GRIT REAL ESTATE INCOME GROUP LIMITED
(Registered in Guernsey)
(Registration number: 68739)
LSE share code: GR1T
SEM share code: DEL.N0000
ISIN: GG00BMDHST63
LEI: 21380084LCGHJRS8CN05

("**Grit**" or the "**Company**" or the "**Group**")

FULL YEAR AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2021

The board of Directors (the "**Board**") of Grit Real Estate Income Group Limited, a leading pan-African real estate company focused on investing in and actively managing a diversified portfolio of assets underpinned by predominantly US$ and Euro denominated long-term leases with high quality multi-national tenants, today announces its audited results for the financial year ended 30 June 2021.

Financial highlights

	30 June 2021	**30 June 2020**	**Increase/ (Decrease)**
Distributable earnings per share[1]	US$5.97 cps	US$9.58 cps	(37.7%)
Dividend per share	US$1.50 cps	US$5.25 cps	(71.4%)
EPRA NRV per share[2]	US$102.4 cps	US$117.1 cps	(12.6%)
EPRA earnings per share	US$2.57 cps	US$3.82 cps	(32.7%)
Adjusted EPRA earnings per share[3]	US$4.91 cps	US$9.02 cps	(45.6%)
Property portfolio net operating income	US$55.3m	US$53.5m	+3.5%
Gross property income	US$49.2m	US$48.5m	+1.4%
Contractual rental collected	92.5%	88.6%	+3.9ppt
Loss for the year before taxation	(US$60.9m)	(US$53.9m)	(13.0%)
EPRA cost ratio (including associates)	13.2%	14.6%	-1.4ppt
Total Income Producing Assets[5]	US$801.9m	US$823.5m	(2.6%)
WALE[6]	4.8 yrs.	5.0 yrs.	-0.2 yrs.
EPRA portfolio occupancy rate[7]	94.7%	94.1%	+0.6ppt
Group LTV	53.1%	50.2%	+2.9ppt
Property LTV	46.6%	46.5%	+0.1ppt

· EPRA net reinstatement value ("NRV") per share contracted to US$1.024 (2020: US$1.171). The 12.6% reduction was principally as a result of the decrease in the value of the Group's retail and VDE Housing Estate ("VDE") assets and increased impairment charges.

· Contractual rental collections, which represents the cash collections as percentage of contractual revenue (before adjustments of rental deferrals and concessions), has improved by 3.9 percentage points from 88.6% to 92.5%.

· Group LTV increased to 53.1% (2020: 50.2%) predominantly as a result of the decrease in the value of the Group's property portfolio. The Group has successfully extended its lowest applied LTV debt covenants to 55% to April 2023 and secured additional liquidity facilities. The Board remains committed to reducing LTV levels to its near-term target of 45% and then to its medium term target of between 35% to 40% through capital recycling initiatives, issuance of quasi equity instruments and select NAV accretive acquisitions to be completed only upon the securing of appropriate funding by the Group.

· Dividends per share declared for the year ended 30 June 2021 of US$1.50cps (2020: US$5.25cps), comprising the interim dividend declared in February 2021. The Board has decided against declaring a final dividend for the year ended 30 June 2021, but plans to resume payments in the current financial year ending 30 June 2022 with a view to the Group's LTV meaningfully declining towards the Board's near term target of 45%.

· The portfolio was independently valued at 30 June 2021, with total income producing assets valued at US$801.9m (2020: US$823.5m), including acquisitions and capex additions amounting to US$18.8m and like-for-like property valuations decreasing 7.8% for the year to 30 June 2021.

· The Group's property portfolio net operating income (including associates and joint ventures) increased 3.5% as a result of the full year impact of prior year acquisitions in the period and strong portfolio performance in sectors relatively unaffected by COVID-19.

Operational highlights

· Property portfolio now comprises a total of 54 investments, across eight countries and five asset classes.

· 90.9% (2020: 90.2%) of revenue is earned from multinational tenants8.

· 92.7% (2020: 89.1%) of income is produced in hard currency9.

· EPRA portfolio occupancy rate of 94.7% as at 30 June 2021 (2020: 94.1%).

· Total Grit proportionately-owned lettable area ("GLA") increased 2.3% year-on-year by 7,807m2 (30 June 2020: 34,589m2) mostly as a result of acquisitions.

- Weighted average annual rent escalations at 3.8% (2020: 2.8%).
- Weighted average property exit capitalisation rate 8.1% (2020: 8.1%) driven by COVID-19 uncertainty related upward movements that were offset by favourable portfolio mix effects from acquisitions.
- Weighted average cost of debt moved down to 5.7% (2020: 5.9%) as a result of movements in libor over the reporting period and refinancing activities by the Group.

Corporate highlights

- On 29 July 2020, Grit delisted from the Main Board of the Johannesburg Stock Exchange and introduced two strong African institutional shareholders.
- On 3 August 2020, the trading of Grit's shares on the Main Board of the London Stock Exchange (the "LSE") converted from a US$ quotation to a Sterling quotation.
- On 22 January 2021, the Group stepped up to premium segment of the LSE.
- On 4 February 2021, the Group redomiciled to Guernsey.

Post balance sheet events

- Obtained an equity classified perpetual note and IFC debt funding for the acquisition of the Orbit Africa manufacturing facility and redevelopment, that is expected to be accretive to both the Company's net asset value and earnings, delivering value to Grit's shareholders.
- Extended the maturity of US$116 million of debt to between April 2023 and April 2025.

Notes

1 Refer to note 11 (unaudited).

2 Explanations of how European Public Real Estate Association ("EPRA") figures are derived from IFRS are shown in note 12 (unaudited).

3 Adjustments to make earnings better representative of what the Directors believe is the underlying company performance and includes adjustments for unrealised foreign exchange movements, straight-line leasing and amortisation of lease premiums, amortisation of right of use land, impairment of loan and deferred tax adjustments - refer to note 10 (unaudited) for further details on adjustments made.

4 Based on EPRA cost to income ratio calculation methodology which includes the proportionately consolidated effects of LLR and other associates.

5 Includes properties, investments and property loan receivables - Refer to Chief Financial Officer's Statement for reconciliation and analysis.

6 Weighted average lease expiry ("WALE").

7 Property occupancy rate based on EPRA calculation methodology - Includes associates.

8 Forbes 2000, Other Global and pan African tenants.

9 Hard (US$ and EUR) or pegged currency rental income.

Bronwyn Knight, Chief Executive Officer of Grit Real Estate Income Group Limited, commented:

We have a high-quality portfolio of attractive property assets leased to very strong tenant covenants that is continuing to deliver a resilient performance with 92.5% of contracted revenue collected this period, versus 88.6% in the prior year, despite the headwinds of the pandemic. We are increasingly confident that the Group's property occupancy rate of 94.7% at the period end will continue to improve during the balance of 2021 and beyond, supported by our hospitality sector assets benefitting from the easing of travel restrictions and further leasing activity in both our Ghanaian office portfolio and retail sector assets. Trading is also showing encouraging signs of normalising, especially in the hospitality and retail sectors.

Although we delivered a robust operational performance, with our Property Portfolio Net Operating Income rising 3.5% for the year to 30 June 2021, our LTV ratio rose to 53.1% over the same period impacted by valuation pressures, predominantly in the retail sector. We expect Grit's LTV to benefit from improvements in our property valuations over the medium term, the acceleration of our asset recycling strategy and target of recycling 20% by property portfolio value by the end of 2023, which we continue to pursue, and our perpetual note issuance, which has now been concluded. Our LTV will additionally benefit from the potential sale of AnfaPlace at no lower than the 30 June 2021 book value, which would also be expected to impact positively on the Group's distributable earnings per share.

Although our short-term focus remains on continuing our strong rental collections, balance sheet optimisation and the reduction of our LTV to below 45%, we are pursuing select accretive growth, co-investment and pre-funded development opportunities across resilient sectors. These high-quality, diversified opportunities, if successfully concluded, hold the potential to significantly improve the Group's net asset value, distributable earnings and yield.

Our strategy remains effective, and I am increasingly confident that we are well positioned and that the steps we are taking will not only safeguard Grit for the near term but ensure that we proactively seize the opportunities that arise to return to growth, acceptable shareholder returns and an attractive cash dividend.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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NOTES:

Grit Real Estate Income Group Limited is the leading pan-African real estate company focused on investing in and actively managing a diversified portfolio of assets in carefully selected African countries (excluding South Africa). These high-quality assets are underpinned by predominantly US$ and Euro denominated long-term leases with a wide range of blue-chip multi-national tenant covenants across a diverse range of robust property sectors.

The Company is committed to delivering strong and sustainable income for shareholders, with the potential for income and capital growth. The Company is targeting net total shareholder return inclusive of NAV growth of 12.0%+ p.a.*

The Company holds its primary listing on the Main Market of the London Stock Exchange (LSE: GR1T and a secondary listing on the Stock Exchange of Mauritius (SEM: DEL.N0000).

Further information on the Company is available at http://grit.group/

* These are targets only and not a profit forecast and there can be no assurance that they will be met. Any forward-looking statements and the assumptions underlying such statements are the responsibility of the Board of Directors and have not been reviewed or reported on by the Company's external auditors.

Directors:

Peter Todd+ (Chairman), Bronwyn Knight (Chief Executive Officer)*, Leon van de Moortele (Chief Financial Officer)*, David Love+, Sir Samuel Esson Jonah+, Nomzamo Radebe, Catherine McIlraith+, Jonathan Crichton+, Cross Kgosidiile+ and Bright Laaka+ (Permanent Alternate Director to Nomzamo Radebe).

(* Executive Director) (+ independent Non-Executive Director)

Company secretary: Intercontinental Fund Services Limited

Registered office address: PO Box 186, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 4HP

Registrar and transfer agent (Mauritius): Intercontinental Secretarial Services Limited

SEM authorised representative and sponsor: Perigeum Capital Ltd

UK Transfer secretary: Link Assets Services Limited

Mauritian Sponsoring Broker: Capital Markets Brokers Ltd

This notice is issued pursuant to the FCA Listing Rules and SEM Listing Rule 15.24 and the Mauritian Securities Act 2005. The Board of the Company accepts full responsibility for the accuracy of the information contained in this communiqué.

A Company presentation for all investors and analysts via live webcast and conference call

The Company will host a live Zoom webcast and conference call on Friday, 29 October 2021 at 12:00pm Mauritius / 09:00am UK. The call can be accessed directly on the day using the following link: https://us06web.zoom.us/j/82090379280. For further queries please contact IR@grit.group.

A playback will be accessible on-demand within 48 hours via the Company website https://grit.group/financial-results/

CHAIRMAN'S STATEMENT

The operating environment during the review period remained challenging, however Grit's strategy of high-quality assets leased to very strong tenant covenants helped to ensure that Grit was resilient and maintained high rent collection rates. We continue to concentrate on preserving the resilience and financial strength of the Company to deliver secure attractive value to our shareholders over both the short and longer term, with significant progress made during the period.

Grit's strategic focus on counterparty strength and portfolio diversification provided a stable asset base helping to ensure the Group posted a robust operational performance for the year, with its corporate accommodation, industrial, commercial office and other assets materially unaffected by the COVID-19 fall-out. These assets collectively comprise 53.2% (after excluding non-controlling interests, ("**Group's Economic Interest**")) of the Group's Economic Interest in property assets as at 30 June 2021.

The Group collected 92.5% of the value of its contracted revenue in the financial year to 30 June 2021 (FY20: 88.6%) and over the same period provided rent concessions, resulting in reduced revenues of 5.6%, and rent deferrals of a further 2.3% of contracted rental revenue. Management's continued focus on proactive tenant and asset management resulted in a higher occupancy rate of 94.7% (FY20: 94.1%) predominantly because of new leases concluded in the corporate offices and retail portfolios.

The retail sector across Africa continues to face both cyclical and structural shifts and accounts for over 80% of the Group's reported vacancy, of which AnfaPlace Mall in Morocco, our largest asset by value, is the main contributor. Leasing activity to the retail sector assets has improved and this is expected to continue to improve in the current financial year, and whilst we continue to be confident about the convenience and strip mall retail concepts, our strategy is to continue reducing overall exposure to the retail sector. To this end, Grit has recently granted 2-months exclusivity to a potential buyer of AnfaPlace Mall in Casablanca, Morocco. Grit expects to realise a price no lower than the updated 30 June 2021 book value and if concluded, the transaction is expected to reduce the Group's LTV and positively impact the Group's distributable earnings per share.

We are encouraged to see Mauritian border restrictions lifted from 1 October 2021, with tourist arrivals expected to recover strongly and swiftly. Grit has two principal tenant brands in the Mauritius hospitality sector, both of which received strong Mauritian government support, including liquidity support, from the Mauritian Investment Corporation which is supporting the resumption of lease repayments to Grit. Club Med Cap Skirring is expected to resume trading on 5 December 2021 and this will see the resumption of rental payments at that date. The resort is currently experiencing strong bookings for the upcoming tourist season.

The Company redomiciled its corporate seat to Guernsey and successfully applied to step-up to the Premium segment of the London Stock Exchange in January 2021. A premium listing requires the highest standards in governance and is expected to facilitate the Group's eligibility for inclusion in the FTSE UK Index Series, which is anticipated to significantly improve liquidity and further diversify Grit's shareholder base.

Financial results

These are challenging and uncertain times, as demonstrated by the valuation declines across the property portfolio that has resulted, for the year under review, in the value of total income producing assets dropping to US$801.9m (FY20: US$823.5m) and a total return per share[1] of -11.3% (FY20: -15.8%).

[1] EPRA NRV per share movement plus dividend paid per share during the year

EPRA NRV per share reduced by 12.6% mainly due to further valuation write-downs in the retail sector assets and VDE housing compound. Grit's property portfolio fair value losses, since the onset of the pandemic, amount to US$114.9m, representing a 14.2% (like-for-like) reduction compared to 31 December 2019. Consequently, Grit Group LTV increased to 53.1% as at 30 June 2021, predominantly as a result of this decrease in valuations, additional short-term working capital facilities to fund rental deferrals provided to tenants in the hospitality sector and capital expenditure in the normal course of business, including GREA capital calls. The Board continues to pursue a medium-term LTV target of between 35% and 40% with a near-term focus of reducing LTV to below 45%, and although it does not expect a rebound in retail valuations until the financial year ending 30 June 2023 at the earliest, it does, however, take note of positive trends such as reduced vacancies and increased footfall in its retail assets and the re-opening of the Mauritian borders to overseas tourists.

Protection of the balance sheet and debt reduction remains a strong focus and despite the recent positive rent collection trends and notwithstanding raising gross proceeds of approximately US$9.8 million of fresh equity in late 2020, other initiatives by the Group, such as a reduction of US$6.7 million in administrative and operating expenses, have so far and at 30 June 2021 financial year end, not yet had a positive impact on the Group's LTV.

The Board is now advancing its efforts to achieve an asset recycling target of 20% of the value of the property portfolio by 31 December 2023. The potential sale of AnfaPlace Mall was recently announced and further disposals are expected to be announced in due course, which are expected to contribute to the reduction of reported LTV to 30 June 2022.

Grit also successfully engaged with its debt providers and has both increased its lowest applied LTV and dropped its Interest Service Coverage Ratio (ISCR) covenants on debt facilities and, more recently, secured maturity extensions for the bulk of the Group's US$410.1 million outstanding debt to beyond April 2023.

Post balance sheet date, the Group secured full funding for the accretive US$53.6 million acquisition and redevelopment of Orbit Africa manufacturing facility in Kenya, obtaining a US$25.0 million senior debt facility from the International Finance Corporation (the "**IFC**"), the investment arm of the World Bank and up to US$31.5 million by way of Grit issued equity classified perpetual notes to two additional external funders. This transaction is expected to be the first in a number of strategic collaborations with the IFC across Africa and positions the Company to execute on its focus of increasing its exposure to industrial sector assets.

The Directors have modelled both a 'base case' and a 'severe but plausible downside' of the Group's expected liquidity and covenant position for a going concern period of at least 12 months from the date of signing the annual report. The models show that, save for the items highlighted in the CFO report, the Group has adequate financing facilities and maintains its covenants throughout the going concern period. The inherent uncertainty in future property valuations is also such that should they decrease more severely or quicker than anticipated as a result of the COVID-19 pandemic, then the Group may breach some individual property and/or Group wide covenants. Further details on the downside scenarios are reflected in the CFO's report. Management has a number of mitigating actions available to it should these situations arise. Further details of matters relating to going concern are referenced in the external auditors' Independent Audit Opinion.

Dividends

In light of recent events, especially the LTV which has increased to over 53%, the Board has deliberated at length regarding the current year dividend and considered the needs of its income and yield investors against the long-term protection of the Group's balance sheet. The Board has decided against recommending a final dividend for the financial year ended 30 June 2021 and expects to re-instate this once Group LTV declines towards the Board's near-term target of 45%.

Changes to the Board

Mr Cross Kgosidiile joined the Board of Grit as an independent Non-Executive Director and as a member of the Audit and Risk Committees with effect from 5 March 2021. Mr Kgosidiile is the Managing Director of the Botswana Development Corporation ("**BDC**"), the country's main agency for commercial and industrial development, founded in 1970 with the Government of Botswana as its sole shareholder. BDC's shareholding in the Company represents approximately 4.48% of the total issued share capital of the Company.

He has over 20 years' experience in building high performance businesses and teams, having served in a variety of leadership roles, including at the Botswana Power Corporation (BPC), the Motor Vehicle Accident (MVA) Fund and the national airline, Air Botswana. Mr Kgosidiile has also worked as a business consultant where he focused on property transactions. His expertise spans corporate finance and business strategy, information technology, supply chain management and business transformation.

Climate change and sustainability

With Africa rapidly urbanising, we understand the important role that we as landlords must play in limiting carbon emissions and our impact on natural resources for long-term sustainability.

The Group has committed to reducing carbon emissions by a targeted 25% as well as a 25% improvement in our building efficiency over the next four years and the Board has committed to delivering a clear definition of our net zero carbon pathway. The Responsible Business Committee has been tasked to monitor these improvements, including having adequate data to support this target.

We are proud to maintain more than 40% of women in leadership positions at Grit, and a staff complement consisting of more than 80% local employees, exceeding our target of 65%.

Outlook

In a very challenging environment, our Board and management team took decisive, proactive action to defend and grow our position and safeguard the business to deliver shareholder value for both the short and long term.

Trading is showing encouraging signs of normalising especially in the hospitality and retail sectors. Whilst we maintain an appropriately cautious stance in light of the potential longer-term effects from COVID-19 on our tenants and the wider economy, we remain confident in our strategy of unlocking superior total returns for our investors in the medium to longer term through the significant recovery potential across our unique portfolio of properties as well as strategic, value accretive acquisitions and capital recycling initiatives. Key to the long-term success of the Company will be a more conservative capital structure, significant disposals and successfully exploiting opportunities within our portfolio to help ensure we return to growth, acceptable returns and a cash dividend.

We are excited about the potential for further value creation from the assets and development pipeline within Gateway Real Estate Africa Limited ("**GREA**"), in which we currently hold a 19.98% equity interest. The Group's exposure to embassy corporate accommodation and data centre assets is expected to increase as these projects are delivered in the coming months.

As a management team, we remain under no illusions about the challenges ahead. However, I am confident that we are well positioned and that the steps we are taking will not only safeguard Grit for the near term but ensure that we proactively seize the opportunities that arise from these unprecedented times.

Finally, I would like to thank my colleagues on the Board for their significant time contributions this year; our colleagues in the business for their Herculean efforts in an exceptionally tough environment; and shareholders for their support for the actions taken to date and those that are forthcoming.

Peter Todd

Chairman

CHIEF EXECUTIVE'S STATEMENT

COVID-19 has emerged as a multi-faceted risk with a variety of implications for the Group. As we continue to navigate effectively the ever-changing environment, the Company is carefully monitoring the impact of COVID-19 on the business, financial conditions, property valuations, medium-term growth strategies and prospects of the Grit Group. Our strategy remains effective, and we are confident that we have successfully navigated the worst of the current cycle by virtue of the various interventions we have made over the last 18 months.

Ongoing COVID-19 response

Although COVID-19 impacted our business over the full financial year, we took clear action to strengthen the Group's financial position while our colleagues simultaneously ensured that all our stakeholders were safe and supported.

Our operational response included:

- New safety measures and increased cleaning protocols across all our assets;
- Support for key tenants and brand partners including reductions in service charge, rent deferrals and concessions; and
- Support for our communities, including community food programmes and provision of face masks.

Our financial response included:

- Defining detailed strategies to achieve our near-term targets of reducing LTV to below 45%;
- Suspending our 2020 final dividend and withholding our final 2021 year-end dividend;
- 10% reduction in pay for the Board and senior management over the period 1 July 2020 to 30 June 2021;

- Negotiating a temporary extension to the Group LTVs and Group ISCR covenants;
- Suspending and cancelling a number of announced pipeline acquisitions in order to protect Balance sheet capacity; and
- Advancing asset recycling within the portfolio with the partial sales of AnfaPlace Mall and Acacia announced in late 2020. These strategies are now being further accelerated with the Board targeting 20% of the portfolio to be recycled by December 2023.

Resilient portfolio performing well

Grit's property portfolio comprises a total of 54 assets (including 25 properties held in Letlole La Rona in Botswana) with rentals predominantly collected monthly, of which 92.7% are collected in US$, Euro or pegged currencies.

The Group's high-quality assets have a weighted average lease expiry of 4.8 years (FY20: 5.0 years) and a weighted average contracted lease escalation of 3.8% per annum (FY20: 2.8% per annum), underpinned by a wide range of blue-chip multinational tenants across a variety of sectors who account for over 90.9% (FY20: 90.2%) of our contracted revenue.

The Group's weighted average EPRA vacancy rate reduced to 5.3% as at 30 June 2021 (FY20: 5.9%) mainly because of two new leases to Total in Commodity House Phase 1 (Mozambique) and several new leases signed in AnfaPlace Mall (Morocco), as well as at the three retail malls in Kitwe, Ndola and Lusaka, Zambia respectively.

The retail segment still accounts for over 80% of the reported Group vacancy, of which AnfaPlace Mall is the largest contributor. Strong leasing activity is expected over the remainder of the 2021 calendar year buoyed by increased footfall numbers as lockdown restrictions are relaxed.

Other investments, Office, corporate accommodation, and light industrial assets

Other investments, corporate accommodation, industrial and commercial office sectors remained largely unaffected by the COVID-19 fall-out. These sectors collectively represent over 53.2% of Grit's Economic Interest in property assets as at 30 June 2021.

Light industrial assets continue to represent a resilient sector and remain a key focus for growth in the portfolio. Several significant opportunities have been presented to the Group and management to consider options in relation to funding and furthering the sector strategy. To this end, the Group recently announced the successful conclusion of an equity classified perpetual note of up to US$31.5 million to fund the acquisition of the Orbit Africa warehouse and manufacturing buildings in Kenya via a sale and lease back arrangement, with a 25-year lease in place (at a 9.5% yield), followed by the development of additional warehousing and manufacturing buildings at a 16% yield. The debt component of the acquisition, amounting to US$25 million, will be funded by the International Finance Corporation ("IFC") at libor + 5.75%, but pleasingly marks the opportunity for Grit to further collaborate with the IFC across similar assets on the African continent.

Retail assets

The pandemic has accelerated structural challenges in the retail sector. Although convenience centres, which typically have a proportionately higher services and basic necessities offering, have continued to trade well, the larger enclosed malls remain under pressure with rising vacancies and tenant strain.

Retail assets constituted 21.1% of Grit's Economic Interest in property assets as at 30 June 2021 and are split between enclosed malls (AnfaPlace Mall) and convenience shopping and service orientated strip malls. During the year under review, Grit provided a combination of concessions and rent deferrals to tenants at AnfaPlace Mall in anticipation of the asset returning to normalised levels of trading post the 2019 redevelopment and the more recent COVID-19 related disruptions.

The asset management team made good progress on lease renewals at Mukuba Mall in Kitwe, Zambia, following 85% of the leases expiring in March 2020. At the reporting date, 98.5% of the mall's available rental space has been let. Cosmo Mall (Lusaka, Zambia) and Mall de Tete (Tete, Mozambique) continue to experience abnormal levels of vacancies although signs of the vacancy rate normalising through the current financial year are encouraging.

Hospitality assets

At the financial year end, hospitality assets comprised 25.7% of Grit's Economic Interest in property assets. Grit does not have direct occupancy and operational cost exposure in the hospitality sector because of its fully servicing triple net lease rental contracts with international leisure operators. Rent deferrals were offered to tenants ahead of the re-opening of borders and the expected resumption of normal tourist arrivals. Grit expects to recover these deferrals over the coming months as described in the cash collections section below.

Strong rental collection rate

For the financial year to June 2021, Grit collected 92.5% of the value of its contracted rental revenue (FY20: 88.6%). Over this same period, the Group has provided rent concessions, resulting in reduced revenues of 5.6% and rent deferrals of a further 2.3% of contracted rental revenue.

	Office	**Retail**	**Corporate accommodation**	**Hospitality**	**Light Industrial**	**1 July 2020 to 30 June 2021**
Contracted rent	100%	100%	100%	100%	100%	100%
Rent deferrals	0%	(0.3%)	0%	(11.2%)	0%	(2.3%)
Rent concessions	(2.3%)	(8.9%)	(5.5%)	(6.5%)	0%	(5.6%)
Expected collection rate	**97.7%**	**90.8%**	**94.5%**	**82.3%**	**100%**	**92.1%**
Actual collection rate	**100%**	**90.2%**	**99.2%**	**77.2%**	**100.3%**	**92.5%**
Movement in debtors' balances (excl. agreed deferrals)	(2.7%)	0.06%	(4.7%)	5.1%	(0.3%)	(0.4%)

While the hospitality sector has not been as severely impacted as our peers due to the fixed nature of our leases and the significant government support granted to our hospitality tenants, it continues to be a focus area of the Group. With the opening of the Mauritian borders from 1 October 2021 and the planned opening of the ClubMed in Senegal in December 2021, lease payments are expected to resume fully by those dates and for the rental deferments granted to be recovered over the coming months.

The Lux Group is up to date on current rentals and have repaid all rent deferrals granted in 2020 in respect of the Tamassa resort in Mauritius. The remaining three Mauritius hotels in Grit's portfolio are tenanted to New Mauritius Hotels Group (NMH), owned by a large Mauritian conglomerate, who have resumed rental payments. Grit provided cashflow deferrals of c.50% of monthly rental value for the period December 2020 until October 2021 that will be collected over the subsequent 48-month period.

Collection rates of 77.2% achieved during the year are expected to return 100% by December 2021 following the opening of the various resorts.

Cost of debt

Total interest-bearing borrowings increased by US$17.6 million for the financial year ended 30 June 2021.

Cost of debt reduced further to 5.7% for the year under review from a weighted average of 5.9% in the comparative prior financial year.

Refinancing negotiations were successfully concluded, and the bulk of the maturities were extended beyond April 2023. Further detailed commentary is in the CFO statement.

Growing value and strengthening our 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 completed, income generating properties, Grit's investment strategy is complemented by our participation in pre-funded development and co-investment opportunities as well as property management services.

To this end Grit co-founded, and currently holds, a 19.98% interest in Gateway Real Estate Africa ("**GREA**"), a private development company focused on several turnkey build projects across the African continent tenanted to current and targeted multinational clients. Through its minority stake, Grit has access to GREA's accretive pipeline of development projects, assets and returns, including access to its attractive completed assets.

The roll out of the development projects within GREA has accelerated during the financial year with several projects being awarded recently.

Projects currently underway or concluded include:

- Metroplex Uganda, a retail centre in Uganda anchored by Carrefour, completed in May 2021.
- Diplomatic Housing compound in Ethiopia, anchored by the US Embassy, completed in October 2021.
- African Data Centre in Nigeria, due for handover in November 2021.
- Diplomatic Housing compound in Kenya, fully let to the US Embassy, due for completion in Q2 of 2022.
- Diplomatic Housing compound in Mali, fully let to the US Embassy, due to start construction before the end of the year.
- The construction of the St Helene Hospital in Mauritius, to be operated by the Artemis Group, was started prior to year-end and is expected to complete at the end of 2022; and
- Office building in Apolonia City in Ghana, anchored by Rendeavour, has recently commenced construction.

As a result of the number of projects awarded to GREA in the year, the company has now called for the remaining capital commitments from its shareholders, with Grit due to inject an additional US$17.9 million by the end of the year if it wishes to retain its current equity ownership in GREA (this being in addition to the US$8.4million injected into GREA during the year). The growth trajectory of GREA has accelerated and based on the independent valuers' completion valuations, and the pre-let nature of the projects, net asset value growth is expected to be strongly positive over the forthcoming two years as projects are completed.

Grit is concurrently considering increasing its stake in GREA to further align both Grit and GREA's future profitable growth strategies and approach to servicing tenants, which would be a cornerstone to further unlocking scale, synergy benefits and the creation and delivery of further value to Grit's shareholders. A potential transaction would likely require approvals from Grit's shareholders and equity funding by Grit. Grit expects to engage with its shareholders should this be further pursued.

Governance

Grit continues to invest in a strong governance framework, resources, and ongoing training from both its Human Resources and Compliance Departments to uphold the highest levels of corporate governance across the continent and has increased its focus as a result of the step up to the premium listing on the main market of the London Stock Exchange.

Prospects

Our diversified portfolio and high-quality tenants provided great stability to the Company despite the economic volatility on the back of COVID-19.

Notwithstanding significant economic headwinds, especially in the retail sector, early signs of post-COVID-19 recovery are encouraging but dependent on ongoing vaccine rollouts. We expect the Mauritian leisure market to recover significantly in the short term, with a concomitant recovery of a major part of our leisure segment, assuming no potential further COVID-19 lockdowns.

Although our short-term focus remains on continuing our strong rental collections, balance sheet optimisation and the reduction of our LTV to below 45%, we are pursuing select growth and co-investment opportunities. These high-quality, diversified opportunities, if successfully concluded, hold the potential to significantly improve the Group's net asset value and yield.

Our strategy remains effective and we have successfully navigated through the worst of the current cycle. We are appreciative of the support provided by all our stakeholders, most notably that of our providers of capital, the Grit Board, the executive team, and our staff and I look forward to updating you on our progress and strategy during the 2022 financial year.

Bronwyn Knight
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S STATEMENT

Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In line with our continuous commitment to best practices in the sector, we continue to present the European Public Real Estate Association ("EPRA") reporting as an alternative performance measures to supplement IFRS. In considering our operational performance, we've adopted the EPRA Best Practice and Policy Recommendations ("BPR") throughout this report. Full reconciliations between IFRS and EPRA figures are provided in note 43 of the Audited Financial statements.

The financial statements include disclosures on material uncertainty related to going concern. Although these uncertainties are highlighted, and described in more detail in the statement of going concern, the financial statements have not included any adjustments that would be required if the Group were unable to continue as a going concern.

Financial and Portfolio summary

The current financial year has proved to be challenging and although some sectors have been severely impacted by the pandemic, other sectors have started benefiting from the new opportunities presented in the changing economic and social environments. The Group has maintained its focus on tightly managing aspects which are within its direct control while monitoring and reacting to those factors that are not. Cost optimisation, debtors collections and re-letting activities continue to be the key elements of daily focus of the operations team, while the treasury team has made great strides in securing extensions to debt tenors and obtaining additional covenant headroom as required.

Gross IFRS rental income increased to US$49.2m from US$48.5m. This increase is as a result of annual contractual lease escalations in the period.

	Audited for the year ended 30 June 2021	Audited for the year ended 30 June 2020

	US$'000	US$'000
Contractual rental income	38,884	38,798
Retail parking income	1,698	1,567
Other rental income (lease incentives)	3,042	2,240
Recoverable property expenses	5,366	5,349
Straight-line rental income accrual	227	580
Gross rental income	**49,217**	**48,534**

For meaningful comparison, assets accounted for as associates and joint ventures have been proportionately presented in the relevant sectors to produce a "Grit Property Portfolio" revenue, operating expenses and NOI analysis below. Grit Property Portfolio revenue has risen 2.0% from prior year on annual contractual lease escalations and asset acquisitions annualising in the period, while strong operational cost control (5.5% y.o.y. reduction) resulted in a 3.5% increase in net operating income over the financial year to 30 June 2021.

Sector	Revenue FY2021	Revenue FY2020	Movement	Opex FY2021	Opex FY2020	Movement	NOI FY2021	NOI FY2020	Movement	Rental Collection FY2021
	USD'000	USD'000	%	USD'000	USD'000	%	USD'000	USD'000	%	%
Retail	15,770	19,911	(20.8%)	(6,341)	(6,488)	(2.3%)	9,429	13,423	(29.8%)	90.2%
Hospitality	12,728	10,654	19.5%	-	-	-	12,728	10,654	19.5%	77.2%
Office	18,408	16,939	8.7%	(1,835)	(2,357)	(22.1%)	16,573	14,582	13.7%	100.0%
Industrial	2,174	2,512	(13.5%)	(74)	(69)	7.2%	2,100	2,443	(14.0%)	100.3%
Corporate Accommodation	13,117	12,397	5.8%	(1,978)	(1,949)	1.5%	11,139	10,448	6.6%	99.2%
LLR portfolio	2,811	1,315	113.8%	(335)	(184)	82.1%	2,476	1,131	118.9%	n/a
GREA portfolio	250	199	25.6%	-	-	-	250	199	25.6%	n/a
Corporate	(26)	-	-	675	585	15.4%	649	585	10.9%	n/a
TOTAL	**65,232**	**63,927**	**2.0%**	**(9,888)**	**(10,462)**	**(5.5%)**	**55,344**	**53,465**	**3.5%**	**92.50%**
Subsidiaries	49,217	48,534	1.4%	(8,543)	(8,985)	(4.9%)	40,674	39,549	2.8%	
Associates	16,015	15,393	4.0%	(1,345)	(1,477)	(8.9%)	14,670	13,916	5.4%	

Note 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.

Retail sector

The retail sector has been primarily impacted by COVID-19 with a significant increase in vacancies, rental concessions and lease renewals at much reduced rates since the start of the pandemic. In the most recent months, there has been an improvement in letting activity, with vacancies in the sector reducing from 16.2% to 14.7% over the year. In addition, promising footfall (with AnfaPlace Mall in Morocco recording figures well above pre-COVID levels) and improving rent to turnover ratios, are being reported by our tenants. The recent positive impacts on the Zambian economy, where exchange rates have improved significantly against the USD and the recovery in copper prices, bode well for the future of our Zambian Malls, specifically those in the copper belt region.

Revenue declined by 20.8% as a result of short-term concessions granted, weaker local currencies and lower lease rates upon renewals. These were partially offset by reductions in operating costs of 2.3% that resulted in a total NOI decline of 29.8%. Rental collections of 92.5% of contractual revenue has been achieved through very difficult trading environments, although these collections are off the newly contracted lease rates which are on average 11.4% lower per square metre than prior year.

Valuations continue to be impacted by the lower NOI and a depressed view on lease renewal rates for the next 18 to 24 months. In total, the retail properties experienced fair value losses of 17.8% over the year.

Hospitality Sector

Hospitality sector revenue increased in USD terms by 19.5%, 6.8% of which was attributable to the full year impact of ClubMed acquired in January 2020, and the balance to the Euro vs the USD move during the year and lease escalations. Rental concessions of $0.8million were provided to ClubMed during the period.

New Mauritius Hotels (operator of the Beachcomber resorts) have been provided with cashflow deferrals of c.50% of monthly rental value for the period 1 January 2021 until Mauritian border restrictions were lifted and are current on the remaining portions of their lease commitments. The agreed cashflow deferrals will be collected over the subsequent 48-month period to December 2025.

The fixed nature of the leases and government support for our hospitality tenants has limited the fair value impact on the assets to -2.5% for the year while the recovery of the EUR against the USD has resulted in reported values in USD terms increasing 7.5% over the prior year.

Corporate Accommodation Sector

Operating performance in the sector remained resilient with revenue increasing by 5.8% as a result of leasing activity and rental escalations, while operating cost increases were limited to 1.5%, having a positive impact on the NOI of 6.6%.

As widely publicised, Vale has made the decision to dispose of their coal mining assets in Tete Mozambique. While the next lease renewal date is in May 2024, the valuation of the property has been impacted by the uncertainty of the identity of a potential buyer and whether the new owners of the mine would require the superior level of accommodation the Group currently supplies to Vale and the potential impact this might have on future lease renewals. This resulted in a net fair value write down of the corporate accommodation sector by 8.3%.

Office Sector

The office portfolio remains relatively unaffected by the pandemic, with the property valuation decline of 4.5% mainly driven by reductions in the value of Grit's office portfolio in Ghana as a result of a softer leasing market. One of Grit's anchor tenants in Ghana, GCNet, early terminated their lease which was due to expire in November 2022, and while the bulk of the space has been re-let post year end, the current oversupply and the slowdown due to COVID-19 have impacted lease rates of the new tenants.

The revenue increase of 8.7% for the year includes the additional revenue from the lease termination fee for GCNet. The material decrease in operating costs of 22.1% (partly due to planned maintenance not being able to be completed due to COVID-19 restrictions) resulted in a 13.7% increase in NOI.

Industrial Sector

The revenue drop in the industrial sector of 13.5% was attributable to the reduction in revenue from the Bollore facility redevelopment. The redevelopment of the Bollore facility has progressing well with phase 1 delivered in March 2021 which resulted in a new four-year lease being signed with Bollore. Phase 2 is due for completion in November 2021.

*Letlole La Rona Portfolio ("**LLR**")*

Both asset values and revenue have been positive during the year. The predominately industrial portfolio has had limited impact from the COVID-19 pandemic and the revenue increase of 113.8% is due to the full year impact of the November 2020 acquisition and the additional five assets acquired by LLR in June/July 2021.

It is the intention to expand the working relationship between LLR and Grit in the future, with the Group currently investigating jointly purchasing new assets in order to provide LLR with additional US Dollar revenue streams.

The value of our property portfolio decreased to US$755.9m as at 30 June 2021 from US$776.1m in 2020.

COMPOSITION OF INCOME PRODUCING ASSETS	**2021**	**2020**
	US$'m	**US$'m**
Investment properties	549.5	577.2
Investment property included within 'Investment in associates'	193.8	193.9
Properties under development within 'Investment in associates'	12.6	5.0
	755.9	**776.1**
Deposits paid on investment properties	5.7	4.5
Other investments, Property, plant & equipment, Intangibles & related party loans	40.3	42.9
TOTAL INCOME PRODUCING ASSETS	**801.9**	**823.5**

Cost control

In addition to the cost control measures put in place within the property operating costs, the Group has made significant savings in ongoing administrative costs, achieving a US$2.4 million saving in the year, of which at least US$1 million is expected to be permanent. Transaction costs are variable and are impacted by the level of corporate activity undertaken by the Group.

Administrative costs	**as at 30 June 2021 USD'000**	**as at 30 June 2020 USD'000**	**Movement USD'000**	**Movement %**
Total Administrative costs	13,867	20,131	(6,264)	(31.1%)
Less: Transaction costs	79	3,905	(3,826)	(98.0%)
Ongoing administrative expenses	**13,788**	**16,226**	**(2,438)**	**(15.0%)**

A metric by which the Group measures its operating efficiency is the ongoing administrative cost to assets ratio which has improved to 1.7% in the current year under review. The Group continues to target a medium-term admin cost to assets ratio of under 1.0%. Total income producing assets for the year reduced by 2.6% which negatively affected the cost ratio by 0.1%.

Property valuations

Investment properties are valued at each reporting date with valuations performed every year by independent professional valuation experts accredited by the Royal Institute of Chartered Surveyors' ("**RICS**") and compliant with International Valuation Standards.

Downward Fair value movements in the group's property portfolio, including the proportionate share of the assets held in joint ventures and associates, were predominantly reflected in the retail and corporate accommodation sectors. The overall fair value decline in the portfolio was US$60.4 million which offsets the additions and forex movement over the reporting period.

Sector	**Opening Property Value**	**Forex movement**	**Additions**	**Other**	**Fair value movements**	**Closing Property Value**	**Total Valuation Movement**	**Fair Value Movement**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**%**	**%**
Retail	217,760	5,643	1,917	(317)	(38,710)	186,293	(14.5%)	(17.8%)
Hospitality	162,279	11,592	3,455	1,159	(4,065)	174,420	7.5%	(2.5%)
Office	199,378	(601)	1,307	383	(8,995)	191,472	(4.0%)	(4.5%)
Industrial	30,235	-	3,595	201	2,201	36,232	19.8%	7.3%
Corporate Accommodation	138,194	-	124	1,076	(11,494)	127,900	(7.4%)	(8.3%)
LLR portfolio	23,223	2,159	1,337	67	213	26,999	16.3%	0.9%
GREA portfolio	5,009	-	7,051	-	498	12,558	150.7%	9.9%
TOTAL	**776,078**	**18,793**	**18,786**	**2,569**	**(60,352)**	**755,874**	**(2.6%)**	**(7.8%)**
Subsidiaries	577,222	10,971	10,130	2,465	(51,297)	549,491	(4.8%)	(8.9%)
Associates	198,856	7,822	8,656	104	(9,055)	206,383	3.8%	(4.6%)

Net Asset Value and EPRA earnings per share

EPRA earnings during the year fell 29.9%, predominately due to the sale of a 39.6% stake in AnfaPlace Mall in July 2020, resulting the non-controlling interest impact on the underlying property of US$1.1 million and the sale of 26.55% stake in Acacia Estate amounting to US$0.8 million.

EPRA adjusted earnings were additionally impacted by a number of lease incentives granted during the financial year, particularly in retail and hospitality which have yet to be amortised as well as unrealised foreign exchange gains added back for the year of US$1.1 million versus an unrealised foreign exchange loss of US$4.9 million in the prior year.

	UNAUDITED 30 June 2021	**UNAUDITED 30 June 2021 Per Share (Diluted)**	**UNAUDITED 30 June 2020**	**UNAUDITED 30 June 2020 Per Share (Diluted)**

	$'000	(Cents Per Share)	$'000	(Cents Per Share)
EPRA Earnings	8,080	2.57	11,530	3.82
Total Company Specific Adjustments	7,351	2.34	15,727	5.20
Adjusted EPRA Earnings	15,431	4.91	27,257	9.02
Total company specific distribution adjustments	3,162	1.06	1,457	0.56
TOTAL DISTRIBUTABLE EARNINGS (BEFORE PROFITS WITHELD)	18,593	5.97	28,714	9.58
Profits Withheld	(13,920)	(4.47)	(12,979)	(4.33)
TOTAL DISTRIBUTABLE EARNINGS TO GRIT SHAREHOLDERS	4,673	1.50	15,735	5.25
EPRA NRV	328,863	102.4	358,370	117.1
EPRA NTA	319,907	99.6	348,007	113.7
EPRA NDV	270,858	84.3	296,948	97.0

As at 30 June 2021, EPRA NRV per share decreased by 12.5% from US$117.1cps to US$102.4cps, while IFRS NAV per share dropped 13.3% to US$84.4cps. In total, property valuations accounted for an US$19.7cps drop in both EPRA NRV and IFRS NAV per share.

NET ASSET VALUE EVOLUTION	**USD'000**	**US$ cps**
IFRS NAV as reported	297,883	97.3
IFRS 9	3,634	1.2
Derivative financial instruments	4,004	1.3
Deferred Tax on Properties	57,419	18.8
EPRA NAV at 30 Jun 2020	**362,940**	**118.6**
EPRA NAV to EPRA NRV adjustment	(4,569)	(1.5)
EPRA NRV at 30 Jun 2020	**358,371**	**117.1**
Dividend paid FY 2021	(4,780)	(1.6)
Portfolio valuations	(60,352)	(18.8)
Other non-Cash items	(8,804)	(2.9)
Premium Listing Costs	(3,467)	(1.1)
Cash profits	23,946	7.8
Part disposal of assets	14,253	4.7
Issue of shares	9,696	(2.8)
EPRA NRV at 30 Jun 2021	**328,863**	**102.4**
Deferred Tax on Properties	(55,377)	(17.2)
Derivatives	(2,627)	(0.9)
IFRS NRV at 30 Jun 2021	**270,858**	**84.3**

Treasury

Financing continues to be an integral part of our business model and maintaining relationship with key financiers is an ongoing workstream of the Group's Treasury function. Net debt raised in the period amounted to US$2.6 million versus US$45.4 million in the comparative prior year. As at 30 June 2021, the Group's loan-to-value ratio ("**LTV**") increased to 53.1% (2020: 50.2%) while cost of debt further reduced to 5.7% (from a weighted average rate of 5.9% in the comparative year). The Group's fixed interest rates are equivalent to 45.1% of the total underlying debt (2020: 44.5%) as at 30 June 2021.

Movement in Debt for the year	**as at 30 June 2021**	**as at 30 June 2020**
	USD'000	**USD'000**
Balance at the beginning of the year	392,999	346,097
Proceeds of interest bearing-borrowings	43,562	170,278
Overdraft converted to term loan	7,203	-
Loan issue costs incurred	(1,520)	(4,639)
Amortisation of loan issue costs	2,974	1,999
Foreign currency translation differences	7,548	(1,165)
Interest accrued	(1,173)	5,349
Debt settled during the year	(41,005)	(124,920)
As at 30 June	410,588	392,999

In line with our policy, the Group has successfully refinanced the majority of the debt becoming due in the next two years. Although the Group's weighted average debt expiry as at 30 June 2021 was 1.48 years, these actions have resulted in an increase to 1.83 years as at 27 October 2021. In addition, the Group's Treasury team has negotiated further extensions to the covenant relaxations provided by the financiers over the COVID-19 period from December 2021 to beyond Q1 2023. Over this period, Group LTV covenant from our main financiers Absa, Nedbank and Standard Bank of South Africa have been extended to 55% (from 53%) and Interest Service Cover Ratio ("**ISCR**") to 1.8x (from 2.0x cover).

One of the Group's major strategic goals is achieving an LTV of between 35% to 40%. The recently announced equity perpetual note and the resultant yield and NAV accretive acquisitions, in conjunction with the sale of non-core assets and other corporate actions, are expected to assist the Group in meeting the Board's near term target of a 45% LTV.

Our multi-bank approach has once again proven to be an effective approach to funding and banking in general. Post the year ended 30 June 2021, the Group added a new banking partner the International Financial Corporation (the "**IFC**") to the list of Grit's financiers. The total capital exposure to debt providers (net of interest accrued and unamortised loan issue costs) as at 30 June 2021 is as follows:

	Debt in Subsidiaries	**Debt in associates**	**Total**		**Debt in Subsidiaries**	**Debt in associates**	**Total**	
	USD'000	**USD'000**	**USD'000**	**%**	**USD'000**	**USD'000**	**USD'000**	**%**
Standard Bank Group	170,676	-	170,676	37.5%	169,730	-	169,730	38.9%
Bank of China	84,960	-	84,960	18.6%	84,960	-	84,960	19.5%
State Bank of Mauritius	62,840	8,830	71,670	15.7%	60,483	8,307	68,790	15.8%
Investec Group	47,023	8,830	55,853	12.3%	46,127	8,307	54,434	12.5%
Absa Group	16,179	7,500	23,679	5.2%	16,081	7,500	23,581	5.4%

ABC Banking Corporation	14,918	-	14,918	3.3%	8,500	-	8,500	2.0%
Nedbank CIB	7,000	3,100	10,100	2.2%	-	-	-	0.0%
Mauritius Commercial Bank	-	8,830	8,830	1.9%	-	8,307	8,307	1.9%
Maubank	6,469	-	6,469	1.4%	6,876	-	6,876	1.6%
First National Bank	-	5,294	5,294	1.2%	-	4,885	4,885	1.1%
Rand Merchant Bank	-	-	-	0.0%	-	2,661	2,661	0.6%
Housing finance corporation	-	2,209	2,209	0.5%	-	2,066	2,066	0.5%
Bank of Gaborone	-	1,077	1,077	0.2%	-	1,048	1,048	0.2%
TOTAL BANK DEBT	**410,065**	**45,670**	**455,735**	**100.0%**	**392,757**	**43,081**	**435,838**	**100.0%**

The following debt transactions were concluded during and subsequent to the period under review as a short-term measure in anticipation of a larger and more strategic balance sheet solution. The Group has engaged advisors and is currently investigating the potential for a corporate bond issuance, which it would expect to pursue in 2022, subject to prevailing market conditions at that time. The benefits would largely be the extension of debt tenor, diversification of the Group's funding base and taking advantage of supportive credit markets in relation to African and frontier markets issuance.

Subsidiaries (within the financial year):

- The Group's overdraft facility of EUR6.4m with ABC Banking Corporation, has been converted into a term loan under Casamance Holdings with a fixed interest rate of 4.25%, maturing in October 2025.
- On 17 August 2020, the Group secured a short-term facility of 1 year from Nedbank South Africa to the value of US$7.0m bearing interest at libor plus 7.5%.
- Further temporary extensions have been made in this period to the following facilities:
  - SBM MUR72.0 million facility from 31 October 2020 - 30 June 2021
  - SBM US$20.0 million facility from 31 October 2021 - 31 October 2022
  - SBSA EUR26.5 million RCF from 14 August 2021 - 30 June 2022
  - Nedbank US$7.0 million RCF for a further 12 month period
  - Investec SA US$15.0 million capital repayment extended by 16-months

Subsidiaries (subsequent to the financial year):

- The Group has extended the MUR72.0 million (or US$1.7 million) Covid facility from the State Bank of Mauritius, to an evenly amortised 48-month facility.
- The Group has extended all its financing with the State Bank of Mauritius ("SBM") to 2025. This applies to the following facilities:
  - Leisure Property North Mauritius Limited (EUR12.2 million, with interest of 4.25% fixed) - related to the Beachcomber Assets
  - Mara Delta (Mauritius) Property Limited (EUR22.3 million, with interest of 4.00% fixed) - Related to the Lux Tamassa Asset
  - Grit Real Estate Income Group Limited (US$20.0 million, with interest of 4.00% fixed) - a corporate facility
- The US$46m facility (EUR31.8 million and US$8.7 million) with Investec Bank on the AnfaPlace Mall held by Freedom Property Fund SARL in Morocco has been extended to April 2023. As part of the terms of the refinance, an amount of US$6.0 million will become due in the next 12 months.
- The Group's RCF facility of US$7.0 million held with Nedbank has been extended to April 2023, with optional capital repayment conditions, and bearing an interest of 6-month libor + 8.40%.
- Negotiations are ongoing with regards the refinance transaction with Bank of China in relation to the US$76.4 million loan which matures in April 2022.

Associates and Joint Ventures (within the financial year):

- The Group's RCF facility of US$7.0 million held with Nedbank has been extended to April 2023, with optional capital repayment conditions, and bearing an interest of 6-month libor + 8.40%.

Associates and Joint Ventures (subsequent to the financial year)

- The BHI syndicated loan of EUR50.0 million has been extended to April 2023 whereby MCB and SBM have both extended their loans and additionally SBM has also taken over the Investec portion of the loan.

The below table provides a detailed analysis of the Property Portfolio Debt (which includes the debt held within subsidiaries and associates).

Sector	**Opening Balance**	**Forex Movement**	**Net Debt obtained / (paid)**	**Closing Balance**	**WACD**	**Debt Expiry at year end**	**Debt Expiry at Signature date**	**Property LTV**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**%**	**years**	**years**	**%**
Retail	104,615	2,037	(946)	105,706	5.80%	1.02	1.07	56.7%
Hospitality	63,627	4,433	7,203	75,263	4.21%	0.98	2.65	43.2%
Office	94,634	446	92	95,171	6.62%	2.30	1.99	49.7%
Industrial	13,042	-	-	13,042	4.56%	1.57	3.32	36.0%
Corporate Accommodation	56,905	-	-	56,905	6.95%	2.34	2.01	44.5%
LLR portfolio	5,933	437	-	6,370	5.08%	1.75	1.42	23.6%
GREA portfolio	-	-	-	-	0.00%			n/a
TOTAL PROPERTY DEBT	**338,756**	**7,352**	**6,349**	**352,458**	**5.13%**	**1.56**	**1.83**	**46.6%**

Debt reconciliation	Opening Balance	Forex Movement	Net Debt obtained / (paid)	Closing Balance	WACD	LTV
	USD'000	USD'000	USD'000	USD'000	%	%
Corporate debt in subsidiaries	97,082	3,891	2,303	103,276		
Property debt in subsidiaries	295,675	3,758	7,355	306,788		
TOTAL DEBT IN SUBSIDIARIES	**392,757**	**7,649**	**9,658**	**410,064**	**5.70%**	**53.10%**
Property debt in associates	43,081	2,006	583	45,669	5.10%	42.1%
TOTAL	**435,838**	**11,243**	**8,652**	**455,734**		

Capital commitments

C*lubMed*

On 27 January 2020, Grit, through its wholly-owned subsidiary Casamance Holdings Limited (the "**Casamance**") acquired 100% of the shares in Société Immobiliére et de Gestion Hôteliére du cap Skirring ("**SIGHC**"), the owner of Club Med Cap Skirring on a sale and lease back basis. The parties agreed that a renovation and development programme to the property, estimated at EUR25.0 million. The works are to be financed and owned by Grit.

With the onset of COVID-19, Grit and Clubmed are reassessing the timing and extend of the renovation and the development programme and have committed to an initial phase amounting to $0.8 million by December 2021, with further phases being deferred to 2022 and 2023 until there is greater clarity on the re-opening of the hotel. Should the agreed renovation be further delayed, the lease rate applicable to the property shall drop from 8% yield to 7% yield (an impact of EUR0.16 million per annum).

Bollore redevelopment

During the year, the Group has redeveloped the Bollore warehouse in Mozambique. The remaining capital commitments still to be spent in the following year amounts to US$1.2 million. The project funding and management was outsourced to Grit's development associate, GREA in which the Group holds a 19.98% interest. The full development costs, expected to be US$7.7 million needs to be settled by April 2023.

Gateway Real Estate Africa Limited ("GREA")

Having recently been awarded a number of high-quality development projects over the last 12 months, GREA has now made a call for the final capital draws from its shareholders. Grit is required to inject a further US$17.9 million of capital into GREA before the end of the year if it is to retain its current equity stake in the company.

Drive in Trading guarantee update

By virtue of the Group's historic listing on the Johannesburg Stock Exchange, the Company's largest shareholder, the Public Investment Corporation ("**PIC**"), facilitated the Group's black economic empowerment and transformation partner, Drive in Trading (**DIT**"), in the acquisition of 23.25 million Grit shares in June 2017 by providing a guarantee against their external debt facility. Separately, Grit indemnified the PIC for up to 50% of any potential losses suffered by PIC as a result of the guarantee, capped at US$17.5 million. In August 2020, following the expiry of the loan facility, PIC has assumed the position of lender to DIT, and continues to reserve its rights under the Grit indemnity to call for cash collateral with four days' notice.

The Board and PIC continue to engage on this aspect and further details will be published once agreement has been reached with the PIC.

Grit's share price continues to trade at unprecedented levels of discount to its Net Asset Value. As a result of the movement in the share price, the Group has increased its provisions against potential future losses in the financial year resulting in a reported provision balance of US$5.4 million as at 30 June 2021 for the Drive in Trading CRO (with the guaranteed loan being underpinned by Grit's shares).

Dividend

Dividends per share declared for the year ended 30 June 2021 amounted to US$1.5cps (2020: US$5.25cps), comprising the interim dividend declared in February 2021. Grit's Board has decided against declaring a final dividend for the year ended 30 June 2021 due to the capital commitments and emphasis on reducing LTV in the near term.

The below reconciliation provides further details of the IFRS statement of comprehensive income and the adjustments made to provide additional insight into the components of properties held in joint ventures and associates, as well as the portion attributable to non-controlling interest (for properties consolidated by Grit, but part owned by minority partners.

IFRS Income statement to distribution reconciliation	IFRS YTD	Split from Associate	Split NCI	GRIT Economic Interest	Distributable Earnings
	US$'000	US$'000	US$'000	US$'000	US$'000
Gross property income	49,217	16,015	(5,948)	59,284	56,597
Property operating expenses	(8,543)	(1,176)	2,170	(7,549)	(7,520)
Net property income	**40,674**	**14,839**	**(3,778)**	**51,735**	**49,077**
Other income	169	2,355	(795)	1,729	1,729
Administrative expenses	(13,867)	(1,861)	927	(14,801)	(13,464)
Net impairment charge on financial assets	(7,119)	(169)	163	(7,125)	(654)
Profit from operations	**19,857**	**15,164**	**(3,483)**	**31,538**	**36,688**
Fair value adjustment on investment properties	(51,297)	(7,451)	8,293	(50,455)	144
Fair value adjustment on other investments	-	(9)	-	(9)	-
Fair value adjustment on other financial liability	(5,230)	(1,604)	-	(6,834)	-
Fair value adjustment on other financial asset	(1,106)	-	-	(1,106)	-
Fair value adjustment on derivative financial instruments	1,378	-	-	1,378	-
Impairment of loans and other receivables	(1,113)	(935)	-	(2,048)	-
Corporate restructure costs	(3,467)	-	-	(3,467)	-
Share-based payment	(127)	-	-	(127)	-
Share of profits / (loss) from associates and joint ventures	583	(583)	-	-	-
Foreign currency (losses) /					

gains	2,343	(1,253)	(543)	547	-
Profit before interest and taxation	**(38,179)**	**3,329**	**4,267**	**(30,583)**	**36,832**
Interest income	2,690	3,517	(1)	6,206	6,206
Finance charges	(25,442)	(6,199)	1,867	(29,774)	(27,331)
Profit before taxation	**(60,931)**	**646**	**8,672**	**(51,612)**	**18,246**
Current tax	(1,791)	(645)	420	(2,016)	(2,016)
Deferred tax	1,346	(1)	357	1,702	-
Profit after taxation	**(61,376)**	**(0)**	**9,449**	**(51,927)**	**16,229**
RBO OCI	42	-	-	42	-
Total comprehensive income	**(61,334)**	**(0)**	**9,449**	**(51,885)**	**16,229**
Antecedent dividend	**-**	**-**	**-**	**-**	**-**
VAT	**-**	**-**	**-**	**-**	**2,364**
Distributable earnings	**-**	**-**	**-**	**-**	**18,593**
Profit released/(withheld)	**-**	**-**	**-**	**-**	**(13,920)**
Total distributable earnings	**-**	**-**	**-**	**-**	**4,673**

Going Concern

The director's assessment of the Group's and Company's ability to continue as a going concern is required when producing 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 2023. 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 ongoing COVID-19 pandemic, previous experience of the African real estate sector and best estimates of expectations in the future.

The base case reflects the director's best expectations of the position going forward. It was modelled on board approved forecasts over the relevant period. Please refer to note 1.1 for further details of the base case and a severe but plausible downside scenarios.

Under the severe but plausible scenario, there are three circumstances (set out below) in which the Group and Company would be required to seek additional financing. There can be no guarantee that such financing would be available to the Group and Company on terms that are acceptable, or at all. Accordingly, the directors have concluded that there is a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue to operate as a going concern in the assessment period to June 2023. The factors giving rise to this conclusion are:

1. One of the debt facilities (for a net amount of US$47.1m, being the total loan amount of US$76.4m, less the back-to-back loan to the property partners of US$29.3m) is required to be refinanced by April 2022. While the Directors have no reason to believe that this will not be refinanced, should that not occur the Group and Company would need to secure additional financing to avoid being in default, with three related properties, valued at US$115m, being pledged as security for the loan as well as a group guarantee on the loan.
2. The Group is currently a guarantor to the Group's Black Economic Empowerment consortium for an amount of up to US$17.5m (being 50% of the total loan amount). The Public Investment Corporation ("PIC"), Grit's 25.4% shareholder, has matched the balance of the guarantee. Since August 2020, when the PIC took over the debt from BoAML, the PIC had the ability to call for cash collateral for the guarantee on four days' notice. Should the PIC enforce their rights to call for the cash collateral, the Group would be required to fund this from operational cashflow or with new, currently uncommitted, debt facilities.
3. The inherent uncertainty in future property valuations as a result of the COVID-19 pandemic are such that in the event that property valuations across the portfolio decrease more severely or quickly than expected, even after taking mitigating actions such as stopping cash dividends, the Group may be in breach of some individual property and Group wide covenants and would need to negotiate a waiver with its lenders and, or, pay down debt through either existing or new currently uncommitted facilities to avoid borrowings becoming payable immediately.

Notwithstanding the material uncertainty detailed above and taking into account the results of the analysis and the various mitigating action available to the Company and the Group, the Board has concluded that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not contain the adjustments that would be necessary if the Company and the Group were unable to continue as a going concern.

Leon van de Moortele

Chief Financial Officer

29 October 2021

PRINCIPAL RISKS AND UNCERTAINTIES

Grit has a detailed risk management framework in place that is reviewed annually and duly approved by the Risk Committee and the Board. Through this risk management framework, the Company has developed and implemented appropriate frameworks and effective processes for the sound management of risk.

The principal risks and uncertainties facing the Group as at 30 June 2021 are set out on pages 24 to 31 of the 2021 Integrated Annual Report together with the respective mitigating actions and potential consequences to the Group's performance in terms of achieving its objectives. These principal risks are not an exhaustive list of all risks facing the Group but are a snapshot of the Company's main risk profile as at year end.

The Board has reviewed the principal risks categories and existing mitigating actions and are satisfied that the existing mitigation actions remain appropriate to manage them.

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing financial statementsfor each financial year which give a true and fair view,in accordance with applicable Guernsey law and International Financial Reporting Standards, of the state of affairs of theCompany and of the profit or loss of theCompany for that period. In preparing those financial statements, thedirectors are required to:

· select suitable accounting policies and then apply them consistently;

· make judgements and estimates that are reasonable and prudent;

· state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

· prepare 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.

directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for 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.

Directors' confirmations

The Directors consider that the Integrated Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Each of the Directors, whose names and functions are listed in pages 66 to 69 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.

The financial statements on pages 118 to 211 were approved by the Board of Directors and signed on its behalf by:

On behalf of the Board

Bronwyn Knight	**Leon van de Moortele**
Chief Executive Officer	Chief Financial Officer

CONSOLIDATED STATEMENT OF INCOME

	Notes	Audited for the year ended 30 June 2021 US$'000	Audited for the year ended 30 June 2020 US$'000
Gross property income		49,217	48,534
Property operating expenses		(8,543)	(8,985)
Net property income		**40,674**	**39,549**
Other income		169	4,132
Administrative expenses		(13,867)	(20,131)
Net impairment charge on financial assets		(7,119)	(4,633)
Profit from operations		**19,857**	**18,917**
Fair value adjustment on investment properties		(51,441)	(44,523)
Contractual receipts from vendors of investment properties	2	144	3,305
Total fair value adjustment on investment properties		(51,297)	(41,218)
Fair value adjustment on other investments		-	591
Corporate restructure costs		(3,467)	-
Fair value adjustment on other financial liability		(5,230)	(4,224)
Fair value adjustment on other financial asset		(1,106)	-
Fair value adjustment on derivative financial instruments		1,378	(3,961)
Share-based payment expense		(127)	(109)
Share of profits from associates and joint ventures	3	583	6,698
Impairment of loans and other receivables		(1,113)	(6,883)
Gain from bargain purchase on associates		-	178
Foreign currency losses		2,343	(2,933)
Loss before interest and taxation		**(38,179)**	**(32,944)**

Interest income		2,690	4,752
Finance costs		(25,442)	(25,674)
Loss for the year before taxation		**(60,931)**	**(53,866)**
Taxation	7	(445)	(13,382)
Loss for the year after taxation		**(61,376)**	**(67,248)**
Loss attributable to:			
Equity shareholders		(51,927)	(63,115)
Non-controlling interests		(9,449)	(4,133)
		(61,376)	**(67,248)**
Basic and diluted (losses) / earnings per ordinary share (cents)	**10**	**(16.54)**	**(20.85)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited for the year ended 30 June 2021	**Audited for the year ended 30 June 2020**
		US$'000
Loss for the year	(61,376)	(67,248)
Retirement benefit obligation	42	209
Profit/(loss) on translation of functional currency	7,005	(4,036)
Other comprehensive income/(expense) that may be reclassified to profit or loss	**7,047**	**(3,827)**
Total comprehensive (expense)/income relating to the year	**(54,329)**	**(71,075)**
Attributable to:		
Equity shareholders	(46,511)	(66,942)
Non-controlling interests	(7,818)	(4,133)
	(54,329)	**(71,075)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Audited as at 30 June 2021	**Audited as at 30 June 2020**
	Notes	**US$'000**	**US$'000**
Assets			
Non-current assets			
Investment properties	2	549,491	577,222
Deposits paid on investment properties	2	5,698	4,500
Property, plant and equipment		2,448	2,907
Intangible assets		480	568
Investments in associates and joint ventures	3	167,492	161,301

Other investments		1	1
Related party loans receivable		-	3
Other loans receivable	4	-	39,575
Trade and other receivables		2,166	2,858
Deferred tax		20,067	24,471
Total non-current assets		**747,843**	**813,406**
Current assets			
Trade and other receivables		18,946	24,993
Current tax refundable		1,440	697
Related party loans receivable		197	138
Other loans receivable	4	37,303	2,846
Derivative financial instruments		87	39
Cash and cash equivalents		4,890	3,578
Total current assets		**62,863**	**32,291**
Total assets		**810,706**	**845,697**
Equity and liabilities			
Total equity attributable to ordinary shareholders			
Ordinary share capital		463,842	454,145
Treasury shares reserve		(18,406)	(18,406)
Foreign currency translation reserve		1,495	(4,072)
Accumulated losses		(176,073)	(133,784)
Equity attributable to owners of the Company		**270,858**	**297,883**
Preference share capital		25,481	-
Non-Controlling interests		(17,935)	(614)
Total equity		**278,404**	**297,269**
Liabilities			
Non-current liabilities			
Redeemable preference shares		12,840	12,840
Proportional shareholder loans		17,582	9,615
Interest-bearing borrowings	5	215,565	337,620
Obligations under leases		750	905
Related party loans payable		648	3,918
Deferred tax liability		51,720	57,419

Total non-current liabilities		**299,105**	**422,317**
Current liabilities			
Interest-bearing borrowings	5	195,023	55,379
Obligations under leases		205	254
Trade and other payables		24,843	23,220
Current tax payable		1,438	2,002
Derivative financial instruments		2,714	4,043
Related party loans payable		91	27,138
Other financial liability		6,307	4,868
Bank overdrafts		2,576	9,207
Total current liabilities		**233,197**	**126,111**
Total liabilities		**532,302**	**548,428**
Total equity and liabilities		**810,706**	**845,697**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Audited as at 30 June 2021 US$'000**	**Audited as at 30 June 2020 US$'000**
Cash generated from operations		**19,885**	**7,661**
Acquisition of, and additions to, investment properties		(10,068)	(42,573)
Deposits (paid) / refunded on investment properties		(550)	4,000
Additions to property, plant and equipment		(92)	(213)
Additions to intangible assets		(88)	(518)
Additions other investments		-	(1)
Acquisition of associates and joint ventures		(8,493)	(2,335)
Dividends and interest received from associates and joint ventures		6,361	7,756
Interest received		1,488	4,635
Proceeds from partial disposal of property, plant and equipment		5,358	-
Proceeds from disposal of property, plant and equipment		122	1
Related party loan receivables		(61)	-
Other loans repayment received		-	10,241
Related party loan payables		(4,857)	16,221
Proceeds from proportional shareholder loans		7,726	-
Proportional shareholder loans received from associates		1,560	1,614
Other loans advanced		64	(278)
Net cash utilised in investing activities		**(1,530)**	**(1,450)**

Proceeds from the issue of ordinary shares	9,810	-
Share issue expenses	(113)	(406)
Dividends paid to non-controlling shareholders	(419)	(1,062)
Ordinary dividends paid	(4,778)	(36,479)
Proceeds from interest bearing borrowings	50,765	170,278
Settlement of interest-bearing borrowings	(41,005)	(124,920)
Finance costs	(23,906)	(25,019)
Payments of leases	(274)	(338)
Net cash (utilised) / generated from financing activities	**(9,920)**	**(17,946)**
Net movement in cash and cash equivalents	**8,435**	**(11,735)**
Cash at the beginning of the year	(5,629)	6,674
Effect of foreign exchange rates	(492)	(568)
Total cash and cash equivalents (including overdrafts) at the end of the year	**2,314**	**(5,629)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary Share capital	**Treasury shares reserve**	**Foreign currency translation reserve**	**Accumulated losses**	**Preference share capital**	**Non-controlling interest**	**Total equity**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Balance as at 1 July 2019	443,259	(18,406)	(36)	(35,022)		4,581	394,376
Loss for the year	-	-	-	(63,115)	-	(4,133)	(67,248)
Other comprehensive expense for the year	-	-	(4,036)	209	-	-	(3,827)
Total comprehensive expense	**-**	**-**	**(4,036)**	**(62,906)**		**(4,133)**	**(71,075)**
Share based payments	-	-	-	109	-	-	109
Ordinary dividends paid	-	-	-	(35,965)	-	-	(35,965)
Ordinary shares issued	11,292	-	-	-	-	-	11,292
Share issue expenses	(406)	-	-	-	-	-	(406)
Dividends paid to non-controlling shareholders	-	-	-	-	-	(1,062)	(1,062)
Balance as at 30 June 2020	**454,145**	**(18,406)**	**(4,072)**	**(133,784)**	**-**	**(614)**	**297,269**
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 expense 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 paid	-	-	-	(4,780)	-	-	(4,780)
Ordinary shares issued	9,810	-	-	-	-	-	9,810
Share issue expenses	(113)	-	-	-	-	-	(113)
Transaction with non-controlling interests without change in control	-	-	193	14,249	-	(9,084)	5,358
Preference shares issued	-	-	-	-	25,481	-	25,481
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**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these separate and consolidated financial statements are set out below.

1.1 Basis of preparation

The abridged financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB; the Financial Pronouncements as issued by Financial Reporting Standards Council and the LSE and SEM Listings Requirements. The financial statements have been prepared on the going-concern basis and were approved for issue by the board on 28 October 2021.

Going Concern

The director's assessment of the Group's and Company's ability to continue as a going concern is required when producing 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 2023. 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 ongoing COVID-19 pandemic, previous experience of the African real estate sector and best estimates of expectations in the future.

The base case reflects the director's 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 including:

1. Modelling of the Group's contractual lease income, which at 30 June 2021 had a weighted average lease expiry of 4.8 years, and associated contractual lease escalations which equate to 3.8% 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 as a result of COVID-19;

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 April 2022 facility with Bank of China on the Zambian malls;

4. Contractual maturity of debt facilities, which at signature date had a weighted average maturity profile of 1.8 years and associated weighted average cost of debt of 5.7%;

5. Drive in Trading guarantee assumed to be paid up in August 2022, followed by the security being realised by October 2022; and

6. With the exception of the retail and hospitality sectors, the model assumes trading returns to pre-COVID-19 levels. Retail is modelled to have a structural change to base rentals which only return to pre-COVID-19 levels beyond the going concern assessment period while hospitality assets are modelled to return to pre-COVID-19 levels at the expected dates of the applicable borders being open for travellers.

A summary of the key assumptions made in the severe but plausible scenario are as follows:

1. Reduced revenue as a result of potential rental concessions provided to a range of tenants, particularly in the retail and hospitality sectors, and extended assumptions on vacancy take up:
    - A delay in vacancy take up of 12 months for all vacant space for the retail sector, and 6 months for all other sectors;
    - Average of 5% additional rental concession on all non-essential services tenants in the retail sector; and
    - Average rental concessions and deferments extensions of 6 months on the hospitality tenants who have yet to fully commence normalised rental payments.
2. Cumulative decline in property valuations over the base case scenario of:
    - A decline in total property valuations of 10.5% to June 2022 versus the base case (predominately weighted to the retail sector of 16% and the hospitality sector of 21%, both inclusive of the foreign currency downside impacts); and
    - Total property valuation decline of 10.3% to June 2023 versus the base case (predominately weighted to the retail sector of 9% and the hospitality sector of 12%, both inclusive of the foreign currency downside impacts)

3. Exchange Rates:
    - A 11% weakening of the Euro against the US Dollar over the next 18 months; and
    - Negative movements in the local African currencies against the US Dollar ranging from 9% to 48% (in the case of the Zambian Kwacha) over the analysis period.
4. Facilities and Finance costs:
    - All uncommitted debt facilities (i.e. overdraft facilities or other facilities where the financier has the right to unilaterally amend the terms of the agreement) are assumed to be repaid within the relevant facilities' notice period.
    - An increased cost of funding ranging from 0.25% to 0.5% on debt facilities over the next 18 months (excluding facilities recently negotiated).
5. Dividends:
    - No dividends are paid over the going concern period to maintain liquidity as a result of the assumptions above.
6. Drive in Trading Guarantee:
    - The Drive in Trading Guarantee is called in April 2022, followed by the realisation of the security by December 2022.
7. The assumptions applied above are made on the basis that the COVID-19 impact is extended beyond the assumptions in the base case. This extended recovery period over the base case has an impact as follows:
    - Revenue in year to June 2022 and 2023 declines by 5.4% and 9.6% respectively over the base case's assumed recovery period which compares to the modest growth of 2% in revenue over the June 2021 financial year; and
    - Property devaluation of c.10% over both period versus the base case which compares to the full year impact in the year to 30 June 2021 of 7.8%

Under the severe but plausible scenario, there are three circumstances (set out below) in which the Group and Company would be required to seek additional financing. There can be no guarantee that such financing would be available to the Group and Company on terms that are acceptable, or at all. Accordingly, the directors have concluded that there is a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue to operate as a going concern in the assessment period to June 2023. The factors giving rise to this conclusion are:

1. One of the debt facilities (for a net amount of US$47.1 million, being the total loan amount of US$76.4 million, less the back-to-back loan to the property partners of US$29.3 million) is required to be refinanced by April 2022. While the Directors have no reason to believe that this will not be refinanced, should that not occur the Group and Company would need to secure additional financing to avoid being in default, with three related properties, valued at US$115.3 million, being pledged as security for the loan as well as a group guarantee on the loan.

2. The Group is currently a guarantor to the Group's Black Economic Empowerment consortium for an amount of up to US$17.5 million (being 50% of the total loan amount). The Public Investment Corporation ("PIC"), Grit's 25.5% shareholder, has matched the balance of the guarantee. Since August 2020, when the PIC took over the debt from BoAML, the PIC had the ability to call for cash collateral for the guarantee on four days' notice. Should the PIC enforce their rights to call for the cash collateral, the Group would be required to fund this from operational cashflow or with new, currently uncommitted, debt facilities.

3. The inherent uncertainty in future property valuations as a result of the COVID-19 pandemic are such that in the event that property valuations across the portfolio decrease more severely or quickly than expected, even after taking mitigating actions such as stopping cash dividends, the Group may be in breach of some individual property and Group wide covenants and would need to negotiate a waiver with its lenders and, or, pay down debt through either existing or new currently uncommitted facilities to avoid borrowings becoming payable immediately.

Notwithstanding the material uncertainty detailed above and taking into account the results of the analysis and the various mitigating action available to the Company and the Group, the Board has concluded that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not contain the adjustments that would be necessary if the Company and the Group were unable to continue as a going concern.

Functional and presentation currency

The consolidated financial statements are prepared and are presented in United States Dollars (**US$**) which is also the functional and presentational currency of the company. Amounts are rounded to the nearest thousand, unless otherwise stated. Some of the underlying subsidiaries and associates have different functional currencies other than the US$ which is predominantly determined in the country in which they operate.

Presentation of alternative performance measures

The group presents certain alternative performance measures on the face of the income statement. Revenue is shown on a disaggregated basis, split between gross rental income and the straight line rental income accrual. Additionally, the total fair value adjustment on investment properties is presented on a disaggregated basis to show the impact of contractual receipts from vendors separately from other fair value movements. These are non IFRS measures and supplement the IFRS information presented. The directors believe that the presentation of this information provides useful insight to users of the financial statements and assists in reconciling the IFRS information to industry-wide EPRA metrics.

1.2 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.

1.3 Critical Judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and assumptions relating to the fair value of investment properties in particular, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the subsequent financial year. Fair value adjustments do not affect the determination of distributable earnings but have an effect on the net asset value per share presented on the statement of financial position to the extent that such adjustments are made to the carrying values of assets and liabilities.

Judgements

The principal areas where such judgements have been applied are:

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 (**GEPF**), 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 10 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.

Acquisition of Letlole La Rona Limited

On 20 November 2019 Grit announced the acquisition of an additional 23.75% interest in Botswana Stock Exchange listed LLR from the Botswana

Development Corporation ("**BDC**").

Through this transaction, Grit increased its stake in LLR from 6.25% to a strategic 30.0% and is expected to unlock a strategic partnership with BDC as both an institutional investor in Grit and a potential co-investor in direct property opportunities throughout Africa.

The purchase consideration was settled through the issuance of 9,839,511 new Grit shares to BDC on 28 November 2019. The swap ratio was determined using our most recently reported at the time EPRA NAV per share, less dividend declared, of US$140cps.

The transaction for the 9,839,511 shares was recorded at the ruling share price of the day of US$1.19, resulting in the acquisition being recorded at US$11.3m. The difference between the agreed transaction price of USD13.8 million has resulted in a gain of USD2.1 million.

In determining the fair value of the investment at the acquisition date, Grit conducted an analysis of the volume and frequency of the share trades of LLR on the Botswanan Stock Exchange (including an analysis of the free float of the shareholder base of LLR) in order to determine whether the shares were traded in an active market and concluded that the share was not traded with sufficient volume nor frequency to support the conditions of an active market. As the share price was not indicative as a proxy for fair value, the Company has concluded the best mechanism would be Net Asset Value based on the latest available independent valuations (which were conducted by Knight Frank as part of the 30 June 2019 financial year end of LLR). This determination of fair value of LLR is consistent with the Group's accounting policy and fair value determination of other associates and joint ventures within the group.

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 those returns through its power of FAM. The Group does not own any interest in FAM and does not benefit from any profits of FAM nor is it liable for any losses incurred by FAM.

Grit Executive Share Trust (GEST) as a subsidiary

The Group has considered Grit Executive Share Trust (**GEST**) to be its subsidiary for consolidation purposes due to the Group's implied control of GEST, as the Group's ability to appoint the majority of the trustees and to control the variability of returns of GEST. The Group does not own any interest in GEST but is exposed to the credit risk and losses of (**GEST**) as the Group shall bear any losses sustained by GEST 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. No non-controlling interest has been accounted for in the current year.

Gateway Real Estate Africa Ltd (GREA) as an associate

The Group has considered Gateway Real EstateAfrica Ltd (**GREA**) to be its associate for consolidation purposes due to the Group's significant influence of GREA, as the Group has a direct and indirect ability to appoint some members to the board. The Group owns 19.98% of GREA and benefit from profits of GREA. The Group also has the ability to exercise significant influence to participate in the financial and operating policy decisions of the GREA but do not control or jointly control this policy as the CEO of the Group is also on the investment committee of GREA and has a close working relationship and history with Mr Pearson (MD of GREA).

Acquisition of investment properties

Where investment properties are acquired through the acquisition of corporate interests, the directors have regard to the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business under IFRS 3, the transactions are accounted for as if the Group had acquired the underlying investment property directly, together with any associated assets and liabilities. Accordingly, no goodwill arises, rather the cost of acquiring the corporate entity is allocated between the identifiable assets and liabilities of the entity, based on their relative fair values at the acquisition date.

The acquisition of Club Med Cap Skirring closed on 27 January 2020, through the acquisition of 100% of the equity of Société Immobiliére et de Gestion Hôteliére du Cap Skirring ("**SIGHC**") for EUR16.2 million. This was accounted as an asset acquisition.

Investments, associates and joint ventures

As an acquiring group, management needs to ensure that all acquisitions are appropriately classified in the financial statements. Depending on the shareholding and other factors there can be some judgement as to whether the acquisition is shown as an investment, associate, joint venture or consolidated as a subsidiary. In particular the Group holds interests of 50% of the total stake in multiple investments. The Group is not a controlling party in any of the arrangements. The Company applies judgement to determine whether the investment is classified as a joint venture or an associate by considering the guidance provided and the prevailing operational arrangements. The Group has exercised judgement that, for all investments classified as joint ventures, the arrangements will meet the definition of a joint arrangement because there is no ultimate controlling party and the control is shared. Therefore, the Group has accounted for these investments as joint ventures.

Estimates

The principal areas where such estimations 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 end of the relevant reporting year. Material valuation uncertainty due to Novel Corona virus ("**COVID-19**"):

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy - with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date. There has been no change in the valuation methodology used for investment property as a result of COVID-19.

Fair value of financial instruments

The Group have estimated the value of its obligation arising from its guarantee to de-risk 50% of PIC's exposure to the BoAML CRO. The Group's obligation is based on the occurrence or non-occurrence of uncertain future events (the probability of DiT defaulting on the BoAML facility). Therefore, the fair value of the obligation was based on the probability of DiT defaulting on the facility (management has assessed the risk of default as low for the years endings 30 June 2021 and 30 June 2020.)

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.

COVID-19

Certain estimates have been made taking into the consideration of the COVID-19 epidemic. Refer to the Going Concern under Note 1.1 for the estimates made.

2. INVESTMENT PROPERTIES

	Audited as at 30 June 2021	Audited as at 30 June 2020
	US$'000	US$'000
Net carrying value of properties	**549,491**	**577,222**
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	565,773	567,731
Acquisitions of investment properties[1]	-	18,848
Transfer to right of use asset	-	(88)
Other capital expenditure and construction	10,130	27,030
Foreign currency translation differences	10,971	(3,225)
Revaluation of properties at end of year	(51,297)	(41,218)
Contractual receipts from vendors of investment properties (reduction in purchase price)	(144)	(3,305)
As at 30 June	**535,433**	**565,773**
Reconciliation to consolidated statement of financial position and valuations		
Investment properties carrying amount per above	535,433	565,773
Right of use of land	409	456
Lease incentive	7,027	4,680
Straight-line rental income accrual	6,622	6,313
Total valuation of investment properties directly held by the Group	**549,491**	**577,222**

1. Acquisitions of investment properties

   The acquisition of Club Med Cap Skirring closed on 27 January 2020, through the acquisition of 100% of the equity of Société Immobiliére et de Gestion Hôteliére du Cap Skirring ("**SIGHC**") for EUR16.2m in total. This was accounted as an asset acquisition.

Investment property pledged as security

Certain of the Group's investment property has been pledged as security for interest-bearing borrowings (note 6) as follows:

- 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 (2020: Mozambican investment properties with a market value of US$308.0million were 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$79.5 million (2020: US$89.4 million) are mortgaged to Investec Bank South Africa to secure debt facilities amounting to US$46.7 million (2020: US$45.7 million).
- Mauritian investment properties with a market value of US$65.4 million (2020: US$63.6 million) are mortgaged to ABSA Bank Mauritius to secure debt facilities amounting to US$7.5 million (2020: US$7.1 million) and State Bank of Mauritius to secure debt facilities amounting to US$26.6 million (2020: US$25.0 million).
- Kenyan investment properties with a market value of US$27.2 million (2020: US$24.4 million) are mortgaged to Bank of China to secure debt facilities amounting to US$8.6 million (2020: US$8.6 million).
- Zambian investment properties with a market value of US$46.2 million (2020: US$55.1 million) are mortgaged to Bank of China to secure debt facilities amounting to US$28.7 million (2020: US$28.7 million).
- Ghanaian investment properties with a market value of US$16.4 million (2020: US$19.2 million) are mortgaged to Barclays Bank Ghana Limited to secure debt facilities amounting to US$8.7 million (2020: US$9.0 million).

Valuation policy and methodology for investment properties held by the Group, associates and joint ventures

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 valuers have also been confirmed by the respective valuers to be fair value in terms of IFRS.

In respect of the majority of the Mozambican investment properties, independent valuations were performed at 30 June 2021 by REC Chartered Surveyors (2020: REC Chartered Surveyors) using the discounted cash flow method (2020: discounted cash flow method).

The remainder of the portfolio including investment properties held by associates and joint ventures was independently valued at 30 June 2021 by Knight Frank Chartered Surveyors (2020: Knight Frank Chartered Surveyors), using the discounted cash flow method with the exception of freehold land which is valued by comparable method.

Material valuation uncertainty due to Novel Coronavirus ("**COVID-19**"): The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy - with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date. There has been no change in the valuation methodology used for investment property as a result of COVID-19.

Summary of valuations by reporting date	Most recent independent valuation date	Valuer (for the most recent valuation)	Sector	Country	Audited as at 30 June 2021 US$'000	Audited as at 30 June 2020 US$'000
Commodity House Phase I building	30-Jun-21	REC	Office	Mozambique	47,214	48,095
Commodity House Phase II building	30-Jun-21	REC	Office	Mozambique	19,047	19,348
Hollard Building	30-Jun-21	REC	Office	Mozambique	20,816	21,332
Vodacom Building	30-Jun-21	REC	Office	Mozambique	49,624	49,438
Zimpeto Square	30-Jun-21	REC	Retail	Mozambique	4,587	5,848
Bollore Warehouse	30-Jun-21	REC	Light industrial	Mozambique	9,012	5,795
ABSA House	30-Jun-21	Knight Frank	Office	Mauritius	13,109	13,825
Anfa Place Mall	30-Jun-21	Knight Frank	Retail	Morocco	79,535	89,363
Tamassa Resort	30-Jun-21	Knight Frank	Hospitality	Mauritius	52,232	49,734
Vale Housing Compound	30-Jun-21	REC	Accommodation	Mozambique	57,546	70,654
Imperial Distribution Centre	30-Jun-21	Knight Frank	Light industrial	Kenya	24,170	21,370
Mara Viwandani	30-Jun-21	Knight Frank	Light industrial	Kenya	3,050	3,070
Mall de Tete	30-Jun-21	REC	Retail	Mozambique	15,952	19,991
Acacia Estate	30-Jun-21	REC	Accommodation	Mozambique	70,353	67,540
5th Avenue Building	30-Jun-21	Knight Frank	Office	Ghana	16,440	19,210
Mukuba Mall[4]	30-Jun-21	Knight Frank	Retail	Zambia	46,210	55,130
Club Med Cap Skirring Resort	30-Jun-21	Knight Frank	Hospitality	Senegal	20,594	17,479
Total valuation of investment properties directly held by the Group					**549,491**	**577,222**
Deposits paid on Imperial Distribution Centre Phase 2					2,148	1,500
Deposits paid on Capital Place Limited					3,550	3,000
Total deposits paid on investment properties					**5,698**	**4,500**
Total carrying value of investment properties including deposits paid					**555,189**	**581,722**
Investment properties held within associates and joint ventures - Group share						
Buffalo Mall - Buffalo Mall Naivasha Limited (50%)	30-Jun-21	Knight Frank	Retail	Kenya	5,441	6,395
Kafubu Mall - Kafubu Mall Limited (50%)	30-Jun-21	Knight Frank	Retail	Zambia	9,623	9,658
CADS II Building - CADS						

Developers Limited (50%)	30-Jun-21	Knight Frank	Office	Ghana	15,075	16,920
Cosmopolitan Shopping Centre - Cosmopolitan Shopping Centre Limited (50%)	30-Jun-21	Knight Frank	Retail	Zambia	24,945	31,375
Canonniers, Mauricia and Victoria Resorts and Spas - Beachcomber Hospitality (44.42%)	30-Jun-21	Knight Frank	Hospitality	Mauritius	101,594	95,066
Capital Place - Capital Place Limited (50%)	30-Jun-21	Knight Frank	Office	Ghana	10,150	11,210
Letlole La Rona Limited (30%) - 19 Investment properties	30-Jun-21	Knight Frank	Light industrial	Botswana	18,647	15,536
Letlole La Rona Limited (30%) - 1 Investment property	30-Jun-21	Knight Frank	Hospitality	Botswana	209	193
Letlole La Rona Limited (30%) - 2 Investment properties	30-Jun-21	Knight Frank	Retail	Botswana	5,325	4,957
Letlole La Rona Limited (30%) - 1 Investment property	30-Jun-21	Knight Frank	Office	Botswana	1,517	1,316
Letlole La Rona Limited (30%) - 1 Investment property	30-Jun-21	Knight Frank	Accommodation	Botswana	1,300	1,221
Gateway Real Estate Africa Ltd (19.98%)	30-Jun-21	Directors Valuation	Other Investments	Mauritius	12,557	5,009
Total of investment properties acquired through associates and joint ventures					**206,383**	**198,856**
Total portfolio					**761,572**	**780,578**

As indicated above, 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 2021 ranged between 6.0% and 12.0%. The discount rates applied to the Group valuations that were performed at 30 June 2021 using the discounted cash flow method ranged between 8.25% and 16.0%.

Included in the valuation is lease incentives which includes rent-free periods, rent abatements and fit-out contributions. The lease incentive is disclosed separately under Trade and other receivables.

In the current year, the valuations include the right of use of land, lease incentives and certain furniture and fittings.

There have 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.

3. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES[2]

			Audited as at 30 June 2021	Audited as at 30 June 2020
			US$'000	**US$'000**

The following entities have been accounted for using the equity method:

Name of joint venture	**Country of incorporation and operation**	**% held**		
Kafubu Mall Limited[3]	Zambia	50.00%	9,502	9,552
Cosmopolitan Shopping Centre Limited[3]	Zambia	50.00%	25,076	31,495
CADS Developers Limited[3]	Ghana	50.00%	7,607	9,504

Carrying value of joint ventures			**42,185**	**50,551**

Name of associate	Country of incorporation and operation	% held		
Letlole La Rona Limited[4]	Botswana	30.00%	21,672	19,676
Buffalo Mall Naivasha Limited[3]	Kenya	50.00%	3,402	4,612
Gateway Real Estate Africa Ltd[3,6]	Mauritius	19.98%	20,706	11,404
Capital Place Limited[5]	Ghana	50.00%	7,471	8,038
Beachcomber Hospitality Investments[1,3] Limited	Mauritius	44.42%	72,056	67,020
Carrying value of associates			**125,307**	**110,750**

Joint ventures	42,185	50,551
Associates	125,307	110,750
Total carrying value of associates and joint ventures	**167,492**	**161,301**

1 The carrying value of Beachcomber Hospitality Investments at 30 June 2021 includes an unsecured loan of US€37.5m (2020: US€37.5m), from the Group to the associate, which bears interest at 6.25% (2020: 6.25%).

2 All investments in associates are private entities and do not have quoted prices available with the exception of Letlole La Rona Limited. In determining the fair value of the investment at the acquisition date, Grit conducted an analysis of the volume and frequency of the share trades of LLR on the Botswanan Stock Exchange (including an analysis of the free float of the shareholder base of LLR) in order to determine whether the shares were traded in an active market and concluded that the share was not traded with sufficient volume nor frequency to support the conditions of an active market. As the share price was not indicative as a proxy for fair value, the Company has concluded the best mechanism would be Net Asset Value based on the latest available independent valuations.

3 The percentage of ownership interest for 2021 did not change.

4 In the prior year, Letlole La Rona Limited was reclassified from other investments to investments in associates and joint ventures after increasing the shareholding from 6.25% to 30% in the current period. This company is incorporated in Botswana and listed on the Botswana Stock Exchange.

5 The percentage of ownership increased from 47.5% to 50.0% in the prior year.

Secured investments:

Zambian investment properties held by associates or joint ventures have a market value of US$69.1 million as at 30 June 2021 (2020: US$82.1 million). The properties in the investee entities are fully mortgaged to Bank of China to secure debt facilities amounting to US$ 47.7 million as at that date (2020: US$47.7 million).

Mauritian investment properties held by an associate have a market value of US$228.8 million as at 30 June 2021 (2020: US$214.0 million). The property in the investee entity is mortgaged in equal proportions to SBM Bank (Mauritius) Limited, Investec Bank (Mauritius) Limited and theMauritius Commercial Bank Limited to secure debt facilities amounting to US$59.6 million (2020: US$56.1 million).

Kenyan investment property held by an associate has a market value of US$10.9 million as at 30 June 2021 (2020: US$12.8 million). The property in the investee entity is fully mortgaged to HFCK Bank Limited to secure debt facilities amounting to US$4.4 million (2020: US$4.2 million).

Ghanaian investment property held by an associate has a market value of US$30.2 million as at 30 June 2021 (2020: US$33.8 million). The property in the investee entity is fully mortgaged to ABSA Bank Ghana Limited to secure debt facilities amounting to US$14.9 million (2020: US$14.6 million).

Ghanaian investment property held by an associate has a market value of US$20.3 million as at 30 June 2021 (2020: US$22.4 million). The property in the investee entity is fully mortgaged to RMB Holdings Limited to secure debt facilities amounting to US$5.9 million (2020: US$6.2 million).

Botswana investment property held by an associate has a market value of US$89.0 million as at 30 June 2021 (2020: US$77.9 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$21.2 million (2020: US$19.9 million).

Set out below is the summarised financial information of each of the Group's associates for each reporting period together with a reconciliation of this financial information to the carrying amount of the Group's interests in each associate. Where an interest in an associate has been acquired in a reporting period the results are shown for the period from the date of such an acquisition.

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.

Where associates and joint ventures have non-coterminous financial reporting dates, the Group uses management accounts to incorporate their results into the consolidated financial statements.

	Letlole La Rona Limited	Kafubu Mall Limited	Beachcomber Hospitality Investments Limited	Capital Place Limited	Gateway Real Estate Africa Ltd	CADS Developers Limited	Cosmo-politan Shopping Centre Limited	Buffalo Mall Naivasha Limited	Total
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**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	171	256	196	17,659
	30,453	**378**	**71,735**	**7,946**	**6,412**	**15,048**	**256**	**4,717**	**136,945**
Net asset value	**72,239**	**19,004**	**162,206**	**14,942**	**190,972**	**15,215**	**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%	
Net Asset Value attributable to the Group	**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

	Letlole La Rona Limited	Kafubu Mall Limited	Beachcomber Hospitality Investments Limited	Capital Place Limited	Gateway Real Estate Africa Ltd	CADS Developers Limited	Cosmo-politan Shopping Centre Limited	Buffalo Mall Naivasha Limited	Total
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Opening Balance 1 July 2021	19,676	9,552	67,020	8,038	11,404	9,504	31,495	4,612	161,301
Acquired during the period	-	-	-	-	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
- 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)
- Movement in fair value of share price									
- 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**

Investment in the year ended 30 June 2021

Through its 19.98% equity interest in GREA, the private African property development company that Grit co-founded, Grit has an interest in the developer's accretive pipeline assets and development returns GREA has made strong progress on securing an attractive risk-mitigated pipeline in the office, embassy corporate accommodation and data centre sectors including:

- Near completion of a 112 unit diplomatic residential tower in Ethiopia predominantly tenanted to OBO, a division of the US State Department, now being readied for occupation on 1 November 2021. Estimated total project cost c.US$54 million.
- The construction of a 90 unit diplomatic apartment and town house community in Kenya fully tenanted by OBO, a division of the US State Department, with expected completion date in Q1 2022.
- Construction of a 994sqm GLA data centre in Lagos, Nigeria tenanted to African Data Centres, part of the Liquid Intelligent Technologies Group.
- The Precinct, Mauritius: Commencement of a landmark 8,594sqm GLA premium grade office development in Grand Baie in Q2 2021. Targeted completion August 2022.

The Group sees significant further potential value creation from the assets and development pipeline within GREA going forward, which are expected to result in strong NAV growth to Grit shareholders from exposure to risk mitigated developments tenanted to current and target multinational clients.

GREA has now called for final capital calls in relation to its shareholders' initial committed equity funding and Grit is required to make its US$17.9 million payment in the coming months if it wishes to retain its current equity ownership in GREA. Grit is concurrently considering increasing its stake in GREA to further align both Grit and GREA's future profitable growth strategies and approach to servicing tenants, which would be a cornerstone to further unlocking scale, synergy benefits and the creation and delivery of further value to Grit's shareholders. A potential transaction would likely require approvals from Grit's shareholders and equity funding by Grit. Grit expects to engage with its shareholders should this be further pursued.

4. OTHER LOANS RECEIVABLE

	Audited as at 30 June 2021	**Audited as at 30 June 2020**
	US$'000	**US$'000**
Ndola Investments Limited	5,115	5,073
Kitwe Copperbelt Limited	5,624	5,577
Syngenta Limited	19,081	18,690
Healthcare Assets	239	303
Drift (Mauritius) Limited	9,731	12,846
IFRS 9 - Impairment on financial assets (ECL)	(2,487)	(68)
Total as at 30 June	**37,303**	**42,421**
Classification of other loans:		
Non-current assets	**-**	**39,575**
Current assets	**37,303**	**2,846**
	37,303	**42,421**

5. INTEREST-BEARING BORROWINGS

	Audited as at 30 June 2021	**Audited as at 30 June 2020**
	US$'000	**US$'000**
Non-current liabilities		
Capital portion	215,565	337,620
Current liabilities		
Capital portion	190,846	50,030
Accrued interest	4,177	5,349
Total as at 30 June	**410,588**	**392,999**
Currency of the interest-bearing borrowings (stated gross of unamortised loan issue costs)		
United States Dollars	276,947	271,560
Euros	131,420	119,419
Mauritian Rupees	1,698	1,778

Mozambican Meticais	-	-
	410,065	392,757
Interest accrued	4,176	5,349
Unamortised loan issue costs	(3,653)	(5,107)
Total as at 30 June	**410,588**	**392,999**
Movement for the year		
Balance at the beginning of the year	392,999	346,097
Proceeds of interest bearing-borrowings	50,765	170,278
Loan issue costs incurred	(1,520)	(4,639)
Amortisation of loan issue costs	2,974	1,999
Foreign currency translation differences	7,548	(1,165)
Interest accrued	(1,173)	5,349
Debt settled during the year	(41,005)	(124,920)
Total as at 30 June	**410,588**	**392,999**

Analysis of facilities and loans in issue

			Audited as at 30 June 2021	**Audited as at 30 June 2020**
Lender	**Borrower**	**Initial facility**	**US$'000**	**US$'000**
Standard Bank South Africa	Commotor Limitada	US$140.0m	140,000	140,000
Standard Bank South Africa	Grit Services Limited	RCF - €26.5m	30,676	29,730
Total Standard Bank Group			**170,676**	**169,730**
Bank of China	Warehousely Limited	US$8.5m	8,555	8,555
Bank of China	Zambian Property Holdings Limited	US$77.0m	76,405	76,405
Total Bank of China			**84,960**	**84,960**
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€9.0m	10,733	10,097
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€3.2m	3,816	3,590
State Bank of Mauritius	Mara Delta (Mauritius) Properties Limited	€22.3m	26,593	25,018
State Bank of Mauritius	Grit Real Estate Income Group Limited	Equity Bridge US$20.0m	20,000	20,000
State Bank of Mauritius	Grit Real Estate Income Group Limited	RCF MUR72.0m	1,698	1,778
Total State Bank of Mauritius			**62,840**	**60,483**
Investec South Africa	Freedom Property Fund SARL	€36.0m	37,974	37,027
Investec South Africa	Freedom Property Fund SARL	US$15.7m	8,722	8,722
Investec Mauritius	Grit Real Estate Income Group Limited	US$0.5m	327	378

Total Investec Group			**47,023**	**46,127**
ABSA Bank Mauritius	BH Property Investment Limited	€7.4m	7,526	7,081
ABSA Bank Ghana Limited	Grit Accra Limited	US$9.0m	8,652	9,000
Total ABSA Group			**16,178**	**16,081**
Maubank Mauritius	Grit Real Estate Income Group Limited	€3.2m	3,871	3,642
Maubank Mauritius	Freedom Asset Management	€4.0m	2,599	3,234
Total Maubank			**6,470**	**6,876**
ABC Banking Corporation	Grit Services Limited	Equity bridge US$8.5m	7,286	8,500
ABC Banking Corporation	Casamance Holdings Limited	€6.4m	7,632	-
Total ABC Banking Corporation			**14,918**	**8,500**
Nedbank South Africa	Grit Real Estate Income Group Limited	US$7.0m	7,000	-
Total Nedbank South Africa			**7,000**	**-**
Total loans in issue			**410,065**	**392,757**
plus: interest accrued			**4,177**	**5,349**
less: unamortised loan issue costs			(3,654)	(5,107)
As at year end			410,588	392,999

Fair value of borrowings are not materially different to their carrying value amounts since interest payable on those borrowings are either close to their current market rates or the borrowings are of short-term in nature.

6. TAXATION

	Audited as at 30 June 2021	Audited as at 30 June 2020
	US$'000	**US$'000**
Major components of the taxation expense		
Current taxation	**1,791**	4,354
Deferred taxation	**(1,346)**	9,028
	445	**13,382**
Reconciliation of the taxation expense		
(Loss) / profit before tax	**(60,931)**	(53,866)
Statutory taxation (credit) / expense at 15% (all years)	**(9,140)**	(8,080)
Tax effect of adjustments to taxable income:		
Non-taxable income	**(17,174)**	(3,299)
Non-deductible expenditure	**20,979**	14,066
Under provision in the previous year	**(5,749)**	(768)
Withholding tax	**446**	192

Foreign tax credit	**(1,060)**	(6,319)
Deferred tax asset not provided for	**19,330**	10,924
Investment tax credit	**-**	(119)
Minimum tax	**7**	216
Foreign currency translation differences	**(52)**	-
Effect of different tax rates and consolidation adjustments	**(7,142)**	6,569
Effective taxation expense at -0.73% (2020: -24.84%)	**445**	**13,382**

7. SEGMENTAL INFORMATION

The Group reports on a segmental basis in terms of geographical location and type of property. Geographical location is split between Morocco, Mozambique, Zambia, Kenya, Ghana and Mauritius, as relevant to each reporting period. In terms of type of property, the Group has investments in the retail, office and various other sectors.

In US$'000 Geographical location 30 June 2021	**Botswana**	**Senegal**	**Morocco**	**Mozambique**	**Zambia**	**Kenya**	**Ghana**	**Mauritius**	**Total**
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)
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)
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)**
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
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 refundable	-	-	-	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**

In US$'000

Type of property	**Other investments**	**Hospitality**	**Retail**	**Office**	**Light industrial**	**Corporate Accommodation**	**Corporate**	**Total**
30 June 2021								
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)
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	166,247	36,232	127,902	-	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
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**
Current assets								
Trade and other receivables	-	381	4,907	1,695	2,908	3,861	5,194	18,946
Current tax refundable	-	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**	**52,974**	**810,706**
Liabilities								
Total liabilities	-	89,662	172,545	178,983	11,493	28,645	52,974	532,302
Net assets	**20,705**	**57,809**	**34,217**	**10,864**	**43,648**	**109,629**	**1,532**	**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.

8.SUBSEQUENT EVENTS

Subsequent events

Perpetual Preference Note

Grit Services Limited has entered into a Subscription Agreement with Ethos Mezzanine Partners GP Proprietary Limited and Blue Peak Private Capital GP for the issuance by Grit of a perpetual note that will raise up to US$31,500,000 ("the Note") and will be applied towards:

- the acquisition and redevelopment of the Orbit Africa warehousing and manufacturing facility in Nairobi, Kenya; and
- the St Helene Private Hospital development in Mauritius. The Note is subject to fulfilment of conditions precedent prior to disbursement.

Salient features of the Note

- The Note is treated as equity for IFRS accounting purposes and will reduce the Group's reported LTV.
- The Note has a cash coupon of 9% per annum and a 4% per annum redemption premium. The Company may elect to capitalise cash coupons.
- The Note, although perpetual in tenor, carries a material coupon step-up provision after the fifth anniversary that is expected to result in an economic maturity and redemption by the Company on or before that date.
- The Note may be voluntarily redeemed by the Company at any time, although there would be call-protection costs associated with doing so before the third anniversary.
- The Note is subordinated to permitted indebtedness in the Company but ranks ahead of shareholder claims.
- The Note potentially offers 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.

Orbit Africa transaction

The Orbit facility is situated on Mombasa Road, the principal route south of Nairobi centre serving the main industrial node, the link to the port of Mombasa and the industrial town of Athi River and is strategically located 11 kilometres south of the international airport and 9.6 kilometres from the Inland Container Depot. The site is well known to Grit, being less than one kilometre from the Imperial Health Sciences logistics facility owned by Grit in the same industrial precinct.

The transaction comprises the acquisition of an existing warehouse and manufacturing facility with a gross lettable area ("GLA") of 29,243 sqm at an accretive net acquisition yield of 9.60%. The facility will be leased back to Orbit Products Africa Limited (the "Tenant") in terms of a 25-year US Dollar denominated triple net lease with an option to extend for a further 10 years and includes a contracted average annual escalation of 2%. The transaction also incorporates a redevelopment and expansion of the facility for the Tenant, to be undertaken by the Company at a contractual development yield of 16.0%. The development project provides potential scope for further value accretion through the addition of 14,741 sqm GLA of modern warehouse space that will reposition the property to the standards expected of a modern FMCG light industrial facility and shall target an IFC EDGE green building certification upon completion.

The total investment (incl. VAT) in the combined initial acquisition and the expansion and redevelopment is expected to be US$53.6 million and will be funded through the US$25 million senior debt financing from the International Finance Corporation ("IFC"), and the balance can be provided through the perpetual preference note issuance.

The IFC debt terms are summarised below:

- The IFC provides a US$25 million senior debt facility (the "Loan").
- US$16.1 million1m of the Loan will be utilised to fund the purchase consideration and associated transaction costs related to the initial sale and leaseback of the Orbit transaction mentioned above.
- US$8.9 million of the Loan will be utilised to fund the Redevelopment Project.
- The Loan provided by the IFC carries a tenure of eight years of which the first three years are provided under a capital repayment moratorium.
- The applicable facility interest rate is 5.75% per annum above 6-month libor.

Interest bearing borrowings

The following debt transactions were concluded subsequent to the period under review as a short term measure to create a platform for a more strategic and suitable balance sheet solution. The Group has engaged advisors and is currently investigating the potential for a corporate bond issuance, which it would expect to pursue in 2022 subject to prevailing market conditions at that time. The benefits would largely be extension of debt tenor, diversification of the Group's funding base and taking advantage of supportive credit markets in relation to African and frontier markets issuance:

Subsidiaries

- The Group has extended the MUR 72 million (or US$1.7 million) Covid facility from the State Bank of Mauritius, to an evenly amortized 48 month facility.
- The Group has extended all its facilities with the State Bank of Mauritius ("SBM") to 2025. This applies to the following facilities:
  - Leisure Property North Mauritius Limited (EUR 12.2 million, with interest of 4.25% + 3-month libor) for the Beachcomber properties;
  - Mara Delta (Mauritius) Property Limited, owner of the Lux Tamassa resort (EUR 22.3 million, with interest of 4.00% fixed); and
  - Grit Real Estate Income Group, a Corporate facility (US$ 20.0 million, with interest of 4.00% fixed).
- The US$ 46m facility (EUR31.8 million and US$8.7 million) with Investec Bank on the AnfaPlace Mall held by Freedom Property Fund SARL in Morocco has been extended to April 2023, as part of the terms of the refinance, an amount of US$6million will become due in the next 12 months.
- The Group's RCF facility of US$ 7.0 million held with Nedbank has been extended to April 2023, with optional capital repayment conditions, bearing an interest of 6-month libor + 8.40%.

Associates and Joint Ventures

- The BHI syndicated loan of EUR 50.0 million has been extended to April 2023.

9. EARNINGS PER SHARE

	Audited as at 30 June 2021	**Audited as at 30 June 2020**
	US$'000	**US$'000**
Basic and diluted (losses) / earnings	(51,927)	(63,115)

Reconciliation of weighted average number of shares in issue (net of unvested treasury shares)

	30 June 2021 Shares	**30 June 2020 Shares**

	'000	'000
Ordinary shares in issue at start of year	316,236	306,396
Unvested treasury shares at start of year	(10,114)	(10,114)
Total shares issue at start of year	306,122	296,282
Effect of shares issued in the year	7,849	5,834
Effect of treasury shares acquired in the year	-	-
Effect of treasury shares surrendered in the year	-	-
Effect of treasury shares vested or allocated in the year	-	573
Weighted average number of shares at end of year - basic	313,971	302,689
Dilutive effect of share options	-	-
Weighted average number of shares at end of year - diluted	313,971	302,689
Basic and diluted earnings per share (cents)	(16.5)	(20.9)

10. 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 represents earnings after adjusting for fair value adjustments on investment properties, gain from bargain purchase on associates, fair value adjustments included under income from associates, ECL provisions, fair value adjustments on other investments, fair value adjustments on other financial assets, fair value adjustments on derivative financial instruments, and non-controlling interest included in basic earnings (collectively the "EPRA earnings adjustments") and deferred tax in respect of these EPRA earnings adjustments. The reconciliation between basic and diluted earnings and EPRA earnings is detailed in the table below;
- EPRA net asset value in order to assist in comparisons with similar businesses in the real estate sector. EPRA net asset value is a definition of net asset value as set out by the European Public Real Estate Association. EPRA net asset value represents net asset value after adjusting for net impairment on financial assets (ECL), fair value of financial instruments, and deferred tax relating to revaluation of properties (collectively the "EPRA net asset value adjustments"). 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 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. Accordingly, it excludes VAT credit utilised on rentals, interest related to AnfaPlace Mall's areas under construction, Listing and set-up costs, depreciation and amortisation, share based payments, antecedent dividends, operating costs relating to AnfaPlace Mall's refurbishment costs, rental concessions for capital projects/ amortisation of lease premiums and profits withheld/released. The reconciliation for total distributable earnings is detailed in the table below.

In this note, Grit presents European Real Estate Association (**EPRA**) earnings and other metrics which is non-IFRS financial information.

	UNAUDITED 30 June 2021 $'000	**UNAUDITED 30 June 2021 Per Share (Diluted) (Cents Per Share)**	**UNAUDITED 30 June 2020 $'000**	**UNAUDITED 30 June 2020 Per Share (Diluted) (Cents Per Share)**
EPRA Earnings	8,080	2.57	11,530	3.82
Total Company Specific Adjustments	7,351	2.34	15,727	5.20
Adjusted EPRA Earnings	15,431	4.91	27,257	9.02
Total company specific distribution adjustments	3,162	1.06	1,457	0.56
TOTAL DISTRIBUTABLE EARNINGS (BEFORE PROFITS WITHELD)	18,593	5.97	28,714	9.58
Profits Withheld	(13,920)	(4.47)	(12,979)	(4.33)
TOTAL DISTRIBUTABLE EARNINGS TO GRIT SHAREHOLDERS	4,673	1.50	15,735	5.25
EPRA NRV	328,863	102.4	358,370	117.1
EPRA NTA	319,907	99.6	348,007	113.7
EPRA NDV	270,858	84.3	296,948	97.0

	control	**Unaudited 30 June 2021**
EPRA EARNINGS	**Notes**	**US$'000**

Basic losses attributable to the owners of the parent		(51,927)
Add Back:		
Fair value adjustment on investment properties		51,441
Fair value adjustments included under income from associates		9,055
Change in value of other investments		9
Change in value of other financial asset		8,383
Change in value of derivative financial instruments		(1,378)
Deferred tax in relation to the above		(1,575)
Acquisition costs not capitalised		79
Non-controlling interest included in basic earnings		(6,007)
EPRA EARNINGS		**8,080**
EPRA EARNINGS PER SHARE (DILUTED) (cents per share)		**2.57**
Company specific adjustments		
Unrealised foreign exchange gains or losses (non-cash)	1	(1,089)
Straight-line leasing and amortisation of lease premiums (non-cash rental)	2	(2,565)
Amortisation of right of use of land (non-cash)	3	28
Impairment of loan and other receivables	4	6,466
Corporate restructure costs	5	3,467
Non-controlling interest included above	6	814
Deferred tax in relation to the above	7	230
Total Company specific adjustments		**7,351**
ADJUSTED EPRA EARNINGS		**15,431**
ADJUSTED EPRA EARNINGS PER SHARE (DILUTED) (cents per share)		**4.91**

	Shares '000
Weighted average shares in issue	324,085
Less: Weighted average treasury shares for the year	(12,546)
Add: Weighted average share awards and vested shares in long term incentive scheme	2,432
EPRA SHARES	**313,971**

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 (non-cash rental)*

Straight-line leasing adjustment and amortised lease incentives under IFRS relate to non-cash rentals over the period of the lease. This 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. *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. This represents a non-cash item and is adjusted to earnings.

4. *Impairment on loans and other receivables*

   Provisions for expected credit loss are non-cash items related to potential future credit loss on non- property operational provisions and is therefore added back in order to provide a better reflection of underlying property performance. The add back excludes and specific provisions for against tenant accounts.

5. *Corporate restructure costs*

   Corporate restructure costs are once off in nature related to corporate actions by the company and not underlying performance of the portfolio.

6. *Non-Controlling interest*
   Any Non-Controlling interest related to the company specific adjustments.

7. *Other deferred tax (non-cash)*
   Any deferred tax directly related to the company specific adjustments.

11. COMPANY DISTRIBUTION CALCULATION - UNAUDITED

	Notes	Unaudited 30 June 2021 US$'000
Adjusted EPRA Earnings		15,431
Company specific distribution adjustments		
VAT credits utilised on rentals	1	2,364
Listing and set up costs under administrative expenses	2	382
Depreciation and amortisation	3	787
Share based payments	4	127
Retirement fund & PRGF		111
Amortisation of capital funded debt structure fees		3,015
Non-controlling interest non distributable		(3,624)
Total Company Specific distribution adjustments		**3,162**
TOTAL DISTRIBUTABLE EARNINGS (BEFORE PROFITS WITHHELD)		**18,593**
DISTRIBUTABLE INCOME PER SHARE (DILUTED) (cents per share)		**5.97**
- Profits withheld		**(13,920)**
TOTAL DISTRIBUTABLE EARNINGS TO GRIT SHAREHOLDERS		**4,673**
DIVIDEND PER SHARE (cents)		**1.50**
Reconciliation to amount payable		
Total distributable earnings to Grit shareholders before profits withheld (cents)		5.97
Profits withheld (cents)		(4.47)
Interim dividends already paid (cents)		(1.50)
FINAL DIVIDEND PROPOSED (cents)		**0.00**
		Shares

	'000
Weighted average shares in issue	324,085
Less: Weighted average treasury shares for the year	(12,546)
Add: Weighted average shares vested in long term incentive scheme	2,432
EPRA SHARES	**313,971**
Less: Non-entitled shares	-
Less: Vested shares in consolidated entities	(2,432)
DISTRIBUTION SHARES	**311,539**

COMPANY DISTRIBUTION NOTES IN TERMS OF THE DISTRIBUTION POLICY

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.

12. EPRA FINANCIAL METRICS - UNAUDITED

The EPRA NAV metrics are EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV)

	EPRA NRV UNAUDITED 30 Jun 2021 $'000	**EPRA NTA UNAUDITED 30 Jun 2021 $'000**	**EPRA NDV UNAUDITED 30 Jun 2021 $'000**
IFRS Equity attributable to shareholders	270,858	270,858	270,858
i) Hybrid instruments			
Preference shares	-	-	-
Diluted NAV	**270,858**	**270,858**	**270,858**
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	**270,858**	**270,858**	**270,858**
Exclude*:			
Deferred tax in relation to fair value gains of Investment properties	55,377	46,901	-
Fair value of financial instruments	2,628	2,628	-
Goodwill as a result of deferred tax	-	-	-
Goodwill as per the IFRS balance sheet	-	-	-
Intangibles as per the IFRS balance sheet	-	(480)	-
Include*:	-	-	-
Fair value of fixed interest rate debt	-	-	-
Revaluation of intangibles to fair value		-	-
Real estate transfer tax			-
NAV	**328,863**	**319,907**	**270,858**
Fully diluted number of shares	**321,122**	**321,122**	**321,122**
NAV per share (cents per share)	102.4	99.6	84.3
	Shares '000	**Shares '000**	**Shares '000**
Total shares in issue	331,236	331,236	331,236
Less: Treasury shares for the period	(12,546)	(12,546)	(12,546)
Add: Share awards and shares vested shares in Long term incentive scheme	2,432	2,432	2,432
EPRA SHARES	**321,122**	**321,122**	**321,122**

OTHER NOTES

The audited consolidated financial statements for the year ended 30 June 2021 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, International Financial Reporting Standards ("**IFRS**"), the LSE and SEM Listing Rules, the Financial Pronouncements as issued by Financial Reporting Standards Council. The accounting policies are consistent with those of the previous annual financial statements with the exception of the change in accounting policy and the significant judgment disclosed in note 1.

The Group is required to publish financial results for the year ended 30 June 2021 in terms of Listing Rule 12.14 of the SEM and the LSE Listing Rules. The Directors are not aware of any matters or circumstances arising subsequent to the year ended 30 June 2021 that require any additional disclosure or adjustment to the financial statements. These audited consolidated financial statements were approved by the Board on 28 October 2021.

PricewaterhouseCoopers have issued their unqualified audit opinion on the Group's financial statements for the year ended 30 June 2021. Copies of the audited consolidated financial statements for the year ended 30 June 2021 and the statement of direct and indirect interests of each officer of the Company pursuant to rule 8(2)(m) of the Mauritian Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available free of charge, upon request at the Company's registered address. Contact Person: Smitha Algoo-Bissonauth.

Forward-looking statements

This document may contain certain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements.

Any forward-looking statements made by, or on behalf of, Grit speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Grit does not undertake to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Information contained in this document relating to Grit or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance.

Any forward-looking statements and the assumptions underlying such statements are the responsibility of the Board of directors and have not been reviewed or reported on by the Company's external auditors.

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