates.
- The present value of the option was calculated using a discount rate of 9.25% and a exit cap rate of 7.50% to the average difference between the forecast value of BHI and the strike price.
- A probability rate was then applied to account for the likelihood of NHM exercising the option given the current intention between the parties to continue to expand on their strategic partnership.
- The range of the liability is between US\$ 0.2 million and US\$ 2.9 million of which US\$ 0.3 million has been reversed in the current year after factoring in the probability rate of the option being exercised. The range of liability mentioned assume the two extreme in terms of probability of occurrence that is 1% and 100%.
- The change in the financial liability is recognised through profit and loss.

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Share price guarantee liability				
Opening balance	545	-	-	-
Fair value adjustment on other financial liability through profit and loss	94	4,336	-	-
Settlement of other financial liability	(639)	(3,791)	-	-
As at 30 June	-	545	-	-

The Group entered into a property acquisition in Ghana in August 2018 where certain conditions subsequent had to be met by the sellers, whereby a final adjustment on the guarantees will be made and the relevant share pledges will be released. Per the purchase agreement Grit provided comfort that the last published Net Asset Value per share of the pledged shares will not be lower than the value of the shares originally pledged (US\$ 6.15 million at a value of US\$ 1.43 per share) on the release date of the pledged shares. The transaction agreements refer to discharge conditions which need to be fulfilled prior to release of the pledged shares. Upon the discharge conditions being fulfilled, where Grit will be required to release the pledged shares back to the sellers, the agreement refers to the Grit Shares (as defined) being issued at the issue price of the last published Net Asset Value. The parties have reached an agreement in financial year 2021 where US\$ 3.8 million of the liability was settled. During the year under review, the Group has settled its remaining exposure of US\$ 0.6 million in cash.

22. Gross property income

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Contractual rental income	39,799	38,884	-	-
Retail parking income	1,630	1,698	-	-
Straight-line rental income accrual (note 4)	855	227	-	-
Other rental income (Lease incentives)	1,626	3,042	-	-
Gross rental income	43,910	43,851	-	-
Asset Management Fees	1,615	-	-	-
Recoverable property expenses	5,241	5,366	-	-
Gross property income	50,766	49,217	-	-

None of the revenue recognised in the current year reporting period relates to carried forward contract liabilities and to performance obligations that were satisfied in a prior year.

Contractual rental income included within deferred revenue in the prior year has been fully recognised as revenue in the current year.

Contractual rental income and retail parking income recognition are governed by lease agreement and are within the scope of IFRS 16.

Straight-line rental income arises as a direct consequence of applying the requirement of IFRS 16 that is spreading of rental income over the the lease term on a straight line basis.

The recoverable property expenses were recognised in the group income statement in accordance with the delivery of services. In line with IFRS 15 Revenue from Contracts with Customers, the Group recognised a total US\$ 5.2m (2021: US\$ 5.4m) of recoverable property expenses which relates to expenditure that is directly recoverable from tenants, within gross property and other income.

23. Profit / (loss) from operations

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Profit / (loss) from operations for each period is stated after (crediting) / charging:				
Other income	(80)	(169)	(840)	(37)
- Dividends received from subsidiaries and other investments	-	-	-	-
- Development management fees	-	-	-	-
- Asset management fees received	-	(142)	(840)	(37)
- Other income	(80)	(27)	-	-
Amortisation and impairment of intangible assets - included in administrative expenses (note 6)	221	176	13	10
Depreciation of property, plant and equipment (note 5)	423	546	244	254
Employee benefit expense:				
- Executive directors' salaries and bonus	1,006	861	-	-
- Executive directors' other benefits	181	61	-	-
- Wages and salaries	5,274	5,011	7	8
Acquisition costs not capitalised	2,021	79	511	(0)
Set-up costs	50	382	10	333
Letting commissions amortised during the year	364	198	-	-
Audit fees	1,328	2,002	540	1,509
Non-audit services performed by PwC	16	1	-	-
Non-executive directors' fees	537	376	537	409
Asset and property management fees	315	241	-	-

Non-audit services provided by PwC in the current year relates to subscription to PwC online manual of accounting and special agreed upon procedures as part of IFC loan disbursement. The prior year non-audit service fee relates to subscription to PwC online manual of accounting only.

Total number of employees as at 30 June 2022 was 123 (30 June 2021: 84).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Profit / (loss) from operations (continued)

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Directors' emoluments				
Executive directors emoluments				
Bronwyn Knight	1,020	557	-	-
Basic salary	498	485	-	-
Share based bonus	300	-	-	-
Performance bonus	70	-	-	-
Other benefits ²	123	29	-	-
Directors fees received from associates ¹	29	43	-	-
Leon van de Moortele	696	408	-	-
Basic salary	389	376	-	-
Share based bonus	200	-	-	-
Performance bonus	50	-	-	-
Other benefits ²	57	32	-	-
Total executive directors' emoluments	1,716	965	-	-
Total executive directors - emoluments by category				
Basic salary	886	861	-	-
Share based bonus	500	-	-	-
Performance bonus	120	-	-	-
Other benefits ²	181	61	-	-
Directors fees received from associates ¹	29	43	-	-
Total executive directors' emoluments	1,716	965	-	-

¹ In addition to the executive emoluments, Bronwyn Knight received Non-executive directors remuneration from an associate, Letlole La Rona Limited amounting to US\$ 28,867 in the current year. (2021: US\$ 43,305)

² Other benefits include car allowance, school allowance and medical aid benefits.

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Non-executive directors				
Fees were paid to the following directors:				
Peter Todd	116	104	116	104
David Love	92	78	92	78
Sir Samuel Jonah	60	53	60	53
Nchaube Laaka	-	-	-	-
Jonathan Crichton	60	41	60	41
Nomzamo Radebe	60	-	60	-
Cross Kgosidiile	56	16	56	16
Catherine McIlraith	93	84	93	84
Total non-executive directors' fees	537	376	537	376
Total directors' emoluments	2,253	1,341	537	376

Share options	Vesting Date	Option strike price US\$	GROUP		COMPANY	
			30 June 2022 Number of options '000	30 June 2021 Number of options '000	30 June 2022 Number of options '000	30 June 2021 Number of options '000
Bronwyn Knight						
Opening balance of share options			1,815	1,815	-	-
- Initial award	30 June 2019	1.40	-	-	-	-
- 2017 award	30 June 2022	1.40	534	534	-	-
- 2020 award	30 April 2025	0.89	1,281	1,281	-	-
Awards granted during the year	17 December 2024	0.52	1,442	-	-	-
Options exercised during the year			-	-	-	-
Options vested during the year		1.40	(534)	-	-	-
Closing balance of share options			2,723	1,815	-	-
- Initial award	30 June 2019	1.40	-	-	-	-
- 2017 award	30 June 2022	1.40	-	534	-	-
- 2020 award	30 April 2025	0.89	1,281	1,281	-	-
- 2021 award	17 December 2024	0.52	1,442	-	-	-
Leon van de Moortele						
Opening balance of share options			1,198	1,414	-	-
- Initial award	30 June 2020	1.40	-	216	-	-
- 2017 award	30 June 2022	1.40	273	273	-	-
- 2020 award	30 April 2025	0.89	925	925	-	-
Awards granted during the year	17 December 2024	0.52	962	-	-	-
Options exercised during the year			-	(216)	-	-
Options vested during the year		1.40	(273)	-	-	-
Closing balance of share options			1,887	1,198	-	-
- Initial award	30 June 2020	1.40	-	-	-	-
- 2017 award	30 June 2022	1.40	-	273	-	-
- 2020 award	30 April 2025	0.89	925	925	-	-
- 2021 award	17 December 2024	0.52	962	-	-	-

	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Key management remuneration				
Key Management ¹	1,679	1,320	-	-
Basic salary	982	1,137	-	-
Share based bonus	420	-	-	-
Performance bonus	75	-	-	-
Other benefits ²	187	183	-	-
Total key management remuneration (2022: 8 employees; 2021: 9 employees)	1,663	1,320	-	-

¹ Key Management were: Adam Nisbet (Resigned in June 2022), Moira van der Westhuizen, Jacobus Johannes Van Zyl, Andries Smit, Krishnen Kistnen, Andre Janari, Greg Pearson and Craig Glutz. Remuneration of Bronwyn Knight and Leon van de Moortele have been disclosed separately.

² Other benefits include car allowance, school allowance and medical aid benefits.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Profit / (loss) from operations (continued)

	Vesting Date	Option strike price US\$	GROUP		COMPANY	
			30 June 2022 Number of options '000	30 June 2021 Number of options '000	30 June 2022 Number of options '000	30 June 2021 Number of options '000
Share options - Legacy long-term incentive						
Key Management						
Opening balance of share options			1,545	1,545	-	-
- Initial award	30 June 2021	1.40	62	62	-	-
- 2017 award	30 June 2022	1.40	404	404	-	-
- 2020 award	30 April 2025	0.89	1,079	1,079	-	-
Awards granted during the year	30 April 2025	0.89	-	-	-	-
Options exercised during the year			-	-	-	-
Options lapsed during the year		1.40	-	-	-	-
Closing balance of share options			660	1,545	-	-
- Initial award	30 June 2021	1.40	-	62	-	-
- 2017 award	30 June 2022	1.40	-	404	-	-
- 2020 award	30 April 2025	0.89	660	1,079	-	-

	Vesting Date	GROUP		COMPANY	
		30 June 2022 Number of options '000	30 June 2021 Number of options '000	30 June 2022 Number of options '000	30 June 2021 Number of options '000
New Long Term Incentive Plan					
Key Management					
Opening balance of awards		-	-	-	-
- Awards granted during the year	17 December 2024	2,269	-	-	-
Closing balance of awards		2,269	-	-	-

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Employee costs				
Employee costs				
Staff costs, including those of directors:				
Wages and salaries	5,314	5,218	-	-
Social security costs	375	356	-	-
Other benefits	462	273	-	-
	6,151	5,847	-	-

24. Corporate restructure costs

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Cost to redomicile the company	-	102	-	102
Cost to step up to premium listing	-	3,365	-	3,365
Project related costs not capitalised	-	-	-	-
	-	3,467	-	3,467

During the financial year 2021, the Group And Company has incurred once off corporate restructuring costs for migrating its corporate domicile to Guernsey from Mauritius as well as the step up to Premium Listing on the London Stock Exchange.

25. Impairment of loans and other receivables

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Total Impairment of loans and other receivables recognised in the statement of profit and loss				
Impairment on loans	3,101	-	600	52
Impairment on other receivables	-	1,113	-	-
Total loss allowance	3,101	1,113	600	52

Group Level

In the current year, Freedom Asset Management, a subsidiary of the Group has sold 3,000,000 of Grit shares (Held in treasury reserve in the group consolidated financial statements) that it owned to Pangea Holdings 2 Limited for an agreed consideration of US\$1.5million. As at 30 June 2022, the directors have assessed the recoverability of the amount receivables from Pangea Holdings 2 Limited and determined that the whole amount is not recoverable. The Group has therefore impaired the US\$1.5million receivable from Pangea Holdings 2 Limited. The Group has also recorded an impairment on the interest receivable from Sirandane Investments Ltd amounting to US\$ 0.6 million.

Further the Group has impaired an adjustment account that related to the acquisition of 50% of the Capital Place Limited. The adjustment account was in a net receivable position of US\$ 1million. The whole balance has been impaired during the year.

Company Level

An Impairment of US\$ 0.6 million has been recorded by the Company during the year.

26. Net (reversal)/ Impairment of financial assets

	Notes	GROUP		COMPANY	
		30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Loss allowances					
Total loss allowance recognised / (reversed) in the income statement					
Loss allowance on trade debtors (Operational)		886	1,953	-	-
Loss allowance on lease incentive (Operational)		940	-	-	-
Loss allowance on other loans receivable (Non-Operational)		27	2,419	-	-
Loss allowance on other financial assets (Non-Operational)		2,197	2,699	2,100	-
Loss allowance on related party loans receivable (Non-Operational)		167	48	(25,906)	31,430
Total loss allowance		4,217	7,119	(23,806)	31,430
Expected credit loss on trade debtors					
Opening balance at the beginning of the year		8,616	6,947	-	-
Loss allowance provided during the year (ECL)		886	1,953	-	-
Write-off		(4,220)	-	-	-
Foreign currency translation differences		(500)	(284)	-	-
Total loss allowance at the end of the year	12	4,782	8,616	-	-
Expected credit loss on lease incentives					
Opening balance at the beginning of the year		-	-	-	-
Loss allowance provided during the year (ECL)		940	-	-	-
Total loss allowance at the end of the year	3	940	-	-	-
Expected credit loss on other financial assets					



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Net (reversal)/ Impairment of financial assets (continued)

	Notes	GROUP		COMPANY	
		30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Opening balance at the beginning of the year		3,815	1,116	600	600
Loss allowance provided during the year (ECL)		2,197	2,699	2,100	–
Total loss allowance at the end of the year	12	6,012	3,815	2,700	600
Expected credit loss on related party loans receivable					
Opening balance at the beginning of the year		782	734	63,703	32,273
Loss allowance provided during the year (ECL)		167	48	(25,906)	31,430
Total loss allowance at the end of the year	9	949	782	37,797	63,703
Expected credit loss on other loans receivable					
Opening balance at the beginning of the year		2,487	68	–	–
Loss allowance provided during the year		27	2,419	–	–
Total loss allowance at the end of the year	10	2,514	2,487	–	–
Expected credit loss - Total					
Opening balance at the beginning of the year		15,700	8,865	64,303	32,873
Loss allowance provided during the year (Operational)		1,826	1,953	–	–
Loss allowance provided during the year (Non Operational)		2,391	5,166	(23,806)	31,430
Write-off		(4,220)	–	–	–
Foreign currency translation differences		(500)	(284)	–	–
Total loss allowance at the end of the year		15,197	15,700	40,497	64,303

All material financial assets remain in Stage 1 of the impairment model. There have been no significant receivables transferred between stages during the year.

The expected credit loss on cash and cash equivalents and accrued income are immaterial.

27. Interest income

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Bank interest receivable	–	1	–	–
Interest on loans to partners ¹	1,880	2,111	–	–
Interest on loans from related parties	8	459	9,932	14,082
Interest on property deposits paid	47	106	–	–
Interest on tenant rental arrears and penalty interest	–	13	–	–
	1,935	2,690	9,932	14,082

¹ The interest income on loans to partners arises on the loans referred to in note 10.

28. Finance costs

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Interest-bearing borrowings - financial institutions	22,048	21,056	1,609	1,598
Early settlement charges	42	–	–	–
Amortisation of loan issue costs	2,765	2,974	483	743
Preference share dividends	814	814	–	–
Interest on lease liabilities	49	74	42	54
Interest on loans to proportional shareholders	418	241	–	–
Interest on loans to related parties	–	21	–	33
Interest on bank overdraft	43	157	–	–
Other interest payable	(28)	105	–	2
	26,151	25,442	2,134	2,430

29. Taxation

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Major components of the taxation expense				
Current taxation	1,754	1,791	203	185
Deferred taxation	4,867	(1,346)	–	–
	6,621	445	203	185
Reconciliation of the taxation expense				
Profit / (loss) before tax	17,734	(60,931)	(11,853)	(44,106)
Statutory taxation expense / (credit) at 15% (all years)	2,660	(9,140)	(1,778)	(6,616)
Tax effect of adjustments to taxable income:				
Non-taxable income	(5,311)	(13,117)	(222)	(2)
Non-deductible expenditure	1,907	16,922	2,203	7,536
Under provision in the previous year	(10,155)	(5,749)	–	–
Withholding tax	1,104	446	–	–
Foreign tax credit	–	(1,060)	–	(733)
Deferred tax asset not provided for	18,871	19,330	–	–
Minimum tax	–	7	–	–
Foreign currency translation differences	–	(52)	–	–
Effect of different tax rates and consolidation adjustments	(2,455)	(7,142)	–	–
Effective taxation expense at 35.47% (2021: -0.73%)	6,621	445	203	185

The Company is subject to income tax at the rate of 15% in Mauritius in accordance with the provisions of the Income Tax Act 1995 as amended. As the Company holds a Category One Global Business License, the Income Tax (Foreign Tax Credit) Regulations 1996 allow for the setting off of any underlying tax, withholding tax or tax sparing credit by the Company against any tax due at the 15% rate. In the absence of evidence of payment of foreign tax, the Company can claim as tax credit (presumed tax credit) an amount equal to 80% of the Mauritius tax chargeable on any foreign-source income. Following the amendment brought by the Finance (Miscellaneous Provisions) Act 2018, the presumed tax credit of 80% has been repealed since 1 January 2019. A partial income exemption of 80% has been introduced and shall apply to interest income and foreign dividend income only. Companies, holding a Global Business Licence and incorporated on or before 16 October 2017, shall however benefit from the presumed tax credit of 80% until 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Taxation (continued)

The taxation rates applicable in the other operating jurisdictions of the Group for all years are as follows:

- Mozambique	32%
- Morocco	31%
- Kenya	30%
- Zambia	35%
- Ghana	25%
- South Africa	28%
- Senegal	30%

Tax losses arising in Mauritian companies are available for set off against their future profits over a maximum period of 5 years in accordance with the provisions of the Mauritian Income Tax Act 1995 as amended. Amounts available as at the end of each financial year were as follows:

Arising in financial year to:	Expiry year	GROUP				COMPANY	
		30 June 2022		30 June 2021		30 June 2022	30 June 2021
		US\$'000	Outside Mauritius	US\$'000	Outside Mauritius	US\$'000	US\$'000
30 June 2015	30 June 2020	-	-	-	-	-	-
30 June 2016	30 June 2021	-	-	-	-	-	-
30 June 2017	30 June 2022	-	-	1,390	1,095	-	-
30 June 2018	30 June 2023	1,382	4,009	1,382	2,090	-	-
30 June 2019	30 June 2024	956	8,050	1,378	8,927	-	-
30 June 2020	30 June 2025	2,666	12,213	2,992	14,303	-	-
30 June 2021	30 June 2026	8,712	7,788	10,133	4,999	-	-
31 June 2022	30 June 2027	13,912	13,872	-	-	-	-
Carried forward for more than five years		-	-	-	-	-	-
Carried forward indefinitely		8,501	19,981	10,962	17,384	-	-
		36,129	65,913	28,237	48,798	-	-

The amount of group tax losses for which no deferred tax assets (note 11) have been provided amounts to US\$ 24.5million (2021: US\$ 4.4million)

30. Basic and diluted (losses) / earnings per ordinary share

	Earnings / (losses) attributable		Weighted average number of shares		Cents per share	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$ Cents	US\$ Cents
GROUP						
Earnings / losses per share - Basic	10,443	(51,927)	399,063	313,971	2.62	(16.54)
Earnings / losses per share - Diluted	10,443	(51,927)	399,339	313,971	2.62	(16.54)

Reconciliation of weighted average number of shares in issue (net of unvested treasury shares)

	GROUP	
	30 June 2022 US\$'000	30 June 2021 US\$'000
Ordinary shares in issue at start of year	331,236	316,236
Unvested treasury shares at start of year	(10,114)	(10,114)
Total shares in issue at start of year	321,122	306,122
Effect of shares issued in the year	79,986	7,849
Effect of treasury shares acquired in the year	(2,924)	-
Effect of treasury shares disposed in the year	879	-
Weighted average number of shares at end of year - basic	399,063	313,971
Dilutive effect of awards issued	276	-
Weighted average number of shares at end of year - diluted	399,339	313,971

31. Acquisition and disposal of subsidiaries (Asset Acquisition)

31a. Acquisition of Stellar Warehousing Limited

On 31st March 2022, the Group through its wholly owned subsidiary Orbit Africa Logistics acquired Stellar Warehousing and Logistics Limited, a company incorporated in Kenya which owns the Orbit Complex for a total cash consideration of US\$37.7 million. The acquisition of Stellar Warehousing and Logistics Limited does not meet the definition of a business acquisition under IFRS 3 as the latter does not have any input or substantive process. Therefore the acquisition has been accounted for as an asset acquisition. The cost allocated to the Orbit complex amounted to US\$32.5 million. Acquisition costs amounted to US\$0.5M. The acquisition costs have been capitalised as part of the investment property at the date of acquisition.

As part of the acquisition, no liabilities were acquired.

The assets recognised in the consolidated statement of financial position on the date of acquisition were:

Assets	US\$'000
Investment Property recognised (Note 3)	33,050
Less: Acquisition costs	(519)
Investment Property excluding acquisition costs	32,531
Trade and other receivables ¹	5,205
Total purchase consideration, settled in cash	37,736

¹ Relates to VAT receivables acquired as part of the asset acquisition. See note 12.

31b. Acquisition of Capital Place Limited

On 30th June 2022, the Group through its wholly owned indirect subsidiary Grit Accra Limited has acquired an additional 20% equity interest in Capital Place Limited for a consideration of US\$ 0.9million. Before the acquisition, Capital Place Limited was an associate and was being accounted for under the equity method. Following the acquisition however the Group obtained control of Capital Place Limited namely because of the entitlement of the latter to appoint majority of the members to the board of directors. On 30th June 2022, the Group has consolidated Capital Place Limited. The acquisition of Capital Place Limited did not constitute the acquisition of a business as there was no input nor any substantive process acquired. The asset acquisition has resulted to the Group acquiring some incidental assets and liabilities. The previously held equity interests has not been remeasured but instead the Group has used a cost accumulation approach inline with section 1.5 of its accounting policy which resulted to no gain or loss being recognised upon the stepping up from associate to subsidiary.

Details of the assets and liabilities acquired as part of the asset acquisition are:

Assets acquired	US\$'000
Investment property	19,320
Related party loans receivable	10
Trade and other receivables	904
Current tax refundable	458
Cash and cash equivalents	1,121
Deferred tax asset - non current	1,130
Total Assets	22,943
Liabilities assumed	
Proportional shareholder loans	5,107
Intercompany loans - Current accounts	3,671
Interest-bearing borrowings	6,011
Deferred tax liabilities - non current	2,026
Trade and other payables	1,416
Total Assets	18,231
Identifiable net assets	4,712
% held by non-controlling interests	30%
Non-controlling interest measured at proportionate share of net identifiable assets	1,414
Costs of group of assets and liabilities acquired	
Consideration for additional 20% equity interests ¹	942
Previously equity accounted carrying amount of investment in associate ²	2,356
Non-controlling interests acquired	1,414
	4,712

¹ As at 30 June 2022 the amount of US\$ 0.9 million has not yet been paid to Hollard Insurance Ghana Limited

² The carrying amount of the investment in associate of US\$ 6.2million removed in note 8 includes shareholder loan of US\$ 3.9million which now eliminates on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Acquisition and disposal of subsidiaries (Asset Acquisition) (continued)

31b. Acquisition of Capital Place Limited (continued)

	US\$'000
Analysis of cash flows on acquisition	
Cash consideration paid to acquire additional 20% equity	–
Less net cash acquire with the subsidiary	1,121
Net inflow of cash and cash equivalents on acquisition	1,121

32. Disposal of subsidiary

Disposal of BH Property Investments Limited

On 30th June 2022, Grit Services Limited a wholly owned subsidiary of the Group has disposed of its whole investment in BH Property Investments Limited, the holding company that owns ABSA House to Lavastone Ltd. The agreed purchase consideration for the transaction amounted to US\$ 4.5 million. Transaction costs directly attributable to the disposal amounted to US\$ 0.5 million. As at 30th June 2022, the cash is in an escrow account. Given the restriction that exists on the ability on the Group to access the fund namely the approval requirement from Lavastone Ltd, the US\$ 4.5 million has not been classified as cash and cash equivalent but as trade and other receivables. The disposal transaction has resulted in the Group losing control over BH Property Investments Limited. BH Property Investments Limited has been deconsolidated from the Group consolidated figures on the date that the Group lost control of BH Property Investments Limited that is on 30th June 2022. BH Property Investments Limited income and expenses have been included in the Group's consolidated results up to 30 June 2022. The disposal transaction has resulted in the Group recognising a loss on sale of its interest in subsidiary of US\$ 2.0 million which has been presented separately in the Group's income statement.

	US\$'000
Consideration received	
Cash to be received net of transaction costs	4,073
Total disposal consideration	4,073
Less: Carrying amount of net assets sold including any retained investment in former subsidiary	(5,218)
Reclassification of cumulated other comprehensive income movement from foreign currency translation reserve to profit or loss	(906)
Loss of sale of interest in subsidiary	(2,051)

33. Net cash generated from / (utilised in) operating activities and changes in liabilities arising from financing activities

31a. Net cash generated from / (utilised in) operating activities

	Notes	GROUP		COMPANY	
		30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Profit/(loss) for the period before taxation		17,734	(60,931)	(11,853)	(44,106)
<i>Adjusted for:</i>					
Depreciation and amortisation	5&6	677	722	257	264
Interest income	27	(1,935)	(2,690)	(9,932)	(14,082)
Share of profits from associates and joint ventures	7	(20,611)	(583)	(2,438)	(809)
Loss on disposal of investment in subsidiary	32	2,051	–	–	–
Finance costs	28	26,151	25,442	2,134	2,430
IFRS 9 charges/ (credits)	25&26	7,318	8,232	(23,206)	31,482
Foreign currency losses/(gains)		(5,412)	(2,343)	432	503
Straight-line rental income accrual	4	(855)	(227)	–	–
Amortisation of lease premium		(1,620)	(2,030)	–	–
Share based payment expense		1,238	127	138	127
Fair value adjustment on investment properties	3	(20,167)	51,297	–	–

GROUP

COMPANY

	Notes	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Loss on disposal of interest in associate	7c	573	–	–	–
Fair value adjustment on other financial liability	20	11,315	5,230	9,080	902
Fair value adjustment on other financial asset		371	1,106	–	7
Fair value adjustment on derivative financial instruments	20	(4,501)	(1,378)	–	–
Fair value adjustment on investments in subsidiaries	8	–	–	30,627	13,367
		12,327	21,974	(4,761)	(9,915)
<i>Changes to working capital</i>					
Movement in trade and other receivables		1,827	190	5,820	(389)
Movement in trade and other payables		(281)	703	1,384	(2,788)
Cash generated from / (utilised in) operations		13,873	22,867	2,443	(13,092)
Taxation paid		(2,580)	(2,982)	(686)	(33)
Net cash generated from / (utilised in) operating activities		11,293	19,885	1,757	(13,125)

33b. Changes in liabilities arising from financing activities

This section sets out an analysis of debt and the movements in debt for the year ended 30 June 2022 for the Group and Company.

Group	Interest-bearing borrowings US\$'000	Lease liabilities US\$'000	Total US\$'000
As at 01 July 2020	392,999	1,159	394,158
Proceeds from borrowings	50,765	–	50,765
Debt structuring fee incurred net of amortization	1,454	–	1,454
Foreign currency translation difference	7,548	–	7,548
Interests accrued	(1,173)	74	(1,099)
Repayment during the year	(41,005)	(278)	(41,283)
As at 30 June 2021	410,588	955	411,543
Proceeds from borrowings ¹	58,513	–	58,513
Loan reduced through disposal of subsidiary (Note 32)	(6,624)	–	(6,624)
Loan acquired through asset acquisition (Note 31c)	6,011	–	6,011
Debt structuring fee incurred net of amortization	(1,621)	–	(1,621)
Foreign currency translation difference	(14,836)	–	(14,836)
New lease	–	834	834
Interests accrued	751	49	800
Repayment during the year	(27,716)	(429)	(28,145)
As at 30 June 2022	425,066	1,409	426,475

1. Proceeds from borrowings include the cash received of US\$ 4.72 million which represented 15% of the perpetual preference notes issued during the year and classified as debt (note 14d). In the cash flow statement the US\$ 4.72 million has been presented in the line proceeds from issue of perpetual preference notes rather than in proceeds from interest bearing borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Net cash generated from / (utilised in) operating activities and changes in liabilities arising from financing activities (continued)

33b. Changes in liabilities arising from financing activities (continued)

Company	Interest-bearing borrowings US\$'000	Lease liabilities US\$'000	Total US\$'000
As at 01 July 2020	25,180	911	26,091
Proceeds from borrowings	7,000	–	7,000
Debt structuring fee incurred net of amortization	498	–	498
Foreign currency translation difference	149	–	149
Interests accrued	73	54	127
Repayment during the year	(51)	(152)	(203)
As at 30 June 2021	32,849	813	33,662
Proceeds from borrowings	–	–	–
Debt structuring fee incurred net of amortization	494	–	494
Foreign currency translation difference	(415)	–	(415)
Interests accrued	11	42	53
Repayment during the year	(3,732)	(289)	(4,021)
As at 30 June 2021	29,207	566	29,773

34. Ordinary dividends paid to shareholders

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Dividends paid during the period	(10,535)	(4,778)	(10,913)	(4,967)

Declaration and payment of ordinary dividends

Set out below is a summary of all the ordinary dividends declared by the board in respect of each reporting period on shares in circulation. All dividends declared in a reporting period have been paid in the same reporting period.

Paid in the year to 30 June 2022:

In respect of the year ended 30 June 2022, an interim dividend of 2.5 cents per share was declared by the board on 28 February 2022. There were 477,577,858 shares in issue at the date of declaration of this interim dividend. This was paid on 29 April 2022.

Paid in the year to 30 June 2021:

In respect of the year ended 30 June 2021, an interim dividend of 1.5 cents per share was declared by the board on 15 February 2021. There were 331,235,546 shares in issue at the date of declaration of this interim dividend. This was paid on 9 April 2021.

In respect of the year ended 30 June 2019, a final dividend of 6.95 cents per share was declared by the board on 30 September 2019. There were 306,396,035 shares in issue at the date of declaration of this final dividend. This was paid on 15 November 2019.

No taxes are required to be withheld during the declaration or payment of dividends.

35. Receivable from tenants under leases

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Operating lease receipts				
Minimum lease receipts under non-cancellable operating leases to be received:				
Receivable in year 1	45,614	41,420	–	–
Receivable in year 2	39,699	41,646	–	–
Receivable in year 3	27,423	37,244	–	–
Receivable in year 4	21,592	26,695	–	–
Receivable in year 5	20,408	19,232	–	–
Receivable after 5 years	58,527	43,218	–	–
	213,263	209,455	–	–

The Group has approximately 598 tenants (2021: 571 tenants) in total of which 341 (2021: 311) occupy properties held by associates. The lease terms are typically for periods of 3 to 12 years, but may extend to 15 year terms, depending upon the nature of the tenancy. Annual escalations on rentals are applied at fixed rates or aligned with applicable CPI.

The standard lease terms include a provision for the recovery of direct costs as well as a proportionate share of service costs for the property. Typically, the weighted average lease term of new leases concluded during the financial year ending 30 June 2022, were for a period of five years, and included a rent free period.

36. Commitments

36a. Capital commitments

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Capital expenditure of investment properties				
Within one year	52,343	20,014	–	–
Within two to five years	25,557	–	–	–
	77,900	20,014	–	–

Upcoming capital commitments in the current financial year include:

- Club Med Cap Skirring Resort redevelopment: EUR 25 million over the next 28 months.
- Orbit Africa phase 2 redevelopment: expected to be US\$ 16 million (incl of VAT) to be completed by April 24.
- Drive in Trading guarantee settlement: US\$ 17.5 million (pending approvals).
- 8.71% increased shareholding in Gateway Real Estate Africa Ltd: US\$ 19.4 million (settled in August 2022).

36b. Contingent liabilities

The Group did not have any reported contingent liability as at 30 June 2022.

In the prior year, there was an alleged misconduct and subsequent termination of the contract of employment of Letiole La Rona Limited ("LLR") former CEO, relating to the Long Term Incentive Plan Agreement arising from which was the subject of litigation at various courts between LLR and LLR's former CEO. This litigation has been settled out of court without any admission of liability between the parties and was a compromise of disputed claims. This brought an end to all the litigation between the parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Related party relationships, transactions and balances

Parties are considered related if one party has the ability to exercise control or significant influence over the other party in making financial or operational decisions.

Details of the parties with which members of the Group have had reportable related party transactions and balances over the year covered by the financial statements are set out below, followed by details of the transactions that have taken place and balances with those parties.

Details of an entity that has been accounted for as an unconsolidated structured entity are set out in note 37d.

Related party relationships Company	Relationship to the Group
BG Africa Limited	Common directors
African Property Development Managers Ltd	Joint venture
Dorado 1 Limited	Common directors, Bronwyn Knight ultimate beneficial owner of 50%
Bowwood and Main No 117 Proprietary Limited	Company controlled by Bronwyn Knight
Copapax Proprietary Limited	Company controlled by Bronwyn Knight
Osiris Advisors Limited	Company controlled by Peter Todd
Osiris Corporate Solutions (Mauritius) Limited	Company controlled by Peter Todd
Mobus Properties Limited	Company controlled by Sir Sam Jonah
Griffon Energy Limited	Company controlled by Sir Sam Jonah
Gateway Real Estate Africa Ltd	Investee, associate and common directors
Public Investment Corporation	Major shareholder and common directors (resigned within the last 18 months)
Lifostax Proprietary Limited	Shareholder and common alternate directors
Venus Africa Properties Proprietary Limited	Shareholder and common directors
Drive In Trading Proprietary Limited (note 37d.)	Shareholder transformation partner and common directors
Grit Executive Share Trust	Trust administering the Staff Long Term Incentive scheme
Grit Executive Share Trust II	Trust administering the Staff Long Term Incentive scheme
Noble Tree Capital Partners Ltd	Company controlled by Darren Veenhuis
Beachcomber Hospitality Investments Limited	Associates
Buffalo Mall Naivasha Limited	Associates
CADS Developers Limited	Joint venture
Capital Place Limited	Subsidiaries
Cosmopolitan Shopping Centre Limited	Joint venture
Kafubu Mall Limited	Joint venture
Letole La Rona Limited	Associates
Abland Diversified Holdings Limited	Subsidiaries
Ubertas Tatu Investments SEZ Limited	Subsidiaries
Stellar Warehousing and Logistics Limited	Subsidiaries
BME Kenya Investments Limited	Subsidiaries
Casamance Holdings Limited	Subsidiaries
CD Properties Limited	Subsidiaries
Cognis 1 Limitada	Subsidiaries
Commotor Limitada	Subsidiaries
Delta International Bahrain W.L.L	Subsidiaries
Delta Tete Limitada	Subsidiaries
DIF 1 Co Limited	Subsidiaries
Freedom Asset Management	Subsidiaries (controlled by Grit, 0% ownership)
Freedom Property Fund SARL	Subsidiaries
Gateway Properties Limitada	Subsidiaries
Gerania Limited	Subsidiaries
GMS Mauritius Limited	Subsidiaries
GMS Serviços de Gestao de Imóveis Limitada	Subsidiaries
GR1T Capital Co. Ltd	Subsidiaries
Gr1t Urban Logistics	Subsidiaries
Grit Accra Limited	Subsidiaries
Grit Management SA Proprietary Limited	Subsidiaries
Grit Services Limited	Subsidiaries

Related party relationships Company	Relationship to the Group
Grit West Africa Limited	Subsidiaries
HM&K Properties Limited	Subsidiaries
IDC Kenya Investments Limited	Subsidiaries
IWH Kenya Investments Limited	Subsidiaries
Kitwe Mukuba Investments Limited	Subsidiaries
Leisure Property Northern (Mauritius) Limited	Subsidiaries
Lusaka Cosmopolitan Investments Limited	Subsidiaries
Mall de Tete Limitada	Subsidiaries
Mara Delta (Mauritius) Property Limited	Subsidiaries
Mara Viwandani Limited	Subsidiaries
Moz Delta FZ-LLC	Subsidiaries
Mukuba Mall Limited	Subsidiaries
Ndola Kafubu Investments Limited	Subsidiaries
Orbit Africa Logistics	Subsidiaries
Pangea Holdings 2 Limited	Subsidiaries (in prior year)
Pangea Holdings Limited	Subsidiaries
Paradise Consultancy Services Limited	Subsidiaries
Paradise Hospitality Group Limited	Subsidiaries
Paxton Investments Limited	Subsidiaries
S&C Immobiliaria Limitada	Subsidiaries
SAL Investment Holdings Limited	Subsidiaries
Société Immobilière et de Gestion Hôtelière du Cap Skirring	Subsidiaries
TC Maputo Properties Ltd	Subsidiaries
Transformers Holdings Mauritius Ltd	Subsidiaries
Warehously Limited	Subsidiaries
Zambian Property Holdings Limited	Subsidiaries
Zimpeto Immobiliaria Limitada	Subsidiaries
Gateway EMT Limitada	Subsidiary of an associate
Cuckoos Nest Trust	Common beneficiary, Leon van de Moortele
Pearson Trust	Common beneficiary, Gregory Pearson
Bronwyn Knight	Director
Catherine McIlraith	Director
Cross Kgosiile	Director
David Love	Director
Jonathan Crichton	Director
Leon van de Moortele	Director
Nchaupe Laaka	Alternate Director to Nomzamo Radebe
Nomzamo Radebe	Director
Peter Todd - Chairman	Director
Sir Samuel Jonah	Director
Adam Nisbet	Key Management Personnel (resigned during the year)
Krishnen Kitsnen	Key Management Personnel
Andre Janari	Key Management Personnel (appointed during the year)
Craig Glutz	Key Management Personnel (appointed during the year)
Jaco van Zyl	Key Management Personnel (appointed during the year)
Maira van der Westhuizen	Key Management Personnel
Shabnam Bundhoo	Key Management Personnel (resigned during the year)
Andries Smit	Key Management Personnel
Gregory Pearson	Director of an associate and co-founder of Grit Real Estate Income Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Related party relationships, transactions and balances (continued)

37a. Related party transactions and balances with shareholders

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Public Investment Corporation				
Subscription of 22,377,622 shares at US\$ 1.43 per share on 31 July 2018	-	-	-	-
Dividends paid on Grit Real Estate Income Group Limited shares	(2,115)	(1,269)	(2,115)	(1,269)
Mobus Property Limited				
Dividends paid on Grit Real Estate Income Group Limited shares	(139)	(84)	(139)	(84)
Property management fees paid	-	(9)	-	-

37b. Related party transactions and balances with directors, senior management and their associated entities

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Bronwyn Knight				
Reimbursement of expenses	-	(7)	-	-
Voluntary staff deduction account payable by company	-	-	-	-
Staff current account payable to / (by) Company	-	8	-	-
Rental of office by Grit Management SA Proprietary Limited	-	(17)	-	-
Staff long term loan account	122	-	-	-
<i>Total direct beneficial shareholding in Grit shares: 606 923 (2021: 79 758)</i>				
<i>Total indirect beneficial shareholding in Grit shares: 12 133 487 (2021: 6 635 674)</i>				
<i>Total shareholding in Grit shares: 12 740 410 (2021: 6 715 432)</i>				
Leon van de Moortele				
Reimbursement of expenses	-	-	-	-
Voluntary staff deduction account	-	-	-	-
Staff current account payable to / (by) Company	-	-	-	-
Purchase of company vehicle	-	26	-	-
<i>Total indirect beneficial shareholding in Grit shares: 3 976 886 (2021: 2 133 734)</i>				
<i>Total shareholding in Grit shares: 3 976 886 (2021: 2 133 734)</i>				
Senior Management (2022: 8 employees, 2021: 6 employees)				
Reimbursement of expenses	-	(3)	-	-
Voluntary staff deduction account payable to staff	-	(5)	-	-
Termination benefits	-	-	-	-
Staff current account payable to Company	-	2	-	-
Bowwood and Main No 117 Proprietary Limited				
Dividends paid on Grit Real Estate Income Group Limited shares	(79)	(47)	(79)	(47)
Related party loan receivable (Freedom Asset Management) at the end of the year	-	-	-	-
- Opening balance	-	-	-	-
- Provision for impairment	-	-	-	-

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Amount impaired (included in trade and other receivables)	-	-	-	-
The Pearson Trust				
Dividends paid	(2)	(1)	(2)	(1)
All Life Matters Animal Sanctuary				
Sponsorship expense	15	-	14	-
Cuckoos Nest Trust				
Dividends paid	(2)	(1)	(2)	(1)
Copapax Limited				
Current loan receivable	(15)	(9)	(15)	(9)
Dividends paid				
Nchaupe Laaka				
Total indirect beneficial shareholding in Grit shares: 5 812 500 (2021: 5 812 500)				
Total shareholding in Grit shares: 5 812 500 (2021: 5 812 500)				
Nomzamo Radebe				
Total indirect beneficial shareholding in Grit shares: 3 875 000 (2021: 3 875 000)				
Total shareholding in Grit shares: 3 875 000 (2021: 3 875 000)				
Sir Samuel Jonah				
Total indirect beneficial shareholding in Grit shares: 5 567 564 (2021: 5 567 564)				
Total shareholding in Grit shares: 5 567 564 (2021: 5 567 564)				
Peter Todd				
Total indirect beneficial shareholding in Grit shares: 8 437 (2021: 8 437)				
Total shareholding in Grit shares: 8 437 (2021: 8 437)				
Jonathan Crichton				
Total indirect beneficial shareholding in Grit shares: 200 000 (2021: 180 000)				
Total shareholding in Grit shares: 200 000 (2021: 180 000)				
David Love				
Total indirect beneficial shareholding in Grit shares: 56 466 (2021: 41 013)				
Total shareholding in Grit shares: 56 466 (2021: 41 013)				
Dorado 1 Limited				
Grit shares issued as part of the acquisition of African Property Development Managers Ltd	4,165	-	4,165	-
Grit shares issued as part of the additional stake acquired in Gateway Real Estate Africa Ltd	178	-	178	-
During the financial year 2022, 9,9917,788 Grit shares have been issued to Dorado 1 Ltd to acquire their 21.05% stake in African Property Development Managers Ltd and a further 423,616 Grit shares have been issued to acquire their 0.10% stake in Gateway Real Estate Africa Ltd. The share price at the time of issue was US\$ 0.52 per share. The owners of Dorado 1 Limited are Bronwyn Knight and Gregory Pearson.	-	-	-	-
Grit Executive Share Trust (previously the Mara Delta Executive Share Trust)				
Dividends paid on Grit Real Estate Income Group Limited shares	-	-	(65)	(39)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Related party relationships, transactions and balances (continued)

37b. Related party transactions and balances with directors, senior management and their associated entities (continued)

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Loan receivable - balance at year end	-	-	2,701	3,301
Opening balance	-	-	3,301	3,155
Loan repayments received	-	-	-	-
Interest income	-	-	-	198
Impairment of loan	-	-	(600)	(52)
Osiris Corporate Solutions (Mauritius) Limited				
Directors fees (Peter Todd directors fees as disclosed in note 23)	(116)	(104)	(116)	(104)
Amount payable (included in trade and other payables)	-	-	-	-
Griffon Energy Limited				
Deposit held in escrow related to property purchase (Capital Place Limited)				
Balance at the end of the year	3,550	3,550	-	-
Opening balance	3,550	3,000	-	-
Additional deposit during the year	-	550	-	-
Osiris International Trustees Limited				
Trustee administration costs	(29)	(29)	-	-
Mallac Hearle Consulting Limited				
Consulting fees	-	(2)	-	-

37c. Related party transactions and balances with subsidiaries, associates and joint ventures

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
African Development Property Managers Limited				
Related Party loan receivable				
Balance at the end of the year	160	61	-	-
Opening balance	61	(49)	-	-
(Payments)/ Advance made	99	110	-	-
Gateway Real Estate Africa Ltd				
Subscription of preference shares in DIF1 Co Limited	-	(25,481)	-	-
Related party payable (DIF1 Co Limited) at the end of the year	-	-	-	-
- Opening balance	-	-	-	-
- Amounts disbursed on the Anfa Place Mall construction project to contractors	-	(25,481)	-	-
- Converted to preference shares	-	-	-	-
- Interest charged (at 9% per year)	-	25,481	-	-
- Amount disbursed to refund Freedom Property Fund for expenses incurred to date	-	-	-	-
Gateway Real Estate Africa Ltd - Pre-development Funding ¹				
Balance at the end of the year	-	-	-	-
Opening balance	-	(1,540)	-	-
Payments made/(advances received)	-	1,540	-	-

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Gateway Real Estate Africa Ltd - Pre-development Funding ²				
Balance at the end of the year	(1,205)	(648)	-	-
Opening balance	(648)	(3,918)	-	-
Payments made/(advances received)	(557)	3,270	-	-
Related party loan (payable)/receivable				
Balance at the end of the year	2	(80)	-	-
Opening balance	(80)	(57)	-	-
(Advances received)/payments made	82	(23)	-	-
Freedom Asset Management Limited				
Loan receivable at the end of the year	-	-	16,565	14,557
Opening balance	-	-	14,557	12,322
Loan repayments received	-	-	(475)	(149)
Asset management fees from subsidiaries	-	-	1,384	1,555
Interest income	-	-	1,099	829
Grit Services Limited				
Long term and current account receivable - balance at the end of the year	-	-	317,763	420,015
Opening balance	-	-	420,015	420,344
Loan repayments received	-	-	(11,085)	(13,336)
Interest income	-	-	8,833	13,007
Additional investment	-	-	(100,000)	-
Freedom Property Fund SARL				
Current account receivable	-	-	250	250
Gateway EMT				
Current account receivable	(1)	(1)	-	-
Capital Place Limited				
Current account payable	-	(10)	-	-
Venus Africa Properties Proprietary Limited				
Interest received	-	25	-	25
Loan interest receivable	-	-	-	-
Interest bearing loan	391	391	391	391
Lifestax Proprietary Limited				
Interest received	-	25	-	25
Loan interest receivable	-	-	-	-
Interest bearing loan	391	391	391	391
Freedom Asset Management Limited				
Shares sold during the year	1,500	-	-	-

During the year, Freedom Asset Management Limited a subsidiary of the Group sold 3.0 million shares of Grit at a prevailing share price US\$ 0.50 per share to Pangea Holdings 2 Limited. Brownyn Knight is the current beneficiary of the 3.0 million shares sold.

Notes to related party transactions and balances with shareholders, directors, senior management and their associated companies, subsidiaries, associates and joint ventures.

Bowwood and Main No 117 Proprietary Limited had a pledge over 1,865,000 of the treasury shares, (note 14b) respectively. Of these 1,860,000 are shares allocated to the founders of Freedom Asset Management. This has been transferred back to Freedom Asset management in the current year.

All of the transactions referred to above were made in the normal course of business. The Non-executive directors remuneration, executive directors remuneration and the Key management personnel compensation disclosed in note 23.

The terms and conditions of loans receivable and payable are disclosed in note 9. There have been no guarantees provided or received for any related party payables or receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Related party relationships, transactions and balances (continued)**37d. Related parties - unconsolidated structured entity**

The directors consider Drive in Trading Proprietary Limited ("DiT") to be an unconsolidated structured entity as a result of arrangements the Group has entered into with that entity.

The arrangements entered into between the parties were as follows:

- As part of the June 2017 rights offer, the Company welcomed DiT as a new shareholder and transformation partner, with the entity subscribing for a fresh issue of 23,250,000 ordinary shares in the Company for a total consideration of US\$ 32.6 million. DiT, which holds the shares on the Stock Exchange of Mauritius register, was the largest underwriter of the rights offer. The transaction was funded as explained below.
- As disclosed in note 9, the Group provided loans totalling US\$ 1.6 million to DiT's two shareholders, Venus Africa Properties Proprietary Limited ("Venus") and Lifostax Proprietary Limited ("Lifostax"). Venus and Lifostax subscribed for equity in DiT using these funds.
- DiT secured a loan facility of US\$ 33.4 million from the Bank of America N.A (UK Branch) ("BoAML") to finance its investment in the Company. The proceeds of the facility plus the shareholders' loan were used to invest in the Company and in part to settle transaction costs. The loan facility is for an initial three year term, with an option to extend for a further two years, with a final repayment date of July 2022. The interest rate is 5.80%. Repayments are to take place in the form of half-yearly payments which equate to 90.00% of all dividends received from the Group in those periods. Repayments are to be applied initially to settle any interest due and then to capital.
- The BoAML facility was granted to DiT after South Africa's Government Employees Pension Fund, represented by its Public Investment Corporation ("PIC"), provided a guarantee to BoAML in the form of a Contingent Repurchase Obligation ("CRO") for up to US\$ 35.0 million. The terms of the CRO obligate PIC to acquire the loan granted to DiT, should DiT default under the BoAML facility.

Refer to note 21 for more information on the arrangement.

The result of the above arrangements is that the Group has recognised a current 'other financial liability' within current liabilities equal to the amount based on the probability of DiT defaulting. This liability is to be reassessed and remeasured at each reporting date, with any change in value being recorded in profit or loss as a separate line item in the statement of consolidated comprehensive income.

In summary, the amounts included separately on the face of the statement of financial position in respect of the above arrangements are as follows:

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Current liabilities				
Other financial liability - CRO obligation	14,511	5,431	14,511	5,431
Maximum exposure to loss	17,500	17,500	17,500	17,500

38. Risk management**Financial risk management**

The Group's financial instruments consist mainly of deposits with banks, interest-bearing borrowings, related party loans receivable / payable, other loans receivable, trade and other receivables, trade and other payables and other financial asset and other financial liability. Exposure to market, credit and liquidity risk arises in the normal course of business.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. This risk is managed by holding cash balances and overdraft facilities and by regularly monitoring cash flows. Early refinancing and extension discussions are initiated timeously to avoid any major cash events and to maintain the Group's maturity profile at a healthy level. The Group is currently engaging The treasury department has post signed. The directors have taken out Political Risk Insurance ("PRI") to cover the Group in the event of any potential currency inconvertibility or exchange transfer limitations. The insurance cover for Mozambique cost 1.09% per annum of the amount insured, Zambia 1.61%, Kenya 0.74%, Ghana 0.79%, and Botswana 0.39%, per annum. The liquidity risk of the Group is managed centrally by the treasury department.

The Group utilises undrawn facilities and cash on hand to meet its short-term funding requirements. The intention is that non-current financial liabilities will predominantly be serviced through cash generated from operations and the restructuring of debt upon maturity.

The tables below set out the maturity analysis of the Group's liabilities based on the undiscounted contractual cash flows at each reporting date.

	Weighted average effective interest rate %	Less than one year US\$'000	One to two years US\$'000	Two to three years US\$'000	Three to five years US\$'000	More than five years US\$'000	Total US\$'000
GROUP							
As at 30 June 2022							
Financial liabilities							
Interest-bearing borrowings	5.78%	194,852	157,157	80,712	11,919	23,522	468,162
Preference shares	6.25%	13,442	–	–	–	–	13,442
Other financial liability (note 21)	–	16,983	–	–	–	–	16,983
Lease liabilities	6.00%	1,115	247	250	93	–	1,705
Trade and other payables ¹	–	14,388	–	–	–	–	14,388
Related party loans	–	1	1,205	–	–	–	1,206
Bank overdraft	5.71%	1,856	–	–	–	–	1,856
		242,637	158,609	80,962	12,012	23,522	517,742

As at 30 June 2021**Financial liabilities**

Interest-bearing borrowings	5.72%	206,436	76,445	153,478	324	7,716	444,399
Preference shares	6.25%	13,442	–	–	–	–	13,442
Other financial liability (note 21)	–	6,307	–	–	–	–	6,307
Lease liabilities	6.00%	257	245	241	279	87	1,109
Trade and other payables ¹	–	13,221	–	–	–	–	13,221
Related party loans	–	80	648	–	–	–	728
Bank overdraft	5.71%	2,576	–	–	–	–	2,576
		242,319	77,338	153,719	603	7,803	481,782

	Weighted average effective interest rate %	Less than one year US\$'000	One to two years US\$'000	Two to three years US\$'000	Three to five years US\$'000	More than five years US\$'000	Total US\$'000
COMPANY							
As at 30 June 2022							
Financial liabilities							
Interest-bearing borrowings	5.71%	2,596	10,197	27,926	2,483	–	43,202
Other financial liability (note 21)	8.15%	14,511	–	–	–	–	14,511
Lease liabilities	6.00%	195	202	208	17	–	622
Trade and other payables ¹	–	3,063	–	–	–	–	3,063
Related party loans	–	–	–	–	–	–	–
Bank overdraft	5.21%	–	–	–	–	–	–
		20,365	10,399	28,134	2,500	–	61,399

As at 30 June 2021**Financial liabilities**

Interest-bearing borrowings	5.71%	7,461	27,260	–	–	–	34,721
Other financial liability (note 21)	8.15%	5,431	–	–	–	–	5,431
Lease liabilities	6.00%	215	222	229	255	–	921
Trade and other payables ¹	–	1,732	–	–	–	–	1,732
Related party loans	–	–	–	–	–	–	–
Bank overdraft	5.21%	–	–	–	–	–	–
		14,839	27,482	229	255	–	42,805

¹ Trade and other payables exclude deposits received, deferred income, taxation and social security costs and withholding tax payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Risk management (continued)**Market risk**

The Group seeks to manage its exposure to changes in interest rates by fixing interest rates in respect of certain of its borrowings when considered appropriate. The Group is however exposed to market risk through its variable rate cash balances and interest-bearing borrowings. At 30 June 2022, the Group through a variety of instruments, namely fixed rate Swaps and Interest rate Cap's and Collar's has a total of US\$ 100m of interest rate hedges in place in order to reduce the risk associated with variable interest rate movements.

The Group's weighted average effective rate of interest for the year to 30 June 2022 was 7.13% (2021: 5.72%) based on the interest rates applicable to its long-term borrowings, short-term bridge funding and loan issue costs capitalised.

An increase of 1.00% in the interest rate on floating rate borrowings (USD) would result in an increase to finance charges of US\$ 3.4 million (2021: US\$ 2.3 million) pre-tax per annum. This is based on calculating the effective interest rate of the Group and adding 1.00% escalation to the effective interest rate.

LIBOR Transition

In March 2021, the Intercontinental Exchange (ICE) Benchmark Administration (the administrator of LIBOR), in conjunction with the UK's Financial Conduct Authority (FCA) announced that it would stop publishing the following LIBOR settings: GBP, EUR, CHF, JPY, USD – One Week, USD – Two Months based on submissions from panel banks, after 31 December 2021. The remaining rates will cease to be published after June 2023.

As at year end, the Group was finalising a sustainability linked syndicated facility which has since been signed on 24 October 2022. This syndication will facilitate the transition for the majority of the LIBOR linked debt instruments to the groups new preferred risk-free rate (RFR) the Secured Overnight Financing Rate known as (SOFR). The remaining LIBOR facilities being US\$18.8 million (or 4.4%) of the total interest-bearing borrowings will be moving to SOFR facilities over the course of the financial year ending June 2023 and Group Treasury has initiated discussions to transition to SOFR.

SOFR is a backward-looking rate and is based on actual transactions from the overnight borrowing period. This means that there is reduced risk of variance between the interest rate charged to the group and the actual rate of borrowing as there is no credit spread applied as there is with a LIBOR linked product. However, as SOFR is a backward-looking rate the group will not have the interest amount payable confirmed until the last day of the interest period. This differs to LIBOR where the rate is forward looking so the applicable interest rate is known at the beginning of the period. The resultant effect on the business is reduced certainty in cashflow forecasting. To mitigate this risk, the group has, at signature date, secured total interest rate hedges for a notional amount of US\$200 million, the Group has back-to-back loan arrangement with property co-owners for a further US\$ 29.4 million and US\$ 4.7 million has fixed coupons. Having regarded the above and the interest-bearing borrowings settled post year end the Group's net exposure to LIBOR represents 5.9% of the total US\$ denominated debt, or 4.4% of total interest bearing borrowings. The SOFR forward rates and other rates (US Federal Reserve interest rates) that have historically followed a similar trend and are monitored on a monthly basis in order for our interest rate assumptions to be kept up to date increasing the accuracy of our cashflow forecasts.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and cash and cash equivalents. It is considered that there is no significant concentration of credit risk as exposure is spread over a large number of counterparties. The Group is mainly exposed to credit risk from lease contracts in relation to its property portfolio. It is Group policy to assess the credit risk of new tenants before entering into such contracts. The real estate department assesses each new tenant before a new lease is signed. The review includes the latest sets of financial statements, external ratings when available and, in some cases, forecast information and bank or trade references. The covenant strength of each tenant is determined based on this review and, if appropriate, a deposit or a guarantee is obtained.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the respective reporting dates in respect of certain financial instruments was as follows:

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Financial assets				
Cash and cash equivalents	26,002	4,890	629	3
Loans to related parties	813	186	303,474	375,199
Other loans receivable	37,908	37,303	-	-
Trade and other receivables ¹	6,849	6,327	(2,700)	70

¹ Trade and other receivable excludes deposits paid, prepaid expenses and the purchase price adjustment account.

Cash and cash equivalents

It is the Group's policy to deposit short-term cash investments with reputable financial institutions.

Trade and other receivables

Credit risk is principally the risk that a tenant may default or not meet its obligations timeously. The Group considers receivable balance in default when contractual payments are 60 days past due. However in certain cases, the Group may also consider a receivable balance to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. Tenants are assessed according to Group criteria prior to entering into lease arrangements. Credit risk is managed by requiring tenants to pay rentals and services to tenants in advance. The financial position of the tenants is also monitored on an ongoing basis. An impairment analysis is performed at each reporting date on an individual tenant basis. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor.

Loans to related parties and other loans receivable from partners

The Group has policies in place to ensure that loans are granted to related and other parties with an appropriate credit history so as to limit the amount of exposure to credit risk.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Moroccan Dirham and Mozambican Metical and to a lesser extent the Mauritian Rupee, Zambian Kwacha, South African Rand, Euro and Kenyan Shilling. Foreign exchange risk arises in relation to future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has entered into US Dollar denominated rental contracts with tenants that rent properties held within its Mozambican and Kenyan property portfolios. This is to ensure that the Group is not exposed to a devaluation of rental income generated from these property portfolios. The rental contracts with tenants that rent properties held within the Moroccan property portfolio are denominated in Moroccan Dirhams and the rental contracts with tenants that rent properties within the Zambian property portfolio are denominated in Zambian Kwachas or US Dollars. The rental income from the Beachcomber hospitality assets in Mauritius is generated in Euros whilst the rentals on the office building in Mauritius are charged in Mauritian Rupees.

The Group's net exposure to foreign exchange risk, including exposure on intra-group lending, at each reporting date was as follows:

Net financial (liabilities)/assets denominated in a currency other than the functional currency and United States Dollars is displayed in the heading with the currency risk below.

	30 June 2022					
	USD US\$'000	MAD US\$'000	MUR US\$'000	EUR US\$'000	ZAR US\$'000	Total US\$'000
United States Dollars	(115,463)	(103,784)	7,156	(24,758)	-	(236,849)
Euro	(10,329)	(33,145)	(6,651)	(61,055)	-	(111,180)
Mauritian Rupees	679	-	(505)	(1,400)	-	(1,226)
Pound Sterling	(654)	-	-	-	-	(654)
South African Rands	(141)	-	-	-	(4)	(145)
West African Franc	-	-	-	(110)	-	(110)
Emirati Dirham	(140)	-	-	-	-	(140)
Australian Dollars	(2)	-	-	-	-	(2)
Botswana Pula	-	-	-	-	-	-
Bahrain Dinars	15	-	-	-	-	15
Ghanaian Cedi	440	-	-	-	-	440
Zambian Kwacha	(189)	-	-	-	-	(189)
Kenya Shillings	1,323	-	-	-	-	1,323
Mozambique Meticals	3,415	-	-	-	-	3,415
Moroccan Dirham	(6)	3,225	-	-	-	3,219
Total net exposure	(121,052)	(133,704)	-	(87,323)	(4)	(342,083)

A change of 1.00% in the USD exchange to the currencies would result in a:

	Pre tax foreign currency profit / (loss) (increase of 1.00%) 30 June 2022 US\$'000	Pre tax foreign currency profit / (loss) (decrease of 1.00%) 30 June 2022 US\$'000
	Euro	1,101
Mauritian Rupees	12	(12)
Pound Sterling	6	(6)
South African Rands	1	(1)
West African Franc	1	(1)
Emirati Dirham	-	-
Bahrain Dinars	-	-
Ghanaian Cedi	(4)	4
Zambian Kwacha	2	(2)
Kenya Shillings	(13)	13
Mozambique Meticals	(34)	34
Moroccan Dirham	(32)	32

Net financial (liabilities)/assets denominated in a currency other than the functional currency and United States Dollars

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Risk management (continued)

	30 June 2021					
	USD US\$'000	MAD US\$'000	MUR US\$'000	EUR US\$'000	ZAR US\$'000	Total US\$'000
United States Dollars	(148,180)	(99,982)	(5,608)	(23,995)	–	(277,765)
Euro	(15,232)	(38,200)	(7,540)	(70,878)	–	(131,850)
Mauritian Rupees	(1,473)	–	(499)	(109)	–	(2,081)
Pound Sterling	(588)	–	–	–	–	(588)
South African Rands	(195)	–	–	–	(8)	(203)
West African Franc	–	–	–	(144)	–	(144)
Emirati Dirham	5	–	–	–	–	5
Bahrain Dinars	15	–	–	–	–	15
Ghanaian Cedi	362	–	–	–	–	362
Zambian Kwacha	(125)	–	–	–	–	(125)
Kenya Shillings	1,733	–	–	–	–	1,733
Mozambique Meticalas	2,625	–	–	–	–	2,625
Moroccan Dirham	(21)	7,445	–	–	–	7,424
Total net exposure	(161,074)	(130,737)	(13,647)	(95,126)	(8)	(400,592)

The risk exposure for the company was immaterial as the assets and liabilities are mainly denominated in USD.

39. Financial assets by category

An analysis of financial assets by category is provided below:

GROUP - 30 June 2022	Amortised cost	Fair value	Total carrying	Total fair value
	US\$'000	through profit and loss US\$'000	amount US\$'000	amount US\$'000
Other investments	–	1	1	1
Loans to related parties - non current	515	–	515	515
Loans to related parties - current	298	–	298	298
Other loans receivable	37,908	–	37,908	37,908
Trade and other receivables ¹	6,849	–	6,849	6,849
Cash and cash equivalents	26,002	–	26,002	26,002
	71,572	1	71,573	71,573

GROUP - 30 June 2021	Amortised cost	Fair value	Total carrying	Total fair value
	US\$'000	through profit and loss US\$'000	amount US\$'000	amount US\$'000
Other investments	–	1	1	1
Loans to related parties - non current	–	–	–	–
Loans to related parties - current	186	–	186	186
Other loans receivable	37,303	–	37,303	37,303
Trade and other receivables ¹	6,327	–	6,327	6,327
Cash and cash equivalents	4,890	–	4,890	4,890
	48,706	1	48,706	48,706

COMPANY - 30 June 2022	Amortised cost	Fair value	Total carrying	Total fair value
	US\$'000	through profit and loss US\$'000	amount US\$'000	amount US\$'000
Loans to related parties - non current	265,224	–	265,224	265,224
Loans to related parties - current	38,250	–	38,250	38,250
Trade and other receivables ¹	(2,700)	–	(2,700)	(2,700)
Cash and cash equivalents	629	–	629	629
	301,403	–	301,403	301,403

COMPANY - 30 June 2021	Amortised cost	Fair value	Total carrying	Total fair value
	US\$'000	through profit and loss US\$'000	amount US\$'000	amount US\$'000
Loans to related parties - non current	336,949	–	336,949	336,949
Loans to related parties - current	38,250	–	38,250	38,250
Trade and other receivables ¹	70	–	70	70
Cash and cash equivalents	3	–	3	3
	375,272	–	375,272	375,272

¹ Trade and other receivables exclude deposits paid, prepaid expenses, taxation and the purchase price adjustment account.

40. Financial liabilities by category

An analysis of financial liabilities of the Group by category is provided below:

GROUP - 30 June 2022	Financial liabilities at	Fair value	Total carrying	Total fair value
	amortised cost US\$'000	through profit and loss US\$'000	amount US\$'000	amount US\$'000
Interest-bearing borrowings	425,066	–	425,066	425,066
Preference shares	12,840	–	12,840	12,840
Other financial liability (note 21)	–	16,983	16,983	16,983
Lease liabilities	1,409	–	1,409	1,409
Trade and other payables ¹	14,388	–	14,388	14,388
Related party loans payable	1,206	–	1,206	1,206
Derivative financial instruments	–	(1,862)	(1,862)	(1,862)
Bank overdraft	1,856	–	1,856	1,856
	456,765	15,121	471,886	471,886

GROUP - 30 June 2021	Financial liabilities at	Fair value	Total carrying	Total fair value
	amortised cost US\$'000	through profit and loss US\$'000	amount US\$'000	amount US\$'000
Interest-bearing borrowings	415,515	–	415,515	415,515
Preference shares	12,840	–	12,840	12,840
Other financial liability (note 21)	–	6,307	6,307	6,307
Lease liabilities	955	–	955	955
Trade and other payables ¹	13,221	–	13,221	13,221
Related party loans payable	728	–	739	739
Derivative financial instruments	–	2,627	2,627	2,627
Bank overdraft	2,576	–	2,576	2,576
	445,835	8,934	454,769	454,769

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Financial liabilities by category (continued)

	Financial liabilities at amortised cost US\$'000	Fair value through profit and loss US\$'000	Total carrying amount US\$'000	Total fair value US\$'000
COMPANY - 30 June 2022				
Interest-bearing borrowings	29,207	–	29,207	29,207
Lease liabilities	166	–	166	166
Other financial liability	14,511	–	14,511	14,511
Trade and other payables ¹	3,063	–	3,063	3,063
	46,947	–	46,947	46,947

	Financial liabilities at amortised cost US\$'000	Fair value through profit and loss US\$'000	Total carrying amount US\$'000	Total fair value US\$'000
COMPANY - 30 June 2021				
Interest-bearing borrowings	32,849	–	32,849	32,849
Lease liabilities	171	–	171	171
Other financial liability	5,431	–	5,431	5,431
Trade and other payables ¹	1,732	–	1,732	1,732
	40,183	–	40,183	40,183

¹ Trade and other payables exclude deposits received, deferred income, taxation and social security costs and withholding tax payable.

41. Fair value hierarchy

Fair value measurements are categorised into the different levels on the fair value hierarchy based on the inputs used in the actual valuation. There were no changes in the valuation techniques applied. The hierarchy levels are defined as follows:

Level 1 - fair value is determined from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly.

Level 3 - inputs for the valuations of assets or liabilities are not based on observable market data (unobservable inputs).

Fair value hierarchy analysis:

Analysis of certain financial instruments by fair value level hierarchy:

Asset/(Liability)	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Fair value US\$'000
GROUP - 30 June 2022				
Derivative financial instruments	–	1,862	–	1,862
Other investments	–	–	1	1
Other financial liability (note 21)	–	–	(16,983)	(16,983)

Asset/(Liability)	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Fair value US\$'000
GROUP - 30 June 2021				
Derivative financial instruments	–	(2,714)	–	(2,714)
Other investments	–	–	1	1
Other financial liability (note 21)	–	–	(6,307)	(6,307)
Investment properties	–	–	549,491	549,491

Asset/(Liability)	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Fair value US\$'000
COMPANY - 30 June 2022				
Other financial liability (note 21)	–	–	(14,511)	(14,511)
Investment in subsidiaries	–	–	69,373	69,373

Asset/(Liability)	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Fair value US\$'000
COMPANY - 30 June 2021				
Other financial liability (note 21)	–	–	(5,431)	(5,431)
Investment in subsidiaries	–	–	–	–

Refer to Note 7 (Other investments) for a movement reconciliation and information regarding valuation techniques, inputs and assumptions used.

The interest rate derivatives are classified as level 2 with their fair values being calculated using the present values of future cash flows, based on market forecasts of interest rates. The valuation technique used maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Other investments and other financial liability (note 21)

The methodology used to fair values the Group's other financial liability has been documented in note 21, since the Group uses entity specific adjustment as valuation input, the other financial liability has been classified in level 3 of the fair value hierarchy.

During the year, there has not been any transfer between the different levels of the fair value hierarchy.

Fair values have not been disclosed for financial instruments where the carrying amounts are a reasonable approximation of fair value.

42. Subsequent events

- On 18 July 2022 Grit introduced a 30% co-investor, Letiole La Rona ("LLR") to the Orbit Africa asset for an investment of US\$ 7.23 million, being the acquisition value of the sale and lease back asset, and a commitment to fund their proportionate share of the capital expenditure related to the redevelopment and expansion.
- On 31 August 2022, upon the completion of phase 2 of the GREA acquisition, the Company increased its stake in GREA to 35.01%. Grit has an option to acquire Gateway Partner's remaining 1% in APDM and 13.61% stake in GREA.
- On 19 October 2022, the Group concluded a syndicated sustainability linked debt refinancing facility for US\$ 306 million, refinancing US\$ 279.1 million of existing debt facilities across Mozambique, Zambia, Ghana, Senegal and a corporate revolving credit facility and securing additional funding for the future redevelopment of Club Med Cap Skirring Resort.
- On 20 October 2022 the Group entered into a further US\$ 100 million of notional interest rate hedges by way of basis swaps and interest rate collars. Basis swaps amounts to a notional value of US\$ 25 million, swapping US\$ SOFR rates for fixed Euro rates of between 2.84% and 3.04% over a period of 18 to 24 months. Interest rate collar a cap transactions for a notional value of US\$ 75 million places a cap of 3.5% and collar of 2.2% to US\$ SOFR over 3 equal tranches for period of 2, 3 and 4 years. The above hedges are settled quarterly in arrears.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Segmental information

The Group reports on a segmental basis in terms of geographical location and type of property. Geographical location is split between Botswana, Morocco, Mozambique, Zambia, Kenya, Ghana and Mauritius, as relevant to each reporting year. In terms of type of property, the Group has investments in the retail, office and various other sectors.

Geographical location 30 June 2022	Botswana US\$'000	Senegal US\$'000	Morocco US\$'000	Mozambique US\$'000	Zambia US\$'000	Kenya US\$'000	Ghana US\$'000	Mauritius US\$'000	Total US\$'000
Reportable segment profit and loss									
Gross property income	–	1,580	7,546	26,497	4,799	3,170	1,252	5,922	50,766
Property operating expenses	–	–	(3,919)	(3,139)	(691)	(62)	(359)	(486)	(8,656)
Net property income	–	1,580	3,627	23,358	4,108	3,108	893	5,436	42,110
Other income	–	–	90	–	–	–	–	(10)	80
Administrative expenses	–	(102)	(595)	(1,270)	(30)	(94)	(445)	(14,408)	(16,944)
Net impairment (charge) / credit on financial assets	–	–	(1,758)	514	(2)	(332)	93	(2,732)	(4,217)
Profit / (loss) from operations	–	1,478	1,364	22,602	4,076	2,682	541	(11,714)	21,029
Fair value adjustment on investment properties	–	1,385	976	3,906	10,611	723	(514)	2,783	19,870
Fair value adjustment on other financial liability	–	–	–	–	–	–	–	(11,315)	(11,315)
Fair value adjustment on other financial asset	–	–	–	–	–	(874)	–	503	(371)
Fair value adjustment on derivatives financial instruments	–	–	–	–	–	–	–	4,501	4,501
Share based payment expense	–	–	–	–	–	–	–	(1,238)	(1,238)
Share of profits / (losses) from associates and joint ventures	2,917	–	–	–	4,976	351	695	11,672	20,611
Loss on disposal of investment in subsidiary	–	–	–	–	–	–	–	(2,051)	(2,051)
Loss on disposal of interest in associate	–	–	–	–	–	–	–	(573)	(573)
Impairment of loans and other receivables	–	–	4	–	–	–	(618)	(2,487)	(3,101)
Net impairment (charge) / credit on financial assets	–	–	–	–	–	–	–	–	–
Foreign currency gains / (losses)	–	(46)	(1,585)	(68)	(103)	(349)	(251)	(3,010)	(5,412)
Profit / (loss) before interest and taxation	2,917	2,817	759	26,440	19,560	2,533	(147)	(12,929)	41,950
Interest income	–	–	(35)	(53)	7	17	–	1,999	1,935
Finance costs	–	–	(2,654)	(8,670)	–	(701)	(574)	(13,552)	(26,151)
Profit / (loss) for the year before taxation	2,917	2,817	(1,930)	17,717	19,567	1,849	(721)	(24,482)	17,734
Taxation	–	253	(232)	(2,707)	(235)	(1,976)	–	(1,724)	(6,621)
Profit / (loss) for the year after taxation	2,917	3,070	(2,162)	15,010	19,332	(127)	(721)	(26,206)	11,113

Geographical location 30 June 2022	Botswana US\$'000	Senegal US\$'000	Morocco US\$'000	Mozambique US\$'000	Zambia US\$'000	Kenya US\$'000	Ghana US\$'000	Mauritius US\$'000	Total US\$'000
Reportable segment assets and liabilities									
Non-current assets									
Investment properties	–	20,722	71,532	301,126	56,933	70,004	35,330	48,827	604,474
Deposits paid on investment properties	–	–	–	–	–	–	–	8,309	8,309
Property, plant and equipment	–	7	17	270	–	–	18	1,775	2,087
Intangible assets	–	–	–	–	–	–	–	670	670
Other investments	–	–	–	1	–	–	–	–	1
Investment in associates and joint ventures	17,353	–	–	–	38,934	3,753	6,974	139,983	206,997
Related party loans receivable	–	–	–	–	–	–	–	515	515
Other loans receivable	–	–	–	–	–	–	–	–	–
Trade and other receivables	–	–	979	–	–	3,636	–	–	4,615
Deferred tax	–	–	1,389	7,383	–	232	2,094	1,446	12,544
Total non-current assets	17,353	20,729	73,917	308,780	95,867	77,625	44,416	201,525	840,212
Current assets									
Trade and other receivables	–	278	4,346	6,780	(105)	3,180	479	14,097	29,055
Current tax receivable	–	–	–	1,000	–	56	822	3	1,881
Related party loans receivable	–	–	–	–	–	–	–	298	298
Other loans receivable	–	–	–	–	–	–	–	37,908	37,908
Derivative financial instruments	–	–	–	–	–	–	–	1,862	1,862
Cash and cash equivalents	–	78	1,317	1,441	192	1,087	1,147	20,740	26,002
Total assets	17,353	21,085	79,580	318,001	95,954	81,948	46,864	276,433	937,218
Liabilities									
Total liabilities	–	897	59,868	204,771	5,010	31,665	24,923	240,708	567,842
Net assets	17,353	20,188	19,712	113,137	90,944	50,283	21,941	35,818	369,376

Major customers

Rental income stemming from Total represented approximately 9.8% of the Group's total contractual rental income for the year, Beachcomber 9.7% , Vale/ Vulcan 9.3%, Vodacom Mozambique 6.4%, US Embassy 6.4% and Tamassa Resort 4.6% of the Group's total contractual rental income for the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Segmental information (continued)

Type of property 30 June 2022	Other investments US\$'000	Hospitality US\$'000	Retail US\$'000	Office US\$'000	Light industrial US\$'000	Accommodation US\$'000	Corporate US\$'000	Total US\$'000
Reportable segment profit and loss								
Gross property income	–	4,955	14,169	13,979	3,797	12,276	1,590	50,766
Property operating expenses	–	–	(5,238)	(1,690)	(112)	(2,002)	386	(8,656)
Net property income	–	4,955	8,931	12,289	3,685	10,274	1,976	42,110
Other income	(1,174)	–	90	(111)	–	7	1,268	80
Administrative expenses	–	(434)	(749)	(1,144)	(166)	(889)	(13,562)	(16,944)
Net impairment (charge) / credit on financial assets	–	34	(1,750)	709	(388)	(54)	(2,768)	(4,217)
Profit / (loss) from operations	(1,174)	4,555	6,522	11,743	3,131	9,338	(13,086)	21,029
Fair value adjustment on investment properties	–	4,154	8,138	6,939	134	802	(297)	19,870
Fair value adjustment on other financial liability	–	(2,141)	–	–	–	–	(9,174)	(11,315)
Fair value adjustment on other financial asset	–	503	–	–	(874)	–	–	(371)
Fair value adjustment on derivatives financial instruments	–	–	–	–	–	–	4,501	4,501
Share based payment expense	–	–	–	–	–	–	(1,238)	(1,238)
Share of profits / (losses) from associates and joint ventures	2,959	9,234	5,327	695	2,917	–	(521)	20,611
Loss on disposal of investment in subsidiary	–	–	–	–	–	–	(2,051)	(2,051)
Loss on disposal of interest in associate	–	–	–	–	–	–	(573)	(573)
Impairment of loans and other receivables	–	–	4	(618)	–	–	(2,487)	(3,101)
Net impairment (charge) / credit on financial assets	–	–	–	–	–	–	–	–
Foreign currency gains / (losses)	–	(2,964)	(1,690)	(188)	(334)	(102)	(134)	(5,412)
Profit / (loss) before interest and taxation	1,785	13,341	18,301	18,571	4,974	10,038	(25,060)	41,950
Interest income	–	(2,436)	(1,369)	2,999	(661)	(2,464)	5,866	1,935
Finance costs	–	(2,760)	(2,737)	(9,139)	(701)	(348)	(10,466)	(26,151)
Profit / (loss) for the year before taxation	1,785	8,145	14,195	12,431	3,612	7,226	(29,660)	17,734
Taxation	–	(156)	(443)	609	(1,976)	(3,387)	(1,268)	(6,621)
Profit / (loss) for the year after taxation	1,785	7,989	13,752	13,040	1,636	3,839	(30,928)	11,113
Reportable segment assets and liabilities								
Non-current assets								
Investment properties	–	69,549	145,664	179,858	80,414	128,989	–	604,474
Deposits paid on investment properties	–	–	–	–	–	–	8,309	8,309
Property, plant and equipment	–	7	17	23	–	171	1,869	2,087
Intangible assets	–	–	28	–	–	(1)	643	670
Other investments	–	–	–	1	–	–	–	1
Investment in associates and joint ventures	55,866	69,870	42,687	6,974	31,600	–	–	206,997
Related party loans receivable	–	–	–	–	–	–	515	515
Other loans receivable	–	–	–	–	–	–	–	–
Trade and other receivables	–	–	979	–	3,636	–	–	4,615
Deferred tax	–	1,445	3,971	4,059	466	2,593	10	12,544
Total non-current assets	55,866	140,871	193,346	190,915	116,116	131,752	11,346	840,212

Type of property 30 June 2022	Other investments US\$'000	Hospitality US\$'000	Retail US\$'000	Office US\$'000	Light industrial US\$'000	Accommodation US\$'000	Corporate US\$'000	Total US\$'000
Current assets								
Trade and other receivables	–	439	4,242	1,583	3,933	4,802	14,056	29,055
Current tax receivable	–	2	281	1,342	184	42	30	1,881
Related party loans receivable	–	–	–	–	–	–	298	298
Other loans receivable	–	–	–	–	–	–	37,908	37,908
Derivative financial instruments	–	–	–	–	–	–	1,862	1,862
Cash and cash equivalents	–	84	1,617	1,969	1,139	342	20,851	26,002
Total assets	55,866	141,396	199,393	195,957	121,372	136,790	86,444	937,218
Liabilities								
Total liabilities	–	57,397	61,698	197,757	32,186	27,975	190,829	567,842
Net assets	55,866	83,999	137,695	(1,800)	89,186	108,815	(104,385)	369,376

The Group reports on a segmental basis in terms of geographical location and type of property. Geographical location is split between Botswana, Morocco, Mozambique, Zambia, Kenya, Ghana and Mauritius, as relevant to each reporting year. In terms of type of property, the Group has investments in the retail, office and various other sectors.

Geographical location 30 June 2021	Botswana US\$'000	Senegal US\$'000	Morocco US\$'000	Mozambique US\$'000	Zambia US\$'000	Kenya US\$'000	Ghana US\$'000	Mauritius US\$'000	Total US\$'000
Reportable segment profit and loss									
Gross property income	–	1,802	6,474	27,006	4,234	1,893	3,060	4,748	49,217
Property operating expenses	–	–	(4,218)	(3,017)	(714)	(39)	(329)	(226)	(8,543)
Net property income	–	1,802	2,256	23,989	3,520	1,854	2,731	4,522	40,674
Other income	–	–	–	22	–	–	147	–	169
Administrative expenses	–	(161)	(702)	(2,432)	(25)	(104)	(447)	(9,996)	(13,867)
Net impairment (charge) / credit on financial assets	–	6	(415)	(1,341)	–	–	(627)	(4,742)	(7,119)
Profit / (loss) from operations	–	1,647	1,139	20,238	3,495	1,750	1,804	(10,216)	19,857
Fair value adjustment on investment properties	–	(2,262)	(18,497)	(20,047)	(8,922)	2,572	(3,421)	(720)	(51,297)
Fair value adjustment on other investments	–	–	–	–	–	–	–	–	–
Corporate restructure costs	–	–	–	–	–	–	–	(3,467)	(3,467)
Fair value adjustment on other financial liability	–	–	–	–	–	–	–	(5,230)	(5,230)
Fair value adjustment on other financial asset	–	–	–	–	–	–	–	(1,106)	(1,106)
Fair value adjustment on derivatives financial instruments	–	–	–	–	–	–	–	1,378	1,378
Share based payment expense	–	–	–	–	–	–	–	(127)	(127)
Share of profits / (losses) from associates and joint ventures	1,758	–	–	–	(3,503)	(1,210)	(1,582)	5,120	583
Impairment of loans and other receivables	–	–	–	–	–	–	(23)	(1,090)	(1,113)
Net impairment (charge) / credit on financial assets	–	–	–	–	–	–	–	–	–
Gain from bargain purchase on associates	–	–	–	–	–	–	–	–	–
Foreign currency gains / (losses)	–	(96)	2,048	999	(34)	(32)	(31)	(511)	2,343
Profit / (loss) before interest and taxation	1,758	(711)	(15,310)	1,190	(8,964)	3,080	(3,253)	(15,969)	(38,179)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Segmental information (continued)

Geographical location 30 June 2021	Botswana US\$'000	Senegal US\$'000	Morocco US\$'000	Mozambique US\$'000	Zambia US\$'000	Kenya US\$'000	Ghana US\$'000	Mauritius US\$'000	Total US\$'000
Interest income	-	-	-	16	6	-	411	2,257	2,690
Finance costs	-	-	(3,397)	(8,360)	-	(469)	(595)	(12,621)	(25,442)
Profit / (loss) for the year before taxation	1,758	(711)	(18,707)	(7,154)	(8,958)	2,611	(3,437)	(26,333)	(60,931)
Taxation	-	(7)	(970)	1,284	(96)	74	45	(775)	(445)
Profit / (loss) for the year after taxation	1,758	(718)	(19,677)	(5,870)	(9,054)	2,685	(3,392)	(27,108)	(61,376)
Reportable segment assets and liabilities									
Non-current assets									
Investment properties	-	20,594	79,535	294,151	46,210	27,220	16,440	65,341	549,491
Deposits paid on investment properties	-	-	-	-	-	-	-	5,698	5,698
Property, plant and equipment	-	24	24	308	-	3	23	2,066	2,448
Intangible assets	-	-	16	-	-	-	-	464	480
Other investments	-	-	-	1	-	-	-	-	1
Investment in associates and joint ventures	21,672	-	-	-	34,578	3,402	15,078	92,762	167,492
Related party loans receivable	-	-	-	-	-	-	-	-	-
Other loans receivable	-	-	-	-	-	-	-	-	-
Trade and other receivables	-	-	2,166	-	-	-	-	-	2,166
Deferred tax	-	-	7,019	10,299	-	490	310	1,949	20,067
Total non-current assets	21,672	20,618	88,760	304,759	80,788	31,115	31,851	168,280	747,843
Current assets									
Trade and other receivables	-	503	4,840	5,426	63	2,180	1,038	4,896	18,946
Current tax receivable	-	-	-	898	-	61	344	137	1,440
Related party loans receivable	-	-	-	-	-	-	-	197	197
Other loans receivable	-	-	-	-	-	-	-	37,303	37,303
Derivative financial instruments	-	-	-	-	-	-	-	87	87
Cash and cash equivalents	-	270	290	2,789	251	97	(246)	1,439	4,890
Total assets	21,672	21,391	93,890	313,872	81,102	33,453	32,987	212,339	810,706
Liabilities									
Total liabilities	-	1,591	76,592	209,761	80,506	10,579	10,524	142,749	532,302
Net assets	21,672	19,800	17,298	104,111	596	22,874	22,463	69,590	278,404

Major customers

Rental income stemming from Beachcomber represented approximately 11.1% of the Group's total contractual rental income for the year and Total 9.8%, Vale 9.4%, Vodacom Mozambique 6.3% and Tamassa Resort 5.5% of the Group's total contractual rental income for the year.

Type of property 30 June 2022	Other investments US\$'000	Hospitality US\$'000	Retail US\$'000	Office US\$'000	Light industrial US\$'000	Accommodation US\$'000	Corporate US\$'000	Total US\$'000
Reportable segment profit and loss								
Gross property income	-	5,348	12,723	15,881	2,174	13,117	(26)	49,217
Property operating expenses	-	-	(5,626)	(1,540)	(74)	(1,978)	675	(8,543)
Net property income	-	5,348	7,097	14,341	2,100	11,139	649	40,674
Other income	-	-	-	-	-	-	169	169
Administrative expenses	-	(458)	(859)	(1,116)	(168)	(2,202)	(9,064)	(13,867)
Net impairment (charge) / credit on financial assets	-	(27)	(923)	(1,452)	(7)	-	(4,710)	(7,119)
Profit / (loss) from operations	-	4,863	5,315	11,773	1,925	8,937	(12,956)	19,857
Fair value adjustment on investment properties	-	(2,905)	(33,274)	(5,969)	2,201	(11,494)	144	(51,297)
Fair value adjustment on other investments	-	-	-	-	-	-	-	-
Corporate restructure costs	-	-	-	-	-	-	(3,467)	(3,467)
Fair value adjustment on other financial liability	-	9	-	-	-	-	(5,239)	(5,230)
Fair value adjustment on other financial asset	-	(503)	-	-	-	-	(603)	(1,106)
Fair value adjustment on derivatives financial instruments	-	-	-	10	-	-	1,368	1,378
Share based payment expense	-	-	-	-	-	-	(127)	(127)
Share of profits / (losses) from associates and joint ventures	747	4,386	(4,366)	(1,483)	1,214	85	-	583
Impairment of loans and other receivables	-	-	-	-	-	-	(1,113)	(1,113)
Net impairment (charge) / credit on financial assets	-	-	-	-	-	-	-	-
Gain from bargain purchase on associates	-	-	-	-	-	-	-	-
Foreign currency gains / (losses)	-	1,191	1,920	(484)	(126)	613	(771)	2,343
Profit / (loss) before interest and taxation	747	7,041	(30,405)	3,847	5,214	(1,859)	(22,764)	(38,179)
Interest income	-	-	8	-	12	-	2,670	2,690
Finance costs	-	(2,673)	(3,496)	(8,873)	(469)	(326)	(9,605)	(25,442)
Profit / (loss) for the year before taxation	747	4,368	(33,893)	(5,026)	4,757	(2,185)	(29,699)	(60,931)
Taxation	-	(81)	(1,067)	(1,533)	74	2,803	(641)	(445)
Profit / (loss) for the year after taxation	747	4,287	(34,960)	(6,559)	4,831	618	(30,340)	(61,376)
Reportable segment assets and liabilities								
Non-current assets								
Investment properties	-	72,826	146,284	166,250	36,232	127,899	-	549,491
Deposits paid on investment properties	-	-	-	-	-	-	5,698	5,698
Property, plant and equipment	-	24	24	36	3	198	2,163	2,448
Intangible assets	-	-	-	-	-	-	480	480
Other investments	-	-	-	-	-	-	1	1
Investment in associates and joint ventures	20,705	72,224	42,255	16,296	14,968	1,044	-	167,492
Related party loans receivable	-	-	-	-	-	-	-	-
Other loans receivable	-	-	-	-	-	-	-	-
Trade and other receivables	-	-	2,166	-	-	-	-	2,166
Deferred tax	-	1,551	9,866	3,659	648	4,331	12	20,067
Total non-current assets	20,705	146,625	200,595	186,238	51,851	133,475	8,354	747,843

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Segmental information (continued)

Type of property 30 June 2022	Other investments US\$'000	Hospitality US\$'000	Retail US\$'000	Office US\$'000	Light industrial US\$'000	Accommodation US\$'000	Corporate US\$'000	Total US\$'000
Trade and other receivables	–	381	4,907	1,695	2,908	3,861	5,194	18,946
Current tax receivable	–	98	183	916	189	42	12	1,440
Related party loans receivable	–	–	–	–	–	–	197	197
Other loans receivable	–	–	–	–	–	–	37,303	37,303
Derivative financial instruments	–	–	–	87	–	–	–	87
Cash and cash equivalents	–	367	1,077	911	193	896	1,446	4,890
Total assets	20,705	147,471	206,762	189,847	55,141	138,274	52,506	810,706
Liabilities								
Total liabilities	–	89,662	172,545	178,983	11,493	28,645	50,974	532,302
Net assets	20,705	57,809	34,217	10,864	43,648	109,629	1,532	278,404

44. EPRA financial metrics (unaudited)

NON-IFRS MEASURES

Basis of Preparation

The directors of GRIT Real Estate Income Group Limited ("GRIT") ("Directors") have chosen to disclose additional non-IFRS measures, these include EPRA earnings, adjusted net asset value, EPRA net asset value, adjusted profit before tax and funds from operations (collectively "Non-IFRS Financial Information").

The Directors have chosen to disclose:

- EPRA Earnings in order to assist in comparisons with similar businesses in the real estate sector. EPRA earnings is a definition of earnings as set out by the European Public Real Estate Association. EPRA earnings is used to measure the operational performance and represents the net income generated from the operational activities. It is intended to provide an indicator of the underlying income performance generated from the leasing and management of the property portfolio. The reconciliation between basic and diluted earnings and EPRA earnings is detailed further in the table below.
- EPRA NAV Metrics and the three measures of NAV in order to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company under different scenarios. The reconciliation for EPRA net asset value is detailed in the table below;
- Adjusted EPRA earnings in order to provide an alternative indication of GRIT and its subsidiaries (the "Group") underlying business performance. Accordingly, it excludes the effect of non-cash items which have the effect of such as unrealised foreign exchange gains or losses, straight-line leasing adjustments, amortisation of right of use land, impairment of loans and deferred tax relating to the aforementioned adjustments. The reconciliation for adjusted EPRA earnings is detailed in the table below; and
- Total distributable earnings in order to assist in comparisons with similar businesses and to facilitate the Group's dividend policy which is derived from total distributable earnings.

In this note, GRIT presents European Real Estate Association (EPRA) earnings and other metrics which is non-IFRS financial information.

44a. EPRA Earnings

	UNAUDITED 30 June 2022	UNAUDITED 30 June 2022	UNAUDITED 30 June 2021	UNAUDITED 30 June 2021
	US\$'000	Per Share (Diluted) (Cents Per Share)	US\$'000	Per Share (Diluted) (Cents Per Share)
GROUP - 30 June 2022				
EPRA Earnings	6,332	1.59	8,080	2.57
Total Company Specific Adjustments	6,150	1.54	7,351	2.34
Adjusted EPRA Earnings	12,482	3.13	15,431	4.91
Total Company specific distribution adjustments	7,662	1.95	3,162	1.06
TOTAL DISTRIBUTABLE EARNINGS (BEFORE PROFITS WITHHELD)	20,144	5.08	18,593	5.97
Profits Withheld	(2,300)	0.58	(13,920)	4.47
TOTAL DISTRIBUTABLE EARNINGS TO GRIT SHAREHOLDERS	17,844	4.50	4,673	1.50
EPRA NRV	381,312	79.35	328,863	102.41
EPRA NTA	366,783	76.33	319,907	99.62
EPRA NDV	336,301	69.99	270,858	84.35

Distribution Shares

	Shares 30 June 2022 US\$'000	Shares 30 June 2021 US\$'000
Weighted average shares in issue	411,222	324,085
Less: Weighted average treasury shares for the year	(14,722)	(12,546)
Add: Weighted average shares vested shares in Long term incentive scheme	1,968	2,432
EPRA SHARES	398,468	313,971
Less: Non-entitled shares	–	–
Less : Vested shares in consolidated entities	(1,968)	(2,432)
DISTRIBUTION SHARES	396,500	311,539

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. EPRA financial metrics (unaudited)

44a. EPRA Earnings

	NOTES	Shares 30 June 2022 US\$'000
EPRA Earnings Calculated as follows:		
Basic Earnings attributable to the owners of the parent		10,443
Add Back:		
- Fair value adjustment on investment properties		(20,166)
- Fair value adjustment on investment properties under income from associates		(7,040)
- Fair value adjustment on other investments		408
- Fair value adjustment on other financial asset		13,057
- Fair value adjustment on derivative financial instruments		(4,501)
- (Profit) on sale of subsidiary		(9)
- Loss on sale of investment property		2,051
- Loss of sale of Associates		573
- Impairment of loan		4,081
- Goodwill Written off		1
- Deferred tax in relation to the above		3,100
- Acquisition costs not capitalised		2,284
- Non-controlling interest above		2,050
EPRA EARNINGS		6,332
EPRA EARNINGS PER SHARE (DILUTED) (cents per share)		US\$ 1.59cps
Company specific adjustments		
- Unrealised foreign exchange gains or losses (non-cash)	1	4,638
- Lease Premiums amortisation (non-cash rental)	2	177
- Straight -line rental income	2	(1,308)
- Profit/Loss on sale of Property, Plant and Equipment	3	(11)
- Amortisation of Right of use of land (non-cash)	4	33
- ECL Provision	5	3,651
- Deferred tax in relation to the above	6	60
- Non-controlling interest included in basic earnings	7	(1,090)
Total Company Specific adjustments		6,150
ADJUSTED EPRA EARNINGS		12,482
ADJUSTED EPRA EARNINGS PER SHARE (DILUTED) (cents per share)		US\$ 3.13cps

Company specific adjustments to EPRA Earnings

1. Unrealised foreign exchange gains or losses

The foreign currency revaluation of assets and liabilities in subsidiaries gives rise to non-cash gains and losses that are non-cash in nature. These adjustments (similar to those adjustments that are recorded to the Foreign currency translation reserve) are added back to provide a true reflection of the operating results of the Group.

2. Straight-line leasing / amortised lease incentives (non-cash rental)

Straight-line leasing adjustment and amortised lease incentives under IFRS relate to non-cash rentals spread over the lease term because of the requirement of IFRS 16 to record income on a straight line basis. The inclusion of such rental does not provide a true reflection of the operational performance of the underlying property and are therefore removed from earnings.

3. Disposal of Property, Plant and Equipment

The Group occasionally disposes of property, plant and equipments that were initially purchased for administrative usage such as furniture and fittings whose useful life will be consumed via day to day use rather than through sale. The Group does not consider any profit or loss that arises on such disposal transaction to be as a result of operational performance. Those are therefore added back as part of adjusted EPRA Earnings.

4. Amortisation of intangible asset (Right of use of land)

Where a value is attached to the right of use of land for leasehold properties, the amount is amortised over the period of the leasehold rights which is essentially a depreciation charge. This represents a non cash item and is adjusted to when calculating Adjusted EPRA Earnings.

5. Expected credit loss on financial assets

Expected credit losses are non-cash items related to potential credit losses recognised in accordance with IFRS 9. The Group adds back those expected credit losses when calculating the adjusted EPRA Earnings.

6. Other deferred tax (non-cash)

Any deferred tax directly related to the company specific adjustments.

7. Non-Controlling interest

Any Non-Controlling interest related to the company specific adjustments.

45. Company distribution calculation (unaudited)

	NOTES	UNAUDITED 30 June 2022 US\$'000
Adjusted EPRA Earnings		12,482
Company specific distribution adjustments		
- VAT Credits utilised on rentals	1	1,965
- Listing and set-up costs under Administrative expenses	2	(137)
- Depreciation and amortisation	3	719
- Share based payments	4	1,238
- Dividends (not consolidated out)		(126)
- Right of use imputed leases		73
- Amortisation of Capital funded debt structure fees		2,853
- Non-Distributable NCI		(555)
- Deferred tax in relation to the above		1,632
Total company specific distribution adjustments		7,662
TOTAL DISTRIBUTABLE EARNINGS (BEFORE PROFITS WITHHELD)		20,144
DISTRIBUTABLE INCOME PER SHARE (DILUTED) (cents per share)		US\$ 5.08cps
- Profits withheld		(2,300)
TOTAL DISTRIBUTABLE EARNINGS TO GRIT SHAREHOLDERS		17,844
DIVIDEND PER SHARE (cents)		US\$ 4.50cps
Reconciliation to amount payable		
Total distributable earnings to Grit shareholders before profits withheld (cents)		US\$ 5.08cps
Profits withheld (cents)		US\$ (0.58cps)
Interim dividends already paid (cents)		US\$ (2.50cps)
FINAL DIVIDEND PROPOSED (cents)		US\$ 2.00cps

Company specific adjustments to EPRA Earnings

1. VAT credits utilised on rentals

In certain African countries, there is no mechanism to obtain refunds for VAT paid on the purchase price of the property. VAT is recouped through the collection of rentals on a VAT inclusive basis. The cash generation through the utilisation of the VAT credit obtain on the acquisition of the underlying property is thus included in the operational results of the property.

2. Listing and set-up costs under administrative expenses

Costs associated with the new listing of shares, setup on new companies and structures are capital in nature and is added back for distribution purposes.

3. Depreciation and amortisation

Non-cash items added back to determine the distributable income.

4. Share based payments

Non-cash items added back to determine the distributable income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. New EPRA financial metrics (unaudited)

NON-IFRS MEASURES

Basis of Preparation

"EPRA has released an update to the EPRA Net Asset Valuation (NAV) metrics. These changes will allow the metrics to remain aligned with both International Financial Reporting Standards (IFRS) developments and the evolution of property companies' businesses.

There are now three new features of the NAV metrics, namely EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV), replacing the EPRA NAV and EPRA NNNNAV.

	EPRA NRV UNAUDITED 30 June 2022 US\$'000	EPRA NTA UNAUDITED 30 June 2022 US\$'000	EPRA NDV UNAUDITED 30 June 2022 US\$'000
IFRS Equity attributable to shareholders	336,301	336,301	336,301
i) Hybrid instruments			
Preference shares	-	-	-
Diluted NAV	336,301	336,301	336,301
Add			
Revaluation of IP (if IAS 40 cost option is used)	-	-	-
Revaluation of IPUC (if IAS 40 cost option is used)	-	-	-
Revaluation of other non-current investments	-	-	-
Revaluation of tenant leases held as leases	-	-	-
Revaluation of trading properties	-	-	-
Diluted NAV at fair value	336,301	336,301	336,301
Exclude*:			
Deferred tax in relation to fair value gains of Investment properties	46,873	42,993	-
Fair value of financial instruments	(1,862)	(1,862)	-
Goodwill as a result of deferred tax			
Goodwill as per the IFRS balance sheet	-	-	-
Intangibles as per the IFRS balance sheet	-	(10,649)	-
Include*:			
Fair value of fixed interest rate debt	-	-	-
Revaluation of intangibles to fair value		-	-
Real estate transfer tax			-
NAV	381,312	366,783	336,301
Fully diluted number of shares	480,530	480,530	480,530
NAV per share (cents per share)	79.4	76.3	70.0
	Shares '000	Shares '000	Shares '000
Total shares in issue	495,092	495,092	495,092
Less: Treasury shares for the period	(15,134)	(15,134)	(15,134)
Add: Share awards and shares vested shares in Long term incentive scheme	572	572	572
EPRA SHARES	480,530	480,530	480,530

47. Capital management

Overall policy

The Group's overall policy in relation to capital management is to maintain an adequate capital base in order to provide a sound platform from which to provide returns for shareholders and benefits for other stakeholders. The directors seek to ensure there is an optimal structure to reduce the Group's overall cost of capital.

Approach to capital management

The Board's aim is to maintain a strong equity capital base, comprising of all items within 'total equity attributable to ordinary shareholders' in the consolidated statement of financial position. This is in order to maintain investors, creditors and market confidence and to provide a sound platform from which to enable the Group to sustain its plans for the future development of the business. It is the Group's stated intention to deliver long-term sustainable growth in distributions per ordinary share.

The Group is principally funded by bank debt, equity raised in capital markets, and other new equity issues.

While the constitution allows unlimited borrowings, the company may from time to time be restricted by certain lenders or financial institutions.

The Group utilises gearing in high tax rate countries to reduce its overall tax liability.

It is the Group's objective, whenever practical, to maintain its net borrowings (as defined below) at no more than 50.00% of the value of its principal property and related assets (as listed in the table below):

	GROUP		COMPANY	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Investment properties (including straight-line rental income accrual)	604,474	549,491	-	-
Deposits paid on investment properties	8,309	5,698	-	-
Loans receivable related to property assets	38,684	38,085	-	-
Investment in associates and joint ventures	206,997	167,492	70,113	20,706
Other investments	1	1	-	-
Investment in subsidiaries	-	-	69,373	-
Principal property and related assets - total	858,465	760,767	139,486	20,706
50% thereof	429,233	380,384	69,743	10,353
Net borrowings	432,979	419,251	28,748	32,401
Gross borrowings (interest-bearing borrowings and preference shares)	432,979	419,251	28,748	32,401
Unutilised borrowing capacity	(3,746)	(38,867)	40,995	(22,048)
Loan to value ratio (based on above calculations) ¹	50.4%	55.1%	20.6%	156.5%

Certain Group and Company comparatives has been represented in the prior year. Refer to note 41.

¹ Although the Group's loan to value ratio target has historically been to maintain a loan to value ratio of 50.00%, the board will increase the Group's gearing pre-capital raises in order to enable it to secure pipeline assets. The use of revolving credit facilities pre-capital raises enables the Group to secure these pipeline assets, with such facilities being settled from the proceeds of subsequent share issues. This mechanism improves the efficient deployment of cash proceeds from capital raises.



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EPRA Disclosures

EPRA Vacancy Rate

EPRA Vacancy Rate is expressed as a percentage being the ERV of vacant space divided by ERV of the whole portfolio as at reporting date.

This is calculated for all completed properties (investment, trading and including share of joint ventures' vacancy), but excluding those properties which are under development.

		Total 30 June 2022 US\$	LLR 30 June 2022 US\$	Office 30 June 2022 US\$	Corporate Accommodation 30 June 2022 US\$	Retail 30 June 2022 US\$	Hospitality 30 June 2022 US\$	Light Industrial 30 June 2022 US\$	Corporate* 30 June 2022 US\$	Medical 30 June 2022 US\$	Data Center 30 June 2022 US\$
EPRA Vacancy Rate											
Estimated rental value of vacant space	A	236	3	38	15	181	-	-	-	-	-
Estimated rental value of the whole portfolio	B	5,070	176	1,076	968	1,453	955	390	-	-	52
EPRA Vacancy Rate	A/B	4.66%	1.70%	3.53%	1.55%	12.46%	0.00%	0.00%	0.00%	0.00%	0.00%

* Within retail, with the exception of Zambia is trading well, the occupancy levels remain under pressure.

** Office sector still stabilising post Covid.

EPRA cost ratios

The EPRA Cost Ratio (including direct vacancy costs) includes all operating expenses in the IFRS statements including the share of associates operating expenses.

Service fees, management fees and other non-cash items are netted against costs.

The EPRA Cost Ratio (excluding direct vacancy costs) deducts all vacancy costs related to standing assets.

		Total 30 June 2022 US\$	LLR 30 June 2022 US\$	Office 30 June 2022 US\$	Corporate Accommodation 30 June 2022 US\$	Retail 30 June 2022 US\$	Hospitality 30 June 2022 US\$	Light Industrial 30 June 2022 US\$	Corporate* 30 June 2022 US\$	Medical 30 June 2022 US\$	Data Center 30 June 2022 US\$
EPRA Cost Ratios											
Operating expense line per IFRS income statement - subsidiaries		(8,656)	-	(1,690)	(2,002)	(5,997)	-	(107)	740	-	-
Share of operating expenses - associates		(1,431)	(281)	(222)	-	(760)	-	-	(127)	-	(40)
Total proportionate operating expenses		(10,087)	(281)	(1,913)	(2,002)	(6,358)	-	(107)	613	-	(40)
Share of operating expenses - associates of associates		(64)	-	-	(64)	-	-	-	-	-	-
Total operating expenses including associates of associates		(10,151)	(281)	(1,913)	(2,066)	(6,358)	-	(107)	613	-	(40)
Less: unrecoverable property expenses ¹		1,358	50	123	35	991	-	3	157	-	-
Total operating costs including direct vacancy costs	A	(8,793)	(232)	(1,789)	(2,031)	(5,367)	-	(104)	770	-	(40)
Less: direct vacancy costs ²		625	2	47	8	567	-	-	-	-	-
Total operating costs excluding direct vacancy costs	B	(8,168)	(230)	(1,742)	(2,023)	(4,799)	-	(104)	770	-	(40)
Gross rental income line per IFRS income statement - subsidiaries		50,766	-	13,979	12,277	14,169	4,955	3,797	1,589	-	-
Share of gross rental income - associates		16,613	2,788	2,561	1	3,620	7,480	-	(201)	-	364
Total proportionate gross rental income		67,379	2,788	16,540	12,277	17,789	12,435	3,797	1,389	-	364
Share of gross rental income - associates of associates		658	-	-	658	-	-	-	-	-	-
Total gross rental income including associates of associates		68,037	2,788	16,540	12,935	17,789	12,435	3,797	1,389	-	364
Less: gross rental income exclusions ³		(4,997)	48	(576)	(28)	(1,016)	(1,120)	(373)	(1,932)	-	-
Gross rental income	C	63,040	2,837	15,964	12,907	16,773	11,315	3,424	(543)	-	364
EPRA cost ratio including direct vacancy costs (%)	A/C	13.9%	8.2%	11.2%	15.7%	32.0%	0.0%	3.0%	141.8%	0.0%	11.0%
EPRA cost ratio excluding direct vacancy costs (%)	B/C	13.0%	8.1%	10.9%	15.7%	28.6%	0.0%	3.0%	141.8%	0.0%	11.0%

1. Unrecoverable property expenses include bad debts, marketing costs and letting commission.

2. Direct vacancy costs is calculated by applying the vacant GLA to the fixed costs of the building.

3. Gross rental income exclusions include IFRS adjustments such as lease incentives and straight-line rental income.

* Corporate includes elimination building and other consolidation adjustments.

EPRA DISCLOSURES (CONTINUED)

EPRA net initial yield (NIY) and Topped-up NIY

'EPRA NIY is calculated as the annualised net operating income at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property.

'The EPRA 'topped-up' NIY is calculated by making an adjustment to the EPRA NIY in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

	GRIT Group	Office	Retail	Light Industrial	Hospitality	Corporate Accommodation	LLR	Data Center	Medical
	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
EPRA net initial yield (NIY) and Topped-up NIY									
Investment property – subsidiaries	604,474	179,858	145,664	80,414	69,548	128,989	-	-	-
Investment property – associates	203,770	20,354	51,761	-	95,055	5,733	20,946	6,844	3,076
Total investment property	808,244	200,212	197,425	80,414	164,603	134,722	20,946	6,844	3,076
Investment property – associates of associates	16,895	-	-	-	-	16,895	-	-	-
Less: Undeveloped land	(15,775)	-	(3,385)	(9,685)	-	(2,666)	(39)	-	-
Less: Properties under development	(21,153)	(5,254)	-	-	-	(12,823)	-	-	(3,076)
Completed property portfolio valuation	B	788,211	194,958	194,040	70,729	164,603	20,907	6,844	-
EPRA annualised net operating income ¹	57,585	15,434	12,006	5,580	10,703	10,826	2,412	624	-
Vacancy adjustments ²	2,844	492	2,172	-	-	144	36	-	-
EPRA annualised net operating income plus vacancy adjustments	A	60,429	15,926	14,178	5,580	10,970	2,448	624	-
Add: Annual concessions and rent free	4,107	742	1,626	-	661	1,078	-	-	-
EPRA topped up annualised net operating income plus vacancy adjustments	C	64,536	16,668	15,804	5,580	11,364	2,448	624	-
EPRA NIY	A/B	7.67%	8.17%	7.31%	7.89%	6.50%	11.71%	9.12%	0.00%
EPRA Topped-up NIY	C/B	8.19%	8.55%	8.14%	7.89%	6.90%	11.71%	9.12%	0.00%

1. EPRA annualised net operating income comprises of the net operating income as at balance sheet date less EPRA exclusions (including non-recoverable property operating expenses).

2. Vacancy adjustments is calculated based on market rental for vacancies (i.e. assuming a fully let property).

EPRA net initial yield (NIY) and Topped-up NIY (By Property)

Investment Property	Investment Type	Sector	Geographical	A	B	C	D = (A+B+C)	E	F	G	H = ((E+F) * 12) + G	I	J = H - I	J / D	H / D
				IFRS Property Value June 2022 US\$'000	Exclude Land US\$'000	Exclude Pipeline assets US\$'000	EPRA Property Value June 2022, US\$'000	Monthly EPRA NOI June 2022 US\$'000	Adjustments (Once off) US\$'000	Annualised Vacancy Adjustments US\$'000	Annualised EPRA NOI June 2022 US\$'000	Concessions & Rent free US\$'000	Annualised EPRA NOI June 2022 US\$'000	EPRA NIY %	EPRA TOPPED NIY %
Vodacom Building	Subsidiary	Office	Mozambique	51,906	-	-	51,906	343	-	-	4,116	300	3,816	7.35%	7.93%
Tullow Oil	Associates	Office	Ghana	15,100	-	-	15,100	134	-	-	1,608	125	1,483	9.82%	10.65%
Hollard Building	Subsidiary	Office	Mozambique	21,012	-	-	21,012	136	-	36	1,668	147	1,521	7.24%	7.94%
ABSA House	Subsidiary	Office	Mauritius	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Commodity House Phase 2	Subsidiary	Office	Mozambique	19,264	-	-	19,264	115	-	-	1,380	-	1,380	7.16%	7.16%
Capital Place	Subsidiary	Office	Ghana	19,320	-	-	19,320	62	62	288	1,776	-	1,776	9.19%	9.19%
Commodity House Phase 1	Subsidiary	Office	Mozambique	52,346	-	-	52,346	392	-	120	4,824	5	4,819	9.21%	9.22%
5th Avenue	Subsidiary	Office	Ghana	16,010	-	-	16,010	103	4	-	1,284	165	1,119	6.99%	8.02%
Subtotal - Office				194,958	-	-	194,958	1,285	66	444	16,656	742	15,914	8.16%	8.54%



EPRA DISCLOSURES (CONTINUED)

EPRA net initial yield (NIY) and Topped-up NIY (By Property) (continued)

Investment Property	Investment Type	Sector	Geographical	A	B	C	D = (A+B+C)	E	F	G	H = ((E+F) * 12) + G	I	J = H - I	J / D	H / D
				IFRS Property Value June 2022 US\$'000	Exclude Land US\$'000	Exclude Pipeline assets US\$'000	EPRA Property Value June 2022, US\$'000	Monthly EPRA NOI June 2022 US\$'000	Adjustments (Once off) US\$'000	Annualised Vacancy Adjustments US\$'000	Annualised EPRA NOI June 2022 US\$'000	Concessions & Rent free US\$'000	Annualised EPRA NOI June 2022 US\$'000	EPRA NIY %	EPRA TOPPED NIY %
Mukuba Mall	Subsidiary	Retail	Zambia	56,933	-	-	56,933	350	-	-	4,200	17	4,183	7.35%	7.38%
Kafubu Mall	Associates	Retail	Zambia	11,965	-	-	11,965	79	-	24	972	8	964	8.06%	8.12%
Cosmopolitan Mall	Associates	Retail	Zambia	27,199	-	-	27,199	146	-	144	1,896	9	1,887	6.94%	6.97%
Buffalo Mall	Associates	Retail	Kenya	6,116	(2,085)	-	4,031	19	-	120	348	44	304	7.54%	8.63%
Zimpeto Square	Subsidiary	Retail	Mozambique	3,395	-	-	3,395	25	(4)	60	312	23	289	8.51%	9.19%
Mall de Tete	Subsidiary	Retail	Mozambique	13,804	(1,300)	-	12,504	193	(116)	360	1,284	121	1,163	9.30%	10.27%
AnfaPlace Mall	Subsidiary	Retail	Morocco	71,532	-	-	71,532	670	(250)	1,116	6,156	1,399	4,757	6.65%	8.61%
Subtotal - Retail				190,944	(3,385)	-	187,559	1,482	(370)	1,824	15,168	1,621	13,547	7.22%	8.09%
Orbit Complex	Subsidiary	Light Industrial	Kenya	38,699	-	-	38,699	254	-	-	3,048	-	3,048	7.88%	7.88%
Orbit Complex Ph 2	Subsidiary	Light Industrial	Kenya	227	(227)	-	-	-	-	-	-	-	-	0.00%	0.00%
Imperial Distribution Centre	Subsidiary	Light Industrial	Kenya	21,620	-	-	21,620	76	70	-	1,752	-	1,752	8.10%	8.10%
Bollore Warehouse	Subsidiary	Light Industrial	Mozambique	10,410	-	-	10,410	110	(45)	-	780	-	780	7.49%	7.49%
Subtotal - Light Industrial				70,956	(227)	-	70,729	440	25	-	5,580	-	5,580	7.89%	7.89%
BHI - Cannonier, Victoria, Mauricia Hotels	Associates	Hospitality	Mauritius	95,055	-	-	95,055	559	-	-	6,708	-	6,708	7.06%	7.06%
Tamassa Resort	Subsidiary	Hospitality	Mauritius	48,826	-	-	48,826	259	-	-	3,108	-	3,108	6.37%	6.37%
Club Med Cap Skirring Resort	Subsidiary	Hospitality	Senegal	20,722	-	-	20,722	130	-	-	1,560	661	899	4.34%	7.53%
Subtotal - Hospitality				164,603	-	-	164,603	947	-	-	11,369	661	10,708	6.51%	6.91%
Acacia Estate	Subsidiary	Corporate Accomodation	Mozambique	73,809	-	-	73,809	437	-	-	5,244	1	5,243	7.10%	7.10%
VDE Housing Compound	Subsidiary	Corporate Accomodation	Mozambique	55,180	(2,666)	-	52,514	525	(27)	-	5,976	1,077	4,899	9.33%	11.38%
Subtotal - Corporate Accomodation				128,989	(2,666)	-	126,323	962	(27)	-	11,220	1,078	10,142	8.03%	8.88%
LLR	Associates	LLR	Botswana	20,946	(39)	-	20,907	201	-	36	2,448	-	2,448	11.71%	11.71%
Subtotal - LLR				20,946	(39)	-	20,907	201	-	36	2,448	-	2,448	11.71%	11.71%
Tatu Warehouse - Copia	Subsidiary	Light Industrial	Kenya	6,666	(6,666)	-	-	-	-	-	-	-	-	0.00%	0.00%
Grit Urban Logistics	Subsidiary	Light Industrial	Kenya	2,792	(2,792)	-	-	-	-	-	-	-	-	0.00%	0.00%
Corporate	Subsidiary	Other	Mozambique	-	-	-	-	60	(60)	-	-	-	-	0.00%	0.00%
Gateway Real Estate Porfolio*				27,389	-	(14,064)	13,325	16	59	372	1,272	4	1,268	9.52%	9.55%
Subtotal - Other				36,847	(9,458)	(14,064)	13,325	76	(1)	372	1,272	4	1,268	9.52%	9.55%
Total GRIT portfolio				808,244	(15,775)	(14,064)	778,405	5,391	(306)	2,688	63,708	4,107	59,601	7.66%	8.18%
Associates of associates															
DH1 Ethiopia - Elevation	Associates of associates	Corporate Accomodation	Ethiopia	9,806	-	-	9,806	57	-	144	828	-	828	8.44%	8.44%
DH3 Kenya - Rosslyn Grove	Associates of associates	Corporate Accomodation	Kenya	7,089	-	(7,089)	-	-	-	-	-	-	-	0.00%	0.00%
Subtotal - Associates of associates				16,895	-	(7,089)	9,806	57	-	144	828	-	828	8.44%	8.44%
Total portfolio including Associates of associates				825,139	(15,775)	(21,153)	788,211	5,448	(306)	2,832	64,536	4,107	60,429	7.67%	8.19%



EPRA DISCLOSURES (CONTINUED)

EPRA net initial yield (NIY) and Topped-up NIY (By Property) (continued)

Investment Property	Investment Type	Sector	Geographical	A	B	C	D = (A+B+C)	E	F	G	H = ((E+F) * 12) + G	I	J = H - I	J / D	H / D
				IFRS Property Value June 2022 US\$'000	Exclude Land US\$'000	Exclude Pipeline assets US\$'000	EPRA Property Value June 2022, US\$'000	Monthly EPRA NOI June 2022 US\$'000	Adjustments (Once off) US\$'000	Annualised Vacancy Adjustments US\$'000	Annualised EPRA NOI June 2022 US\$'000	Concessions & Rent free US\$'000	Annualised EPRA NOI June 2022 US\$'000	EPRA NIY %	EPRA TOPPED NIY %
GREA ASSETS SPLIT															
African Data Centres Phase 1	Associates	Data Center	Nigeria	6,844	-	-	6,844	52	-	-	624	-	624	9.12%	9.12%
DH4 Bamako	Associates	Corporate Accomodation	Mali	5,733	-	(5,733)	-	-	-	-	-	-	-	0.00%	0.00%
Adumuah Place	Associates	Office	Ghana	865	-	(865)	-	-	(3)	36	-	-	-	0.00%	0.00%
Metroplex Shopping Centre	Associates	Retail	Uganda	6,480	-	-	6,480	77	(51)	348	660	4	656	10.12%	10.19%
Falcon Curepipe Clinic	Associates	Medical	Mauritius	3,076	-	(3,076)	-	-	-	-	-	-	-	0.00%	0.00%
The Precinct	Associates	Office	Mauritius	4,389	-	(4,389)	-	-	-	-	-	-	-	0.00%	0.00%
Subtotal Gateway Real Estate Portfolio				27,389	-	(14,064)	13,325	129	(54)	372	1,272	4	1,268	9.52%	9.55%
			Mozambique	301,126	(3,966)	-	297,160	2,335	(251)	588	25,596	1,674	23,922	8.05%	8.61%
			Ghana	51,295	-	(865)	50,430	299	63	324	4,668	290	4,378	8.68%	9.26%
			Mauritius	151,346	-	(7,465)	143,881	818	-	-	9,816	-	9,816	6.82%	6.82%
			Zambia	96,098	-	-	96,098	574	-	168	7,056	35	7,021	7.31%	7.34%
			Kenya	83,209	(11,770)	(7,089)	64,350	349	70	120	5,148	44	5,104	7.93%	8.00%
			Morocco	71,532	-	-	71,532	670	(250)	1,116	6,156	1,399	4,757	6.65%	8.61%
			Senegal	20,722	-	-	20,722	130	-	-	1,560	661	899	4.34%	7.53%
			Ethiopia	9,806	-	-	9,806	57	-	144	828	-	828	8.44%	8.44%
			Botswana	20,946	(39)	-	20,907	201	-	36	2,448	-	2,448	11.71%	11.71%
			Other	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
			Nigeria	6,844	-	-	6,844	52	-	-	624	-	624	9.12%	9.12%
			Mali	5,733	-	(5,733)	-	-	-	-	-	-	-	0.00%	0.00%
			Uganda	6,480	-	-	6,480	77	(51)	348	660	4	656	10.12%	10.19%
Total portfolio including Associates of associates				825,139	(15,775)	(21,152)	788,210	5,562	(419)	2,844	64,560	4,107	60,453	7.67%	8.19%
		Office		200,212	-	(5,254)	194,958	1,285	63	492	16,668	742	15,926	8.17%	8.55%
		Retail		197,425	(3,385)	-	194,040	1,557	(421)	2,172	15,804	1,626	14,178	7.31%	8.14%
		Light Industrial		80,414	(9,685)	-	70,729	440	25	-	5,580	-	5,580	7.89%	7.89%
		Hospitality		164,603	-	-	164,603	947	-	-	11,364	661	10,703	6.50%	6.90%
		Corporate Accomodation		151,618	(2,666)	(12,823)	136,129	1,019	(27)	144	12,048	1,078	10,970	8.06%	8.85%
		LLR		20,946	(39)	-	20,907	201	-	36	2,448	-	2,448	11.71%	11.71%
		Other		-	-	-	-	60	(60)	-	-	-	-	0.00%	0.00%
		Data Center		6,844	-	-	6,844	52	-	-	624	-	624	9.12%	9.12%
		Medical		3,076	-	(3,076)	-	-	-	-	-	-	-	0.00%	0.00%
Total portfolio including Associates of associates				825,139	(15,775)	(21,153)	788,210	5,561	(420)	2,844	64,536	4,107	60,429	7.67%	8.19%

Analysis OF ORDINARY SHAREHOLDERS

Beneficial shareholders with holding > 5%

AS AT 30 JUNE 2022		
Beneficial shareholders with holding > 5%	Number of shares	% of issued capital
Government Employees Pension Fund (ZA)	84,599,515	17.09%
M&G Investment Management Ltd (UK)	35,171,299	14.55%
Eskom Pension Fund (ZA)	33,073,061	6.68%
Ruffler LLP (UK)	29,097,417	5.88%
Botswana Development Corporation (BW)	26,377,971	5.33%

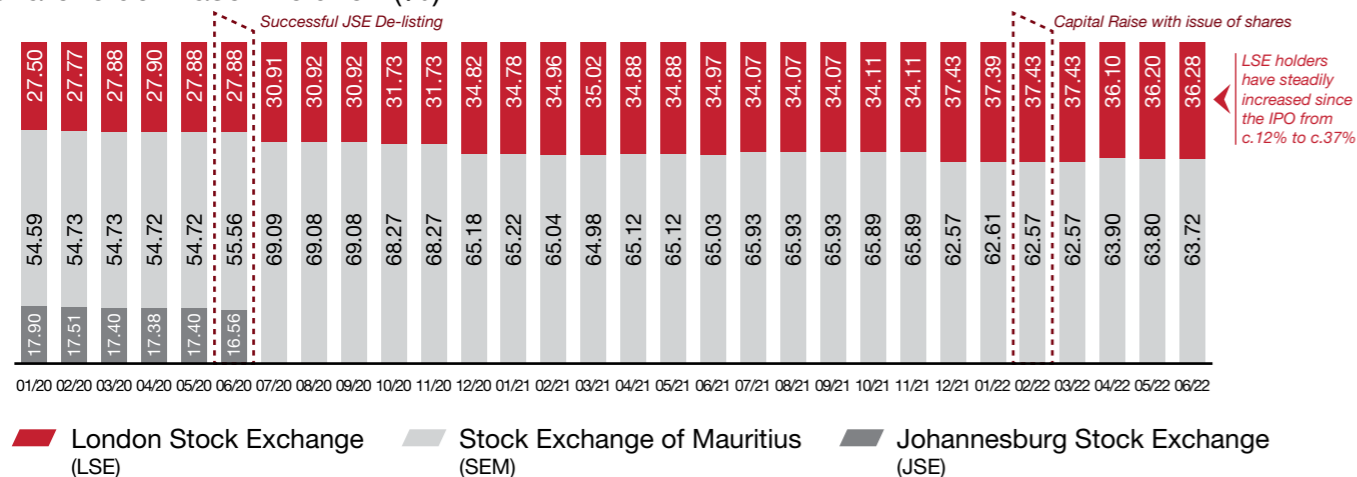
AS AT 30 SEPTEMBER 2022		
Beneficial shareholders with holding > 5%	Number of shares	% of issued capital
Government Employees Pension Fund (ZA)	84,599,515	17.09%
M&G Investment Management Ltd (UK)	35,171,299	14.55%
Eskom Pension Fund (ZA)	33,073,061	6.68%
Ruffler LLP (UK)	27,150,827	5.48%
Botswana Development Corporation (BW)	26,377,971	5.33%

Shareholder Base

Shareholder Base as at 30 June 2022	% held
SEM	64
LSE	36

Shareholder Base as at 30 September 2022	% held
SEM	64
LSE	36

Shareholder Base Evolution (%)



SHAREHOLDER Diary

Our forthcoming financial calendar for the 2023 year is provided below. These dates are provisional and subject to change.

For up-to-date information, refer to the financial calendar on our corporate website.

Financial calendar

Final Results announced	28 October 2022
Availability of Annual Report	28 October 2022
Annual General Meeting	30 November 2022
Interim results announced	28 February 2023

Website

Financial information about the Company, including annual reports, public announcements etc is available from the Company's website at www.grit.group

Company INFORMATION AND ADVISORS

Financial Adviser (UK)

finncap Limited

1 Bartholomew Close
London
EC1A 7BL
United Kingdom
Website: <https://www.finncap.com/>

SEM Authorised Representative and Sponsor

Perigeum Capital Limited

Level 3, Alexander House
35 CyberCity Ebène,
72201 Mauritius
Website: <https://perigeumcapital.com/>

Company Secretary

Intercontinental Fund Services Limited

Level 5, Alexander House
35 CyberCity
Ebène, 72201
Mauritius
Website: <https://intercontinentaltrust.com/>

Corporate Service Provider

Mourant Governance Services (Guernsey) Limited

PO Box 186
Royal Chambers
St Julian's Avenue
St Peter Port
GUERNSEY
GY1 4HP
Website: <https://www.mourant.com/> / <https://www.mourant.com/expertise/governance.aspx>

Registrar and Transfer Agent in Mauritius

Intercontinental Secretarial Services Limited

Level 3, Alexander House
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Ebène, 72201
Mauritius
Website: <https://intercontinentaltrust.com/>

Legal advisors in Mauritius

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Vieux Conseil Street
Port Louis 11328
Mauritius
Website: <https://www.dentons.com/en/global-presence/africa/mauritius/port-louis>

C & A Law

Suite 1005, Level 1 Alexander House
35 CyberCity
Ebène, 72201
Mauritius
Website: <https://www.calaw.mu/>

Legal advisors in United Kingdom

Stephenson Harwood LLP

1 Finsbury Circus
London
EC2M 7SH
United Kingdom
Website: <https://www.shlegal.com/>

Registrar for UK Register

Link Market Services (Guernsey) Limited

Mont Crevelt House
Bulwer Avenue St
Sampson
Guernsey
GY2 4LH
Website: <https://www.linkmarketservices.com/>

Statutory Independent Auditors in UK

PricewaterhouseCoopers LLP

1 Embankment Place
London WC2N 6RH
United Kingdom
Website: <https://www.pwc.com/>

Internal Auditors

KPMG Advisory Services Ltd

31 CyberCity, Ebène
B1 Quatre Bornes
Mauritius
Website: <https://home.kpmg/mu/en/home/services/advisory.html>

Sponsor Broker

Capital Markets Brokers Ltd
Level 1, Alexander House
35 Cybercity, Ebène
72201
Mauritius
Website: <http://www.cmb.mu/>

List OF DEFINITIONS

“Admission and Disclosure Standards”	the Admission and Disclosure Standards published by the London Stock Exchange
“AFS”	the Company and Group Annual Financial Statements
“AGM” or “Annual General Meeting”	the annual general meeting
“AltX”	the Alternative Exchange of the JSE
“Audit Committee”	the Audit Committee established by the Board
“BBB EE”	black economic empowerment, as such term is defined in the Broad-Based Black Economic Empowerment Act, No. 53 of 2003
“BoAML”	Bank of America, N.A.
“Board”	Board of Directors
“bn”	Billion
“Broll”	Broll Valuation & Advisory Services (Pty) Ltd
“c.”	circa
“C-Suite”	the C-Suite of Grit comprising of the Executive Director, the Chief Operating Officer, the Head of Treasury, the Head of Investments, the Head of Real Estate, and the Chief Strategy Officer
“Carpux Tax”	Carpux Tax Services Limited, the tax advisor of Grit
“CDS”	Central Depository & Settlement Co. Ltd, established under the Securities (Central Depository, Clearing and Settlement) Act 1996 of Mauritius
“CEO”	the Chief Executive Officer
“CFO”	the Chief Financial Officer
“Chairman”	Chairperson of the Board or of a Committee
“Charter”	The Charter of the Board or each of the Committees that regulates the Board and each of the Committees.
“Chartered Accountant”	an international accounting designation granted to accounting professionals in many countries around the world
“COO”	the Chief Operations Officer
“Committees”	the committees of the Company
“Companies Act 2006”	Companies Act 2006 of UK
“Company” or “Grit”	Grit Real Estate Income Group Limited
“Company Secretary”	Intercontinental Fund Services Limited
“CPI”	Consumer Price Index
“cps”	cents per share
“CSR”	Corporate social responsibility, which is a self-regulating business model that helps a company be socially accountable to its stakeholders
“Dilitrust Exec”	The electronic / online platform used to carry out Board and Committee meetings
“Directors” or “Board”	the Directors of the Company (singly a Director)
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules as set out in the FCA Handbook, as amended
“Drive in Trading” or “DiT”	Drive in Trading Proprietary Limited, registration number 2017/059131/07, a private company duly incorporated in accordance with the laws of South Africa
“EDB”	the Economic Development Board
“EcoGrit”	An Internal Committee of Grit that is responsible for Sustainability matters, including Corporate Social Responsibility
“EGM”	the Extraordinary General Meeting
“EOY”	End of Year
“EPRA”	European Public Real Estate Association
“EPRA NAV”	net asset value calculated in accordance with the latest Best Practice Recommendations published by EPRA
“€” or “EUR”	the lawful currency of the Eurozone in the European Union
“ESG”	Means Environmental, Social and Governance
“Executive Committee”	Grit's executive management committee, including the C-Suite and the Senior Management Team
“Executive Directors”	Bronwyn Knight and Leon van de Moortele
“Existing Ordinary Shares”	the existing Ordinary Shares in issue as at the date of this document
“External”	a Director, who is not an employee of Grit
“External Auditor”	The External Auditors
“FAM”	Freedom Asset Management
“FATCA”	the US Foreign Account Tax Compliance Act
“FCA”	the UK Financial Conduct Authority
“FRC”	Financial Reporting Council
“DTR”	Disclosure and Transparency Rules
“EPRA NRV”	Net Reinstatement value in accordance with...



“EPRA NIY”	Net Initial Yield in accordance with...
“EPRA topped-up NIY”	Topped up Net Initial Yield in accordance with...
“RCP”	Representative concentration pathways
“IPCC”	Intergovernmental Panel on Climate Change
“GHG Emissions”	Greenhouse Gas Emissions
“FSC”	Financial Services Commission of Mauritius
“FSMA”	the UK Financial Services and Markets Act 2000 (as amended)
“GREA”	Gateway Real Estate Africa
“GDP”	Gross Domestic Product
“GEPF”	Government Employees Pension Fund, a fund created under the South African Government Pension Law, 1996 (acting through its authorised representative, the Public Investment Corporation)
“GLA”	Gross lettable area
“Grit” or the “Company” or “GRIT”	Grit Real Estate Income Group Limited
“Grit Group” or “Group”	Grit and its subsidiaries and associates
“Grit Share Incentive Plan”	The Grit Real Estate Income Group Limited Long-Term Incentive Scheme, details of which are set out in Part 19 of this document
“HR”	Human Resources
“Human Capital”	the employees of the Company
“IA”	Internal Auditor OR Internal Audit
“IAR” or “Integrated Report” or “report” or “IAR 2021”	Integrated Annual Report of the Company
“IIA” Standards	International Internal Audit Standards
“IFRS”	International Financial Reporting Standards
“Internal”	A Director who is also an employee of the Company
“Internal Auditor” or “KPMG”	the Internal Auditor of the Company, being KPMG Advisory Services Limited currently
“International Issues”	International issuer, as defined by the SEM listing rules
“Investment Committee”	the Investment Committee established by the Board
“ISCR”	the interest service coverage ratio
“ISIN”	International Security Identification Number
“ISO 45 001”	international standard for occupational health and safety
“Issue Shares”	the Ordinary Shares to be issued or sold pursuant to the Issue
“IT”	Information Technology
“ITG”	Information Technology Governance
“KYC”	know your customer or know your client
“KFIM”	Knight Frank Investment Management
“KPI”	Key Performance Indicators
“KRA”	Key Results Areas
“Listing Rules”	the rules and regulations made by the UKLA under Part VI of FSMA
“LLR”	Letlole La Rona, a listed Botswana industrial property group
“Local Committee”	the Local Committee established by the Board
“LSE”	London Stock Exchange
“LTI”	Long-Term Incentive
“LITP”	Long Term Incentive Plan
“m”	Million
“MAD”	Moroccan Dirham
“Market Abuse Regulation”	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
“Mauritian Companies Act” 2001	the Mauritian Companies Act, No. 15 of 2001, as amended
“Mauritian Registrar and Transfer Agent”	Intercontinental Secretarial Service Limited
“Money Laundering Regulations”	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
“MUR”	Mauritian Rupee
“MRU Code”	National Code of Corporate Governance for Mauritius (2016)
“MZN”	Mozambican Metical
“m ² ”	Square meters
“NAV” or “Net Asset Value”	the value of the assets of the Company less its liabilities determined in accordance with the accounting policies adopted by the Company from time to time
“NAV per Share” or “Net Asset Value per Share”	the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury if any) at the date of calculation

“Nomination Committee”	the Nomination Committee established by the Board
“LTV”	Loan to Value
“Nomination Committee”	International Finance Corporation
“LCY”	Local Currency
“Non-Executive Director” or “NED”	A non-executive director of the Company
“Non-Governmental Organisations” or NGOs	non-governmental non-profit organisation
“Official List”	the Official List of the UK Listing Authority
“Official Market”	the Official Market of the SEM
“Ordinary Shares” or “Shares”	the ordinary shares of no-par value in the capital of the Company
“Permanent Invitee”	Though not a member of that Committee, is able invited to attending the Committee
“pg.”	Page number
“Premium Listing”	a premium listing on the Official List under Chapter 6 of the Listing Rules
“PRI”	political risk insurance
“PricewaterhouseCoopers”	PwC Mauritius
“PwC UK” or “PwC”	PricewaterhouseCoopers LLP
“Public Investment Corporation” or “PIC”	the Public Investment Corporation SOC Limited, a public company created in terms of the Public Investment Corporation Act, 2004, with registration number 2005/009094/30
“Rand” or “ZAR”	South African Rand, the lawful currency of South Africa
“REC”	REC Real Estate Consulting, LDA
“Register”	the register of members of the Company
“Regulatory Information Service” or “RIS”	a service authorised by the UKLA to release regulatory announcements to the London Stock Exchange
“REIT”	“Real Estate Investment Trust”
“Remuneration Committee”	the Remuneration Committee established by the Board
“Responsible Business Committee”	the Responsible Business Committee established by the Board, previously known as the Social and Ethics Committee (name of Committee was amended in February 2021)
“Risk Committee”	the Risk Committee established by the Board
“SEM”	the Stock Exchange of Mauritius Ltd, established under the repealed Stock Exchange Act 1988 and now governed by the Securities Act of Mauritius
“SEM Rules”	the SEM Listing Rules, as amended from time to time
“Senior Executive”	Senior Management Team, C-Suite, consultants and key staff from associates of Grit
“Senior Management Team” or “Senior Management”	the senior management team of Grit
“SENS”	the Stock Exchange News Service of the JSE
“Shareholder”	a holder of Ordinary Shares or, as applicable, a holder of Depositary Interests
“SID”	a senior independent director, who can be replaced from time to time, currently Mr David Love
“Standard Listing”	a standard listing on the Official List under Chapter 14 of the Listing Rules
“Succession Planning”	process of identifying and developing potential future leaders and senior managers
“Sustainability Committee”	the Sustainability Committee of Grit accountable for the sustainability strategy and performance of the business
“£”	Pounds Sterling, the lawful currency of the United Kingdom
“STI”	Short-Term Incentive
“TCFD”	Task Force on Climate-related Financial Disclosures
“TDS”	Tax Deductible at Source
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code” or “UK Code”	the 2018 UK Corporate Governance Code as published by the UK Financial Reporting Council
“UK FTSE”	the FTSE UK Index Series is designed to represent the performance of UK companies
“UKLA” or “UK Listing Authority”	the United Kingdom Listing Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA, or any successor authority
“US\$” or “USD”	United States Dollars
“VAT”	Value Added Tax
“WALE”	weighted average lease expiry
“ZMW” or “Kwacha”	Zambian Kwacha
“We”	Grit Group including all its subsidiaries
“WACD”	Weighted Average cost of Debt

Forward LOOKING STATEMENTS

This Integrated Report contains forward-looking statements, which involve unknown risks, uncertainties and other factors, which may cause the actual results, financial conditions, operations and performance or achievement of the Company, or industry results, to be materially different from future results, financial condition, performance or achievements expressed or implied by such forward-looking statements.

These forward-looking statements are based on the judgement and future expectations/ assumptions of the Executive Committee and the Directors. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, global and local market and economic conditions, industry factors, as well as regulatory factors.

The Company is not under any obligation to (and expressly disclaim any such obligation to) update or alter its forward-looking statements, whether as a result of new information, future events or otherwise. We therefore, advise readers to be careful in interpreting any forward-looking statements in this Report.



THE PRECINCT
Grand Ballroom