grit
Real Estate
Income Group

designed to perform

2019 integrated annual report

MANIFESTO

Grit is not easy to define.

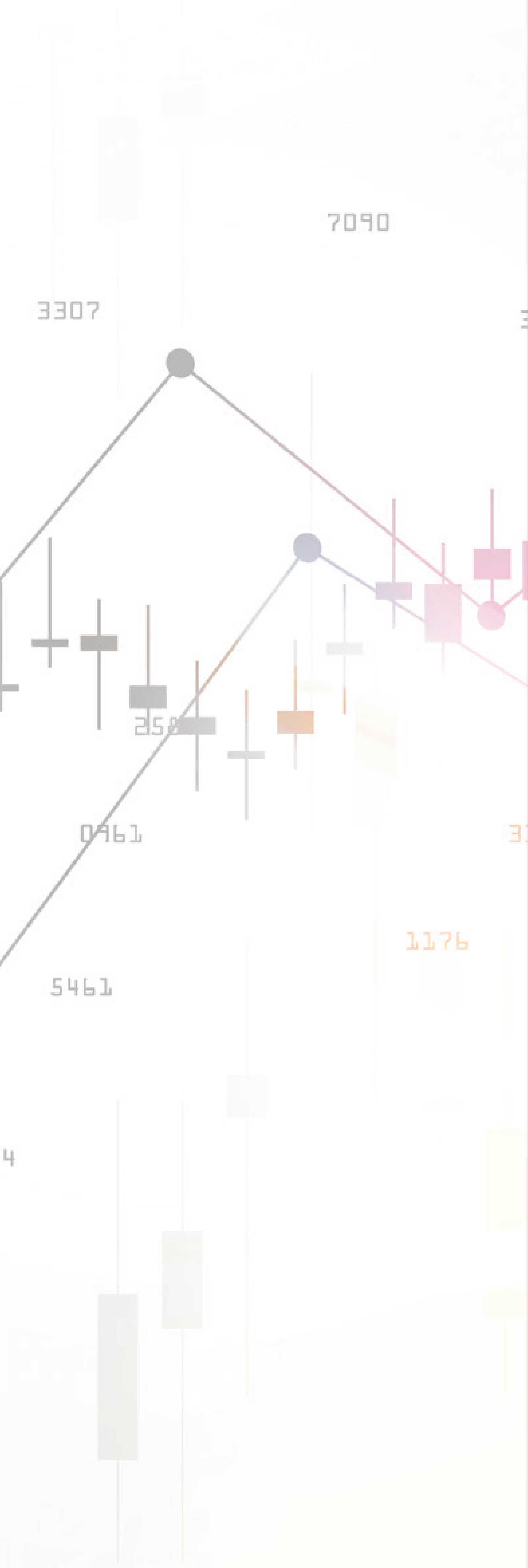
Sometimes it's easier to define it by what it isn't:
It isn't talent.
It isn't luck or timing.
It isn't about a fleeting desire.
It isn't about hard work.
Grit is an unwavering dedication.

It is more about attitude than the end game.
The commitment to finish what we start.
The determination to rise from setbacks.
The drive to improve and succeed.
The willingness to undertake sustained
and sometimes unpleasant preparation
and repetition in order to do so.
Grit is the achievement of a singularly
important goal through perseverance
and passion.

It is achieving success not based solely
on experience or skill,
But also through the sustained and
focused application
of experience and skill over time.

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

#CHALLENGEBELIEF



CONTENTS

Dear Stakeholders,
The Board acknowledges its responsibility to ensure the integrity of this Report. The Board had applied its mind to this Report and in its opening, this Report fairly represents the integrated performance of the Company. The Board is pleased to present the Integrated Annual Report of Grit Real Estate Income Group Limited for the year ended 30 June 2019. This Report was approved by the Board of Directors on 30 September 2019 and is available on our website https://grit.group/financial-results/

Peter Todd
Chairman

Bronwyn Corbett
Chief Executive Officer

About this Report

Grit Real Estate Income Group Limited ("GRIT" or "Grit" or the" Group" or the "Company") is a public company registered in Mauritius with company number C128881 C1/GBL and a public interest entity as defined by the Financial Reporting Act 2004. GRIT is listed on the Stock Exchange of Mauritius (the "SEM") since 30 March 2015, on the main Board of the Johannesburg Stock Exchange ("JSE") since 10 July 2014 and on the London Stock Exchange ("LSE") since 31 July 2018.

GRIT is pleased to present its 2019 Integrated Annual Report to assist the Group's stakeholders to make an informed assessment of the Group and its ability to create and sustain value over the short-, medium- and long-term. The information in this Report also provides an overview of our business model, performance, governance framework, strategy, risks and opportunities of the Group, its subsidiaries and entire portfolio for the financial year ended 30 June 2019.

INTEGRATED REPORTING PRINCIPLES

This Report has been developed and prepared following the guidelines of the Integrating Reporting ("IR") framework for the benefit of all our stakeholders with the aim of providing a more comprehensive reporting on our strategy, business model, operating context, sectors' performance, risk management and governance. The Report also considers that the following capitals of IR are relevant to Grit in achieving its strategic objectives, namely Financial, Human, Intellectual, Manufactured and Social & Natural.

FRAMEWORK, ASSURANCE AND COMPLIANCE REPORTING

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

- International Financial Reporting Standards ("IFRS");
- Financial Reporting Act 2004;
- Mauritian Companies Act 2001;
- Mauritian Securities Act 2005;
- SEM Listing Rules and JSE Listing Requirements;
- Integrated Reporting Framework (the "Framework"); and
- National Code of Corporate Governance for Mauritius (2016) and King IV Report on Corporate Governance™ for South Africa.

Grit is a Standard Listed company on the LSE and is not required to comply with the UK Corporate Governance Code 2018.

TARGETED AUDIENCE

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

DTR STATEMENT

Together, the Strategic Report and other sections of the Corporate Governance section incorporated by reference when taken as a whole, form the Management Report as required under Rule 4, 1.5R of the UKLA Disclosure and Transparency Rules (DTR).

ICONOGRAPHY GUIDE

We include icons throughout the Report for easy access to information, help readability and to simplify cross-referencing.

GEOGRAPHIC ICONS

Properties in Kenya

Properties in Mauritius

Properties in Morocco

Properties in Mozambique

Properties in Zambia

Properties in Ghana

Properties in Botswana

STRATEGIC OBJECTIVES

Financial

Human

Intellectual

Manufactured

Social & Natural

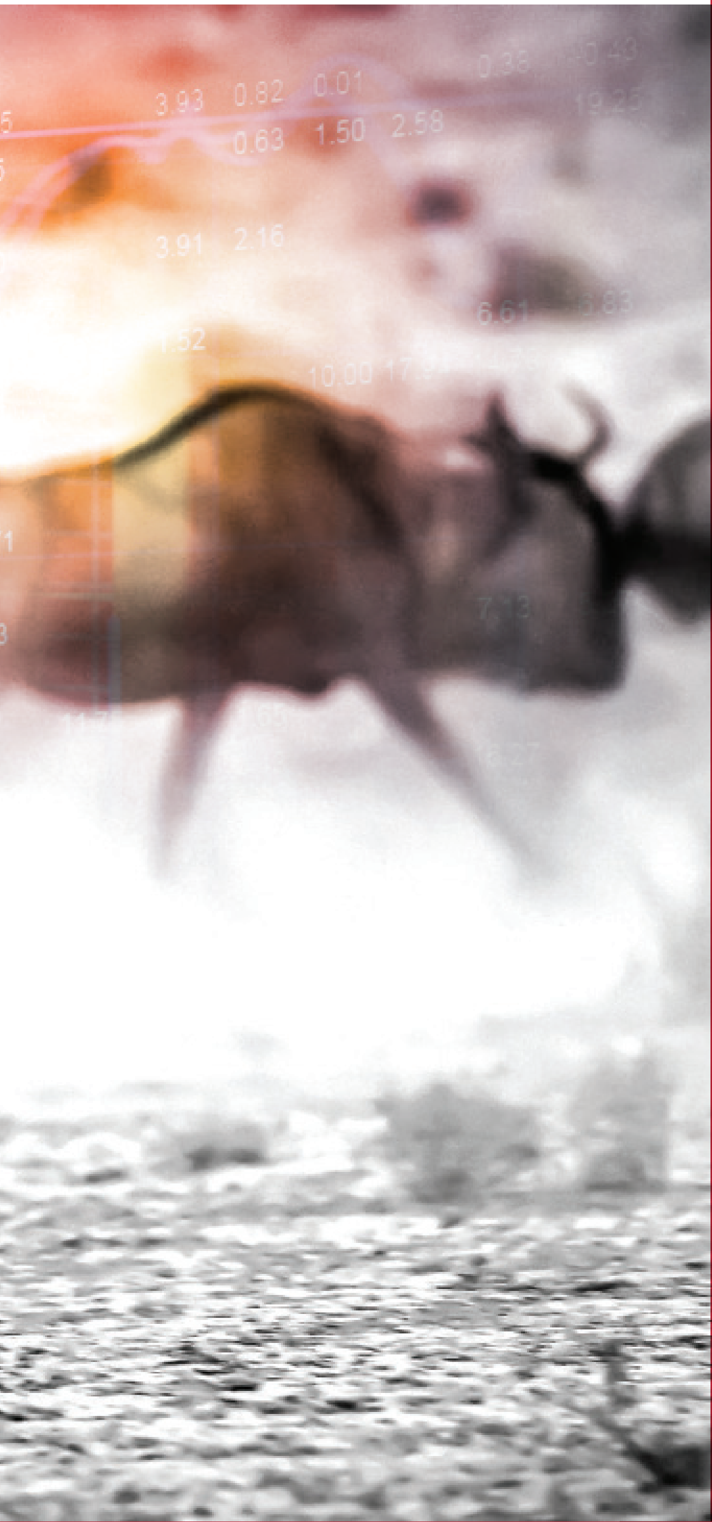
Forward-looking Statements

This Integrated Report contains forward-looking statements, which involve unknown risks, uncertainties and other factors, which may cause the actual results, financial conditions, operations and performance or achievement of the Company, or industry results, to be materially different from future results, financial condition, performance or achievements expressed or implied by such forward-looking statements.

These forward-looking statements are based on management's or Directors' judgments and future expectations/ assumptions. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, global and local market and economic conditions, industry factors, as well as regulatory factors.

GRIT is not under any obligation to (and expressly disclaim any such obligation to) update or alter its forward-looking statements, whether as a result of new information, future events or otherwise. We therefore, advise readers to be careful in interpreting any forward-looking statements in this Report.

designed to perform



Strategic

Financial highlights and Key Performance Indicators

	30 June 2019	30 June 2018
Dividend per share	**US$12.20 cps**	US$12.19 cps
Net asset value ("NAV") per share[1]	**US$131.9 cps**	US$135.6 cps
EPRA NAV per share[2]	**US$147.1 cps**	US$145.7 cps
Adjusted EPRA earnings per share[3]	**US$9.92 cps**	US$9.96 cps
Property income (net)	**US$32.3m**	US$25.7m
EPRA cost ratio (incl. associates)[4]	**17.0%**	15.6%
Profit from operations	**US$17.3m**	US$11.0m

Total return of

12.4%

from Portfolio Performance[6]

Total shareholder return of

11.4%

Achieved since LSE

listing on 31 July 2018 (Based on the share issue price of US$1.43 per share)

Annual dividend yield of

SEM: 8.84%, JSE: 9.55% and **LSE:8.81%**

(based on 30 June 2019 exchange rates and share prices on the respective Exchanges).

Successful admission

to the Main Market of the London Stock Exchange on 31 July 2018, raising gross new equity capital of

US$132.1 million

(net US$121.5 million after costs of US$10.6 million)

Total income producing assets[5] valued at

US$825.2 million

(2018: US$642.3 million)

[1] The Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury if any) at the date of calculation.
[2] Explanations of how European Public Real Estate Association ("EPRA") figures are derived from IFRS are shown in note 44.
[3] Adjustments to make earnings better representative of company performance and includes adjustments for unrealised foreign exchange movements and straight line leasing adjustments – refer to note 44 for further details on adjustments made
[4] Refer to note 44..
[5] Includes properties, investments and property loan receivables – Refer to Chief Financial Officer's Statement.
[6] Return from Portfolio Performance excludes Corporate activity costs in relation to the LSE listing in July 2018.

OPERATIONAL HIGHLIGHTS

93.6%
of revenue is earned from multinational tenants[1]
(2018: 89.1%)

95.4%
of income is produced in hard currency[2]
(2018: 93.2%)

EPRA portfolio
occupancy rate at 97.1%
(2018: 96.7%)

Weighted average
annual rent escalations at 2.8%
(2018: 3.1%)

Total gross lettable area ("GLA")
338 854m²
(2018: 308 124 m²)

Weighted average cost of property debt
6.44%
(2018: 5.75%)

Weighted average
property capitalisation rate
7.9%
(2018: 8.3%)

Successful leasing activity with Anadarko, Exxon Mobil and Vale over the period

WALE
6.3 yrs
(2018: 7.4 yrs)

Group LTV
43.1%
(2018: 51.4%)

Property LTV
40.6%
(2018: 43.7%)

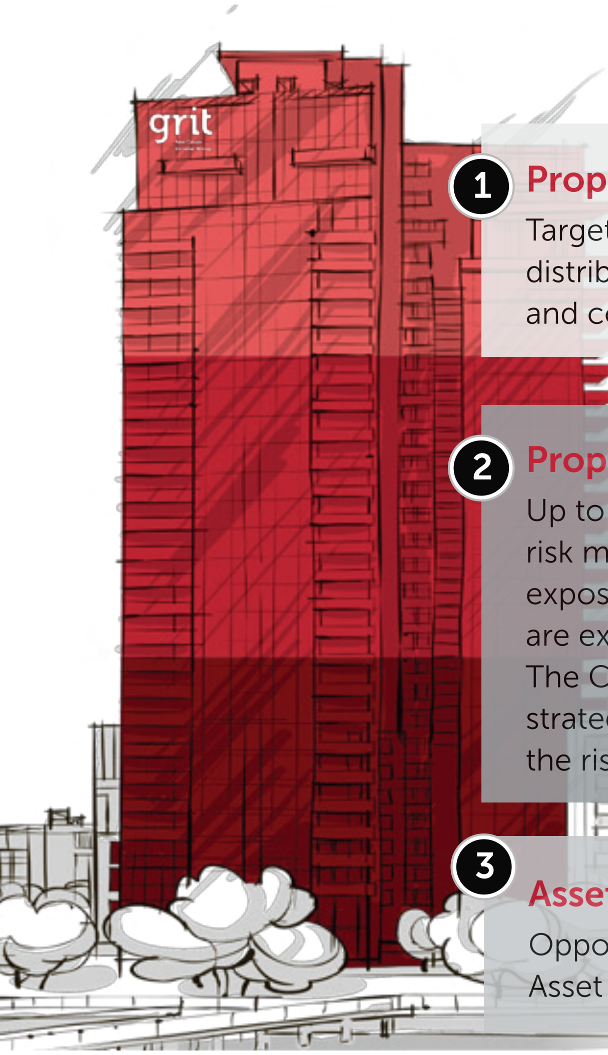
[1] *Forbes 2000, Other Global & pan African tenants).*
[2] *Hard (USD and EUR) or pegged currency rental income.*

Grit at a Glance

Grit is a leading pan-African (excluding South Africa) **real estate company** focused on investing in and actively managing a diversified portfolio of assets underpinned by predominantly **US$ and Euro** long-term leases with high quality **multi-national tenants**.

Grit has **a full suite of on-the-ground capabilities** and has a proven ability to generate **attractive African returns** for a **sound risk profile** given the quality of tenants and security of cash flows.

Grit Group focuses on identifying, unlocking and delivering superior returns. The Company focuses in three primary areas to achieve this, namely:



1 Property investment

Targeted **12% US$ total return*** including secure and growing distributions underpinned by high quality hard currency leases and contracted rental escalations.

2 Property development

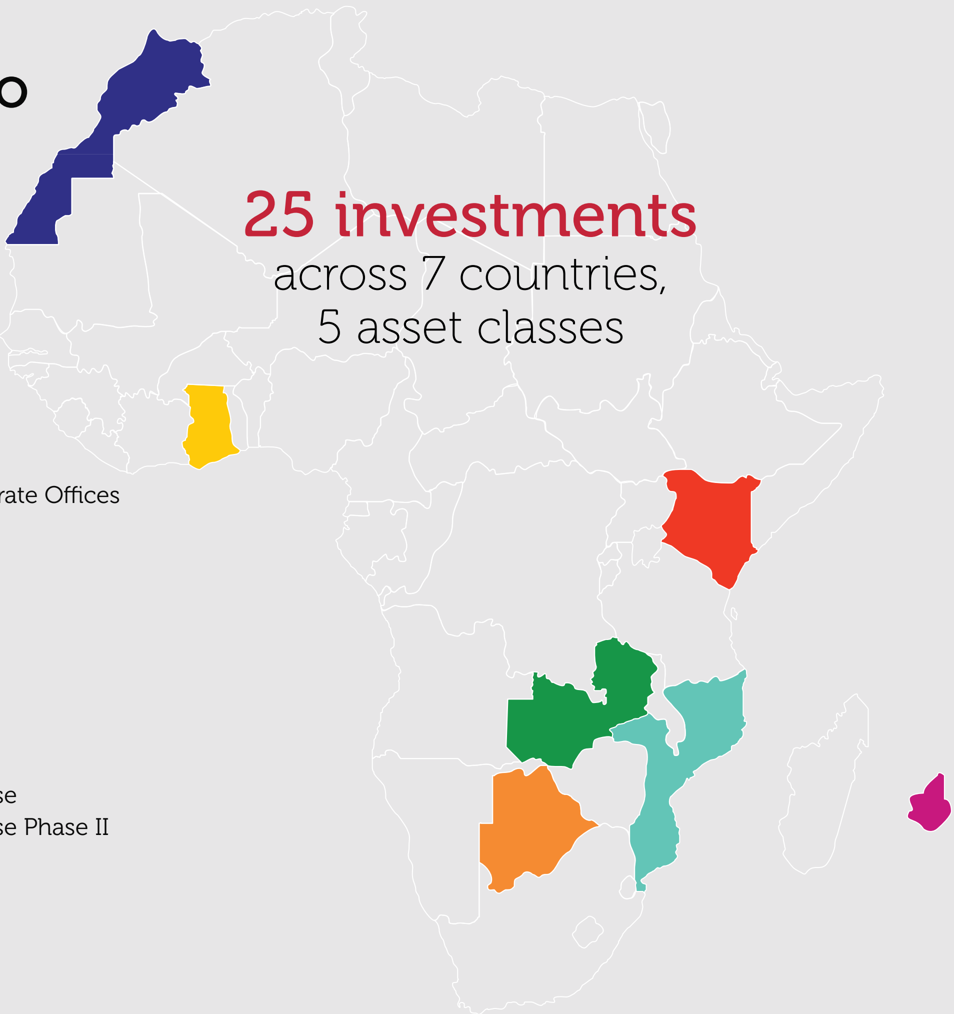
Up to **20% of Gross Asset Value** exposed to a combination of risk mitigated development **pre funding** strategies and equity exposure in **Gateway Delta** where pre and post funding strategies are expected to unlock significant potential for NAV growth. The Company will seek to mitigate any delivery risk through strategic partnerships and strong commercial agreements where the risk is transferred to third parties.

3 Asset management and co-investment

Opportunities to co-invest into direct real estate portfolios. Asset Management fees of up to **1.5% charged** on full asset value.

** This is a target only and not a profit forecast and there can be no assurance that it 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.*

African Footprint



25 investments
across 7 countries,
5 asset classes

MOROCCO
31 933m²
Anfa Place Mall

GHANA
16 971m²
Capital Place
CADS II Building
5th Avenue Corporate Offices

KENYA
19 860m²
Buffalo Mall
Imperial Warehouse
Imperial Warehouse Phase II

ZAMBIA
65 958m²
Kafubu Mall
Mukuba Mall
Cosmopolitan Mall

MOZAMBIQUE
84 085m²
Commodity House Ph 1
Commodity House Ph 2
Hollard Building
Vodacom Building
Mall de Tete
Zimpeto Square
VDE Housing Estate
Bolloré Warehouse
Acacia Estate

MAURITIUS
120 046m²
Barclays House
Victoria Beachcomber Resort & Spa
Mauricia Beachcomber Resort & Spa
Canonnier Beachcomber Resort & Spa
Tamassa Resort

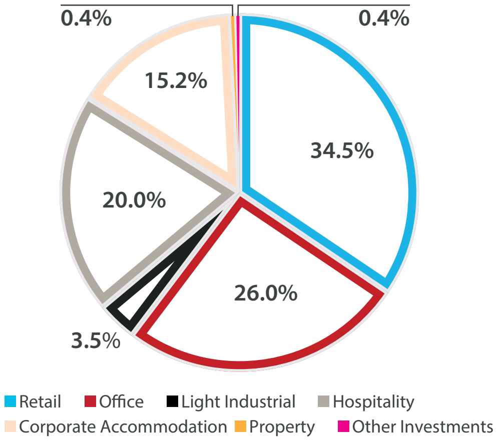
BOTSWANA
Equity Investment
Letlole La Rona (LLR)

STRATEGIC

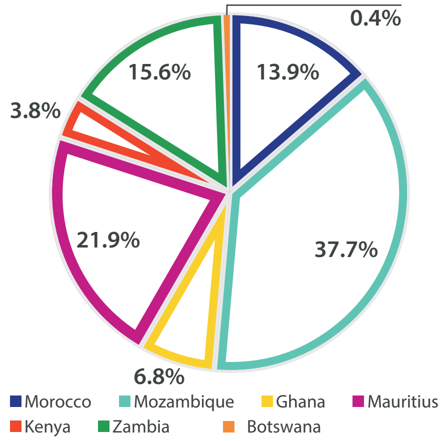
Portfolio Exposure (as at 30 June 2019)

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

Sectoral split by revenue



Geographic split by value



Organisational structure

grit Real Estate Income Group

EXECUTIVE

Bronwyn Corbett
Chief Executive Officer
BCom (Acc), CA(SA)

Leon van de Moortele
Chief Financial Officer
BCompt (Hons), CA(SA)

REAL ESTATE

Andries Smit
Head of Real Estate
BSc (QS)

Debra Kippen
Group Asset Manager
B.Soc.Sci

INVESTMENT

Adam Nisbet
Head of Investment
BSc, (Hons), QS, CAPM

RISK AND COMPLIANCE

Moira van der Westhuizen
Head of Risk and Compliance
BComp (Hons), CA(SA)

COMMUNICATIONS

Corinne Robert
Head of Communications
Masters (Info/Comms)

CORPORATE ADVISORY

Bevan Smith
Head of Corporate Advisory
CFA, BCom (Acc), CA(SA)

FINANCE

Shabnam Bundhoo
Head of Group Finance
FCCA

TREASURY

Jaco van Zyl
Head of Treasury
BCompt (Hons), BCom, CA(SA)

INVESTOR RELATIONS

Darren Veenhuis
Head of Investor Relations
CA (SA)

Our High quality Tenants

Top 15 Tenants (as at 30 June 2019)

Majority of portfolio income generated from strength of multinational tenancies

Rank[1]	Key Tenant	Industry	Income (% of Group Total)	Tenant Grading	Lease Covenant	Lease Currency
1	Beachcomber	Hospitality	11.8%	Other Global	Triple Net	EUR
2	Anadarko	Oil & Gas Exploration	8.5%	Forbes 2000	Traditional	USD
3	Vodacom	Telecommunications	8.0%	Forbes 2000	Double Net	USD
4	Lux Tamassa	Hospitality	6.8%	Other Global	Triple Net	EUR
5	Vale	Mining	6.0%	Forbes 2000	Traditional	USD
6	US Embassy	Consular	5.0%	Other Global	Traditional	USD
7	Shoprite	Retail	3.3%	Forbes 2000	Gross	USD/ZMW
8	Tullow Ghana limited	Oil & Gas Exploration	2.7%	Other Global	Traditional	USD
9	Imperial Logistics	Logistics	2.7%	Pan African	Triple Net	USD
10	Game/Massmart	Retail	2.4%	Forbes 2000	Gross	USD
11	Barclays	Financial Services	2.0%	Forbes 2000	Traditional	USD/MUR
12	International Retail Morocco	Retail	1.9%	Other Global	Traditional	MAD
13	GCNET	Communication	1.8%	Other Global	Traditional	USD
14	Hollard	Insurance	1.5%	Other Global	Traditional	USD
15	Exxon Mobil	Oil & Gas Exploration	1.4%	Forbes 2000	Traditional	USD
Total			**65.8%**			

[1] *Ranked by income*

Chairman's statement

Peter Todd

The value of diversification across the continent

Grit continued to deliver against its objectives of creating a diversified property portfolio of hard currency income-generating assets across carefully selected African countries. In the financial year, the Company successfully acquired two assets in Ghana, the Acacia Estate, increased the units available for lease in the Vale accommodation compound in Tete (both in Mozambique) and increased its equity interest in the Mukuba Mall in accretive transactions funded from proceeds of the main Board listing on the London Stock Exchange in July 2018.

The portfolio now comprises a total of 25 investments, across seven countries and five asset classes and was independently valued at 30 June 2019, with total income producing assets valued at US$825.2m (2018 US$642.3m) with like for like property valuations increasing 3.8%. 93.6% (2018: 89.1%) of revenue is earned from multinational tenants and 95.4% (2018: 93.2%) of income is produced in hard currency. The EPRA portfolio occupancy rate was 97.1% as at 30 June 2019 (2018: 96.7%).

The Group performed marginally below its market guidance, achieving reported total shareholder return of 9.3%, including an annualised dividend yield in excess of 8.5%. Net Asset Value per share growth was impacted by exchange rate headwinds and costs of corporate activity which collectively resulted in a 4.7% reduction. Excluding these impacts, shareholders would have enjoyed a 14.0% total return.

Property LTV's were successfully reduced to 40.6% from 43.7% and the overall portfolio remains well-tenanted with a 97.1% occupancy rate and a WAULT/WALE of 6.3 years. The capital costs associated with the recently refurbished Anfa Place Mall in Morocco (the Company's largest asset by value) were not fully reflected in current year valuations and still provide upside potential both from asset valuation and income generation prospects in future reporting periods.

A compelling investment case

The Company continues to prove its ability to generate attractive returns based on African yields for a sound risk profile.

Bronwyn and her highly experienced management team have continued to demonstrate strong competencies in managing existing assets while concurrently consolidating the substantial and attractive acquisitive growth the Company has achieved in recent years. To date the Group has declared its 11th distribution and has met its progressive dividend policy since inception.

With high economic growth experienced in a number of African countries (especially Mozambique where the long awaited onshore gas production facilities were approved by Anadarko), the Group is well-placed to successfully grow the portfolio, through expanding a number of existing tenant relationships and has an identified and growing pipeline of attractive near term acquisition targets.

Move to the Premium segment of the London Stock Exchange and Re-domiciliation to Guernsey

The Board has decided to postpone the move to the premium segment of the LSE into calendar year 2020 due to the complexity and timelines of the multiple workstreams.

The Board believes that the Corporate Governance surety provided by a premium listing, as well as eligibility for FTSE UK Index Series inclusion, will support the Company's aspirations and performance. To facilitate the Group's eligibility for inclusion in the FTSE UK Index Series, the Group is also conducting an investigation into the possibility of redomiciling its corporate seat to Guernsey.

Governance and the Board

Grit's Board constitutes six Non-Executive Directors, five of whom are Independent. There are also two Executive Directors as part of the Board and three Board seats are held by females. In addition, there is a permanent alternate to the Non-Independent Non-Executive Director.

During the year under review, the Board received communication from the Public Investment Corporation of South Africa (currently Grit's largest shareholder) requesting that Ms Matshepo More be removed as its nominee Non-Executive Director on the Board of Grit. We wish to thank Ms More for her valuable contributions during her tenure.

Mr Paul Huberman did not put himself up for re-election to the Board. On behalf of my fellow Board members, I wish to thank Paul for his input and guidance. Mrs Catherine McIlraith has been appointed as Chairman of the Audit Committee in replacement of Mr Huberman with effect from 27 November 2018.

I am delighted to welcome and thank Sir Samuel Jonah (appointed as director on 21 February 2019) and Mr David Love (appointed as director on 4 December 2018) to the Grit Board as Non-Executive Directors. They bring invaluable experience and knowledge and we look very much forward to working with them.

Appreciation

I would like to thank my fellow Board members, the Grit team and in particular our Executive Directors, our investors and all other stakeholders for their continued support in a challenging global environment.

We look forward to continuing growing against our objectives for the benefit of our investors, our tenants, our staff and the communities in which we operate.

Outlook

The Company provides a secure, diversified and growing income stream, as well as the potential for attractive capital appreciation from our long-let, high quality and robust portfolio across defensive sectors with strong tenant covenants with hard currency leases. We remain confident of delivering further value to our shareholders and continuing to grow the returns to our investors over the short and longer term.

Peter Todd
Chairman

30 September 2019

Chief Executive Officer's statement

Bronwyn Corbett

The day after accomplishing our LSE listing on 31 July 2018, we turned our attention to refining the vision for the Company and on implementing the next stage in the evolution of Grit's strategy.

Our team continued its exciting and careful expansion on the African continent. We have reaffirmed our vision of pioneering real estate owners, generating sustainable returns for generations to come, for all stakeholders including the people of Africa in each of the countries we operate. This vision, and what we now define as our Code of Honour, could not be fulfilled without a solid foundation and the relentless implementation of our values.

During the year under review, the portfolio grew to 24 property assets after our successful entry into the Ghanaian office property market and the acquisition of Acacia Estate in Maputo which is tenanted to, amongst others, the US embassy and is already providing opportunities for similar assets across other countries. We were pleased with the operational performance of our existing portfolio which delivered secure and growing income in line with our expectations. Country and sector diversification combined with proactive asset≈management initiatives offset some minor challenges we faced in the retail sector, and although we do not have further retail assets in our acquisition pipeline, we continue to believe our strip mall and convenience offerings are a compelling proposition for the African continent.

Operational and investment overview

We continued to internalise asset management and facilities management services and the successful implementation of Broll Online has standardised reporting processes. We bolstered our teams across our current geographic footprint to support near term growth aspirations which will be integral in achieving our medium-term target to reduce administration costs as a percentage of assets towards 0.8%.

The most significant activity this year was the redevelopment of our flagship retail asset, Anfa Place Mall in Casablanca, Morocco, at a total capital cost of US$25.09 million (inclusive of VAT, not all of which was incurred in the year). Post completion valuations and assets returns are expected to be enhancing to the portfolio in the current and future financial years. We recently hosted the official relaunch and have already been encouraged by positive footfall trends and market acceptance.

Successful pre-letting and re-tenanting activities have reduced vacancies at Anfa Place Mall to 12.9% as at 30 June 2019. Strategic vacancies of 20% were maintained during the redevelopment stage. Significant new tenants to the centre include new anchor tenant Alpha 55 (1908 m^2), a well-known Moroccan general merchandiser, while food and entertainment offerings have also been increased as a percentage of overall GLA.

Strategy update

The Board has recently broadened the Company's mandate to include pre-funding of risk mitigated development projects as it looks to deploy surplus cash into business units demonstrating higher returns, strong fee generation and strategies that further accelerate NAV growth. The Group aims to deliver superior returns through three primary areas, namely:

Property Investment

A targeted 12% US$ total return including secure and growing distributions underpinned by high-quality hard currency leases and contracted rental escalations.

Property Development

Pre-funding of risk-mitigated development projects which, together with the investment in the Group's development associate Gateway Delta, is limited to 20% of Group gross asset value ("GAV"). The turnkey nature of developments are not expected to impact dividends. Profits are applied as a reduction in acquisition cost of future assets, which will make it a key component of delivering sustainably higher targeted future NAV growth from Grit's strong multinational tenant relationships.

Asset Management fee income

Fees charged on full property asset values where Grit owns less than 100% of the portfolio has the ability to further leverage on Grit's operational cost base. The provision of Asset Management Services, both internally and to external property owners, is a strategic focus area for the Group and is expected to drive strong fee generation and should assist in lowering a number of the Group's operating cost ratios into the future.

During the year, the Group also acquired an additional 20 completed units leased to Barloworld at VDE corporate accommodation compound in Tete, Mozambique, including the remaining 15.5 hectares of land earmarked for further development at a total acquisition price of US$3.6 million. The additional units are adjacent to Grit's existing 123 units corporate accommodation asset. Post year-end, the Group concluded a new lease contract with Vale for a period of five years, with a material requirement of this lease being the supply of an additional 60 accommodation units. By December 2019, 203 units are expected to be completed, representing an increase of 65% in units available for Vale and their subcontractors.

We increased our stake in Mukuba Mall in Kitwe, Zambia from 50% to 75% for a net (excluding debt) consideration of US$8.2 million. Mukuba Mall remains one of the better performing retail assets in the region, due to its location and offering.

Significant Leasing activity

91.4% of expiring GLA was either renewed or replaced (as part of active asset management activities) with significant activity during the year under review including a new five-year office lease to Exxon Mobil in Commodity House Phase 2 in Maputo. Exxon Mobil has also been granted first option on any further Grit controlled office space in Maputo that becomes available.

We successfully concluded a new 10-year office lease, including an increase in GLA, with Anadarko (1,910 m^2) after the exit of an existing local tenant at Commodity House Phase 1.

We introduced the Macau Casino (947 m^2) to Mall de Tete on a new five-year lease and concluded a new five-year lease with VIP Spar (1,780 m^2) as anchor tenant in Zimpeto Square shopping mall in Maputo.

Internal Asset Management capabilities and expertise were strengthened during the year under review and we anticipate reducing administration costs to assets towards 0.8% over the medium-term.

Financing

The US$140 million debt refinancing pertaining to the Mozambique portfolio has been agreed with a syndicate of banks led by Standard Bank of South Africa and was implemented post year-end. More information on this is available in the CFO review.

At year-end, Grit's Property Loan to Value was 40.6%. We continue to target a range of between 35% and 40% over the medium-term.

Capital allocation

The portfolio has reached a level of maturity where certain assets may be recycled with proceeds reinvested in higher returning projects. The finalisation of real estate collective

STRATEGIC

investment schemes (OPCI) in Morocco provides us with an opportunity to unlock value through yield compression should Anfa Place Shopping Centre be put into an OPCI structure.

In line with our strategy of being the real estate partner of choice on the continent, we are considering a number of co-investment opportunities with pension and sovereign wealth funds on the continent. In addition to equity ownership, it is anticipated that Grit will also provide asset management services, which we would expect to generate additional revenue and support NAV growth.

Pipeline Target Acquisitions

We recently announced that we have visibility of c.US$600 million of identified pipeline targets. The Group has concluded transactions or secured exclusivity agreements on 13 of these assets, focused on tenant-driven opportunities, which are collectively valued at c.US$470 million across both completed assets and development opportunities. Targets are still subject to, *inter alia*, successful funding and other conditions precedent and we intend to update the market in due course about our further plans to proceed on a number of the opportunities presented in the table presented below.

Asset	Jurisdiction	Asset Class	Type
Club Med, Senegal (sale & leaseback)	North & West Africa	Hospitality	Asset
Club Med, Senegal (re-development)	North & West Africa	Hospitality	Brownfield
Asset 2	Mauritius & Indian Ocean	Hospitality	Asset
Asset 2 (re-development)	Mauritius & Indian Ocean	Hospitality	Brownfield
Asset 3	Mauritius & Indian Ocean	Office	Brownfield
Asset 4	East Africa	Industrial	Greenfield
Asset 5	East Africa	Industrial	Asset
Asset 5 (continued)	East Africa	Industrial	Brownfield
Asset 6	East Africa	Corporate Accommodation	Greenfield
Asset 7	East Africa	Corporate Accommodation	Greenfield
Asset 8	North & West Africa	Office	Asset
Asset 9	North & West Africa	Office	Asset
Asset 10	North & West Africa	Office	Asset
Asset 11	SADC	Corporate Accommodation	Greenfield
Asset 12	Mauritius & Indian Ocean	Education and Healthcare	Greenfield
Asset 13	Mauritius & Indian Ocean	Hospitality	Asset
Asset 13 (continued)	Mauritius & Indian Ocean	Hospitality	Brownfield

Outlook

During the year under review management has positioned the business to optimise our growth ambitions in a sustainable, predictable way.

The successful execution of the pipeline is expected to further diversify the portfolio, significantly reducing the exposure to retail and increasing our footprint in logistics, hospitality, corporate accommodation and office real estate sectors.

I am grateful to serve as CEO of Grit, and wish to thank all members of our audacious, innovative team. We are built to perform: every member of my team has met the challenges during the past year and have already prepared themselves to optimise all opportunities in the coming year.

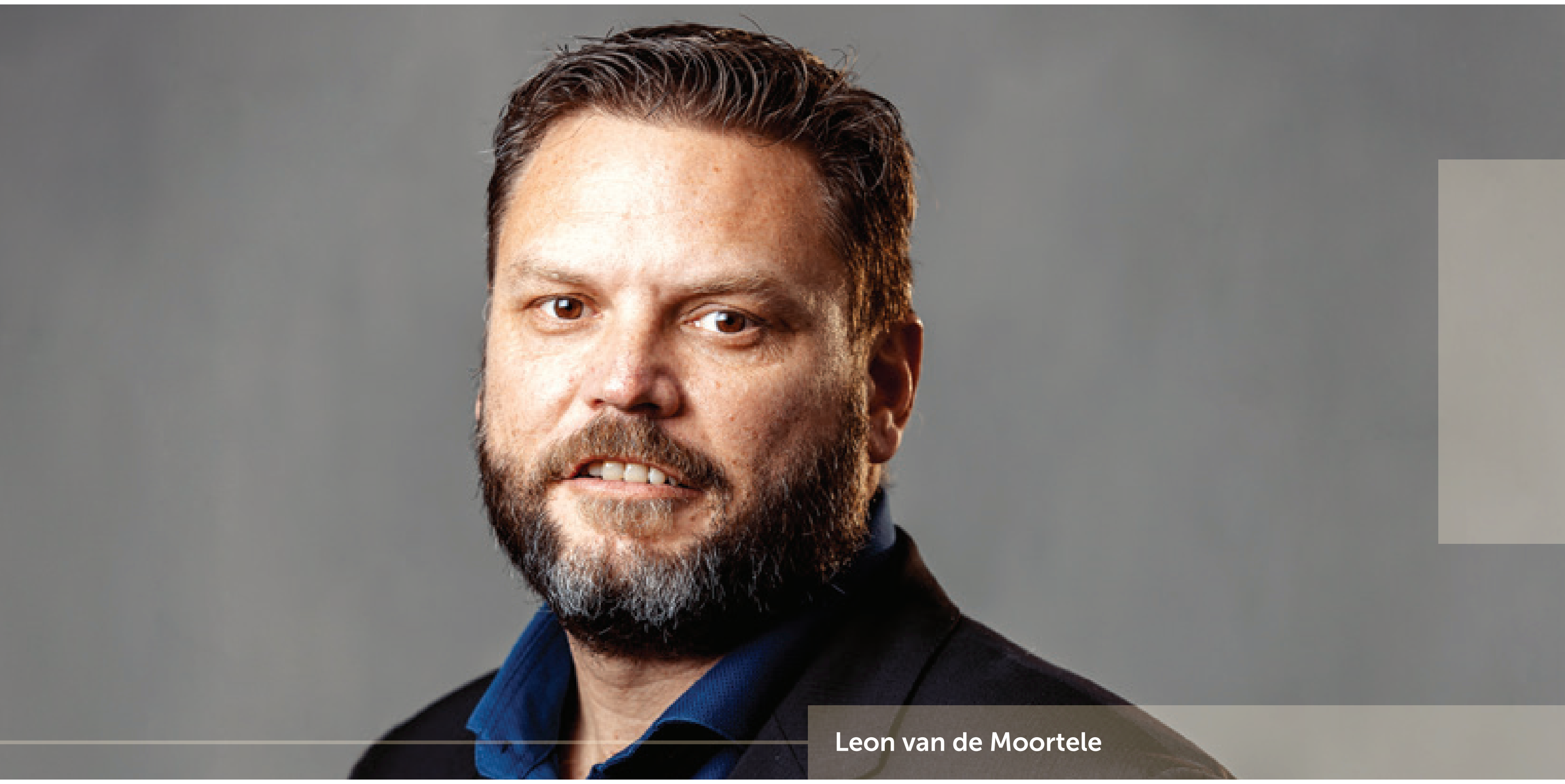
The quality of the Group's diversified portfolio and our strong multinational tenant base have once again helped us to deliver a strong set of results despite a number of headwinds. This solid foundation leaves us confident of continuing to deliver attractive returns over the short and longer term.

We are excited about the opportunities we have identified to continue adding attractive, accretive assets to the portfolio at prices that create value for our shareholders and that will underpin our EPRA NAV growth and our progressive dividend policy over the medium-term.

Bronwyn Corbett
Chief Executive Officer

30 September 2019

Chief Financial Officer's statement



Financial overview

Our financial results for the year ended 30 June 2019 have shown a solid return with the resilient property portfolio delivering a total return of 12.4% from Portfolio performance, notwithstanding the negative impacts of movements in the EUR:USD.

Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In common with best practice in the sector, alternative performance measures have also been provided to supplement IFRS based on the recommendations of the European Public Real Estate Association ("EPRA"). EPRA Best Practice and Policy Recommendations ("BPR") have been adopted widely throughout this Report and are used within the business when considering our operational performance, as well as matters such as dividend policy and elements of our Directors' remuneration. Full reconciliations between IFRS and EPRA figures are provided in note 44 of the AFS.

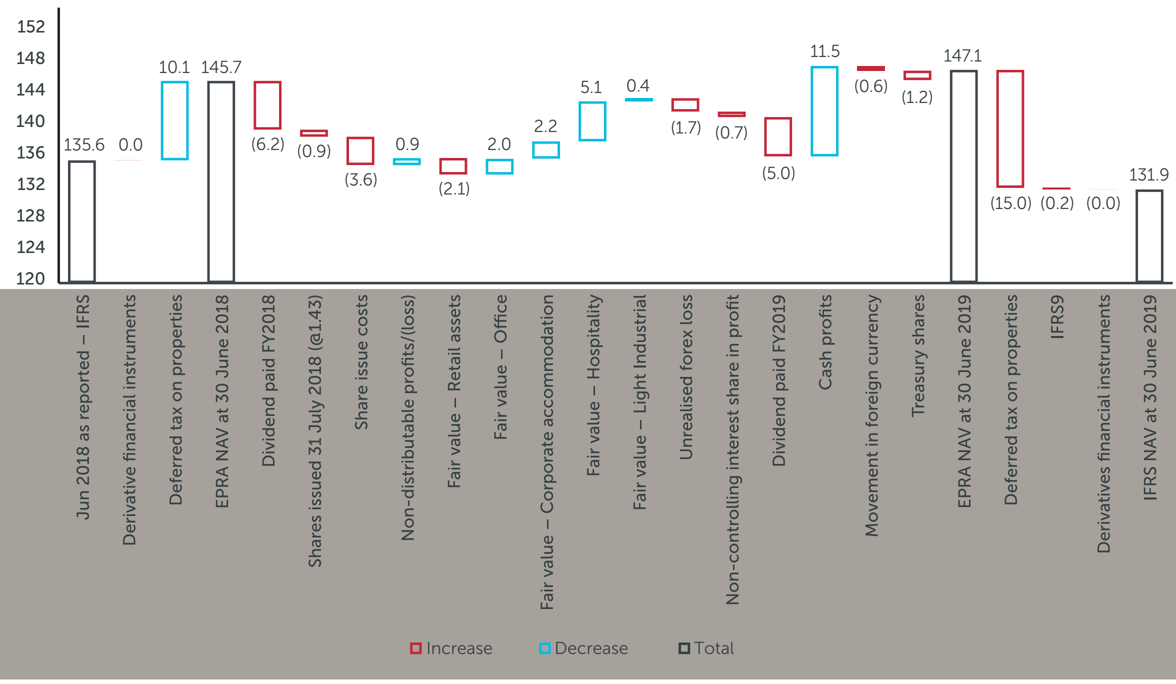
Finance review

As a result of the various acquisitions and ongoing performance of the existing portfolio, the Group achieved a 57.3% increase in profits from operations (increasing to $17.3 million in 2019 versus $11.0 million in 2018). Although the Group incurred a 20.7% increase in financing costs (attributable to increased Libor rates over the period and the impact of the new debt from acquisitions), profit before tax increased from $30.5 million to $39.5million, representing an increase of 29.5% for the year. The Group finished the year reporting Adjusted EPRA earnings of US$28.7 million which is a 42.8% increase from US$20.1 million in 2018.

Net asset value

Net Asset value per share decreased from US$135.6cps to US$131.9cps, driven by a deferred tax charge of $13.6 million (or US4.6cps). However, EPRA net asset value ("NAV") per share growth of 0.96% to US$147.1cps from US$145.7cps in 2018. The impact of the corporate activity during the year accounted for a reduction in EPRA net asset value per share of US$4.5cps.

NAV evolution (US$ cps)



Property Portfolio

The Group acquired two additional properties during the year, Acacia Estate in Mozambique and 5th Avenue Building in Ghana and increased its stake in Mukuba Mall. In addition, the Group expanded its VDE accommodation compound with the addition of 20 housing units while acquiring 15.5ha of land for additional expansion. Currently an additional 60 units are under construction to meet the increasing demand for staff housing for Vale in Tete.

The Group also acquired 50% of the CADS II Building (tenanted by Tullow Oil) in Ghana (included in associates and joint ventures).

The value of our property portfolio increased to US$769.1 million as at 30 June 2019 from US$595.5 million in 2018.

COMPOSITION OF INCOME PRODUCING ASSETS	**2019 US$'m**	**2018 US$'m**
Investment properties	576.8	383.1
Deposits paid on investment properties	8.5	11.1
Investment property included within investment in associates and joint ventures	183.8	201.3
	769.1	**595.5**
Other investments, PPE, Intangibles and related party loans	56.1	46.8
TOTAL INCOME PRODUCING ASSETS	**825.2**	**642.3**

All properties were valued at 30 June 2019 by independent external valuers who are RICS accredited.

Property fair value movements have been positively impacted by the Euro denominated hospitality sector assets, which have seen significant growth, this is particularly encouraging taking into consideration the negative 2.7% movement in the Euro:USD exchange rate. The valuation performance of the retail assets is in line with general negative market sentiment toward this sector, however, operational performance of the specific retail assets remains as per targets. The impact of the Anfa Place Mall refurbishment has yet to be fully reflected in the valuations as the success of the refurbishment will need to be demonstrated over the coming months.

STRATEGIC

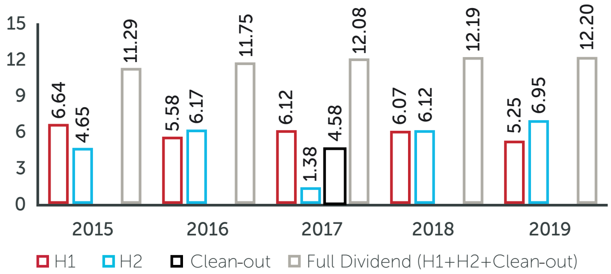
The table below details the valuations of the properties as at 30 June 2019:

Property	Most recent Independent valuation date	Valuer	As at 30 June 2019 US$'000	As at 30 June 2018 US$'000
Commodity House Phase I building	30-Jun-19	REC	46 236	43 190
Commodity House Phase II building	30-Jun-19	Knight Frank	17 200	17 270
Hollard Building	30-Jun-19	Knight Frank	20 800	19 600
Vodacom Building	30-Jun-19	Knight Frank	48 101	45 900
Zimpeto Square	30-Jun-19	REC	7 616	9 200
Bollore Warehouse	30-Jun-19	Knight Frank	6 800	6 500
Barclays House	30-Jun-19	Knight Frank	14 312	14 840
Anfa Place Mall	30-Jun-19	Knight Frank	106 145	92 632
Tamassa Resort	30-Jun-19	Knight Frank	54 100	48 900
Vale Housing Compound	30-Jun-19	Knight Frank	49 900	37 300
Imperial Distribution Centre	30-Jun-19	Knight Frank	20 200	18 780
Mara Viwandani	30-Jun-19	Knight Frank	3 250	3 420
Mall de Tete	30-Jun-19	REC	25 416	25 600
Acacia Estate	30-Jun-19	Knight Frank	65 800	–
5th Avenue Building	30-Jun-19	Knight Frank	21 880	–
Mukuba Mall	30-Jun-19	Knight Frank	69 100	–
Total valuation of investment properties directly held by the Group			**576 856**	**383 132**
Deposits paid on Imperial Distribution Centre Phase II			5 500	–
Deposits paid on VALE Housing Compound			–	4 117
Deposits paid on CADS II			–	2 000
Deposits paid on Capital Place Limited			3 000	5 000
Total deposits paid on investment properties			**8 500**	**11 117**
Total carrying value of investment properties including deposits paid			**585 386**	**394 249**
Investment properties held within associates and joint ventures - Group share				
Buffalo Mall Naivasha Limited (50%)	30-Jun-19	Knight Frank	5 449	5 200
Mukuba Mall Limited (50%)	30-Jun-19	Knight Frank	–	38 450
Kafubu Mall Limited (50%)	30-Jun-19	Knight Frank	12 300	13 000
CADS Developers Limited (50%)	30-Jun-19	Knight Frank	18 230	–
Cosmopolitan Shopping Centre Limited (50%)	30-Jun-19	Knight Frank	37 350	40 500
Beachcomber Hospitality (44.42%)	30-Jun-19	Knight Frank	98 736	91 903
Capital Place Limited (47.5%)	30-Jun-19	Knight Frank	11 714	12 217
Total of investment properties acquired through associates			**183 779**	**201 270**
Total portfolio			**769 135**	**595 519**

Dividend

Dividend declared of US$6.95 cps for the six months ended 30 June 2019, taking the full year dividend US$12.20 cps, which is an increase of 0.1% and equates to an annual dividend yield of SEM: 8.84%, JSE: 9.55% and LSE:8.81% (based on 30 June 2019exchange rates and share prices on the respective Exchanges).

Dividend History (US$ cps)



Income statement

Gross rental income increased to US$43.6 million from US$32.1 million in 2018 and net property income increased to US$32.3 million from US$25.7 million in 2018. These increases are due to additional rental income received from 5th Avenue and Acacia Estate which were acquired during the year, as well as the impact of Mukuba Mall now being treated as a subsidiary since 31 December 2018 (previously being equity accounted for).

Property operating costs increased by 37.3% (or US$2.8 million), which is in line with the gross rental increase of 35.6% from 2018. With the Company's active on-site administration approach to asset and property management in the various jurisdictions, the Company has attracted a number of highly skilled and experienced staff to manage the portfolio and has expanded capacity to cater for growth.

Operating costs as a percentage of revenue has slightly increased to 24.4% from 22.8% in 2018.

Administrative expenses increased to US$15.2 million from US$14.7 million in 2018, the additional costs are attributable to the increases in costs necessitated by the compliance and reporting requirements associated with the addition of the London Stock Exchange to the previous JSE and SEM listings (with the largest contributors to these costs being external valuation costs, increased cost of Non-Executive Directors and additional audit fees). The administrative expenses include a number of once off costs associated with additional advisors during the London listing process, as well as the additional costs for the joint audit conducted for the previous financial year. The Group is committed to proactively managing the cost base, which includes decreasing the number of professional consultants utilised through the new staff members in the various departments.

Total profit for the year attributable to shareholders (which includes the impact of deferred tax) is slightly down to US$28.0 million in 2019 from US$28.6 million in 2018.

Adjusted EPRA earnings for 2019, which removes the impact of non-cash items such as fair value movements, deferred tax, straight lining of leases and unrealised foreign currency translation impacts from profit for the year attributable to shareholders, increased to US$28.7 million from US$20.1 million in 2018.

EPRA EARNINGS (UNAUDITED)	30 June 2019 US$'000
Basic Earnings per above	26 070
Add back:	
Fair value adjustment on investment properties	(15 637)
Gain from bargain purchase on associates	–
Fair value adjustments included under income from associates	(6 921)
ECL Provision	5
Fair value adjustment on other investments	795
Fair value adjustment on other financial asset	516
Fair value adjustment on derivative financial instruments	6
Deferred tax in relation to the above	14 636
Acquisition costs not capitalised	1 328
Non-controlling interest included in basic earnings	1 965
EPRA EARNINGS	22 763
EPRA EARNINGS PER SHARE (DILUTED)	7.87
Company specific adjustments	
Unrealised foreign exchange gains or losses (non-cash)	5 162
Straight-line leasing (non-cash rental)	824
Amortisation of Right of use of land (non-cash)	29
Impairment of loan	1 051
Deferred tax in relation to the above	(1 136)
Total Company Specific adjustments	**5 930**
ADJUSTED EPRA EARNINGS	**28 693**

COMPANY DISTRIBUTION CALCULATION (UNAUDITED)	30 June 2019 US$'000
Adjusted EPRA Earnings	28 693
Company specific distribution adjustments	
VAT credits utilised on rentals	1 652
Interest related to Anfa Place Mall areas under construction	429
Listing and set up costs under Administrative expenses	65
Depreciation and amortisation	311
Share based payments	156
Antecedent dividend	927
Operating costs related to Anfa Place Mall refurbishment costs	1 267
Rental concessions for capital projects/ Amortisation of lease premiums	503
Profits (withheld)/released	650
Total company specific distribution adjustments	5 960
TOTAL DISTRIBUTABLE EARNINGS TO GRIT SHAREHOLDERS	34 653
DISTRIBUTABLE INCOME PER SHARE (DILUTED) (cps)	12.20
Reconciliation to amount payable	
Total distributable earnings to Grit shareholders (cps)	12.20
Interim dividends already paid (cps)	(5.25)
Dividends available for distribution (cps)	6.95

Net debt and cash flow

The Group raised net debt of US$42.4 million in 2019 through refinancing existing facilities and new debt acquired. As financing is integral to our business model, the Group has continued to develop strong relationships with financiers. The multi-bank approach adopted by Grit has continued, with the main banking partners being Standard Bank, Bank of China and State bank of Mauritius. During the year, the Group added new banking partners in Maubank from Mauritius and Rand Merchant Bank from South Africa (within equity accounted investments) to the list of Grit's financiers.

The breakdown of the interest-bearing borrowings is listed in note 18 of the AFS.

The Group's loan-to-value ("LTV") has decreased to 43.12% at the period, from 51.4% in 2018.

Debt and financing arrangements

The main changes in our debt facilities during the year were:

- Facilities settled:
  - EUR20 million revolving credit facility ("RCF") with Barclays Bank Mauritius
- Further Debt settlements for the period was US$84.9 million
- New facilities through acquisitions (US$37.3 million):
  - US$9.0 million with Barclays Bank Ghana for the acquisition of the 5th Avenue Building in Ghana
  - US$28 million with Standard Bank SA for the acquisition of the Acacia Housing Compound in Mozambique
- New corporate facilities (US$23.7 million):
  - US$ 16.0 million Standard Bank SA bridge facility (also settled)
  - US$7.7 million (in Euros) with Maubank in Mauritius
- Corporate facilities re-financed (US$41.1 million):
  - EUR26.5 million RCF with Standard Bank SA
  - US$11.1 million RCF with SBM
- Property facilities refinanced (US$45.2 million):
  - US$38 million Standard Bank SA facility on Vodacom and Hollard buildings in Mozambique
  - US$7.2 million Barclays Bank facility on Barclays House in Mauritius

Post year-end debt refinance

Phase 1 of the announced debt refinance was implemented in September 2019 whereby the Group consolidated a number of its debt facilities into a single US$140 million facility from Standard Bank South Africa which cross collateralises the Mozambique asset portfolio for a four-year term bearing interest at a 3 Month Libor+5%. The resultant interest cost saving on the phase 1 refinance is 1.14%.

Loans to be settled as part of refinance (first tranche):		**30 June 2019**
Finance institution	**Borrower**	**$'000**
Standard Bank Mozambique	S&C Immobiliaria Limitada	10 451
Standard Bank South Africa	Sal Investments Holdings Limited	12 000
Standard Bank South Africa	Commotor Limitada	38 000
Standard Bank South Africa	Cognis 1 Limitada	27 239
Standard Bank (Mauritius) Limited	Transformers Holdings Mauritius Ltd	10 110
Bank Unico of Mozambique	Zimpeto Immobiliaria Limitada	2 658
		100 458

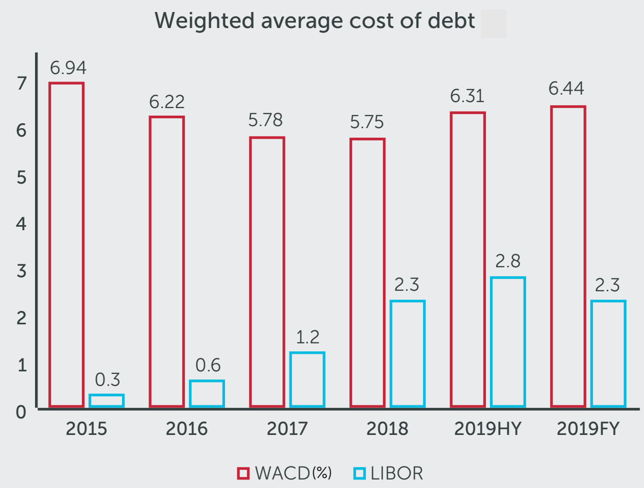
On the 24th of June 2019, Mara Delta (Mauritius) Properties Limited secured an extension of the Euro facility for EUR 22.3 million from March 2020 to March 2022. The interest rate will increase from 3.75% to 4.00%. The terms of the loan were approved by the Board in August 2019.

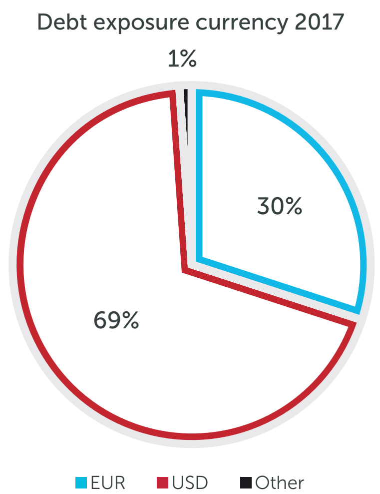
Full details debt facilities as at 30 June 2019 are as follows:

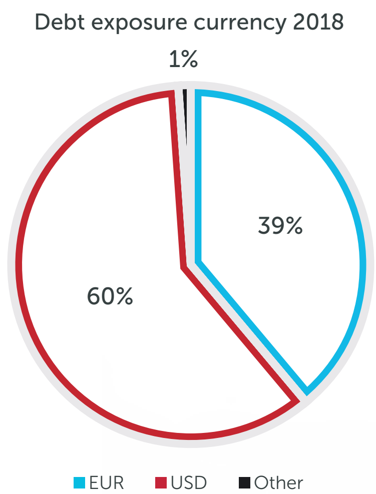
Lender	Borrower	Initial facility	30 June 2019 $'000	30 June 2018 $'000
Financial institutions				
Standard Bank Mozambique	S&C Immobiliaria Limitada	US$10.4m	10 451	10 451
Standard Bank South Africa	Sal Investments Holdings Limited	US$12m	12 000	12 000
Standard Bank South Africa	Commotor Limitada	US$38.0m	38 000	38 000
Standard Bank South Africa	Cognis 1 Limitada	US$28.0m	27 239	–
Standard Bank South Africa	Grit Services Limited	RCF – €26.5m	30 128	–
Standard Bank (Mauritius) Limited	Transformers Holdings Mauritius Ltd	US$11.7m	10 110	11 047
Total Standard Bank Group			**127 928**	**71 498**
Bank of China	Warehousely Limited	US$8.5m	8 555	8 555
Bank of China	Gerania Limited	US$13.3m	13 300	13 300
Bank of China	Zambian Property Holdings Limited	US$77m	76 405	76 405
Total Bank of China			**98 260**	**98 260**
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€9m	10 395	10 669
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€3.2m	3 474	3 566
State Bank of Mauritius	Mara Delta Properties Mauritius Limited	€22.3m	25 353	26 022
State Bank of Mauritius	Grit Real Estate Income Group Limited	RCF US$20m	11 115	18 741
Total State Bank of Mauritius			**50 337**	**58 997**
Investec South Africa	Freedom Property Fund SARL	€36m	36 198	37 153
Investec South Africa	Freedom Property Fund SARL	US$15.7m	8 860	11 375
Investec Mauritius	Grit Real Estate Income Group Limited	US$0.5m	425	486
Total Investec Group			**45 483**	**49 014**
Barclays Bank Mauritius	BH Property Investment Limited	€7.4m	7 174	7 374
Barclays Bank Mauritius	Grit Services Limited	€20m	–	19 669
Barclays Bank Ghana Limited	Grit Accra Limited	US$9.0m	9 000	–
Total Barclays Group			**16 174**	**27 043**
Maubank Mauritius	Grit Real Estate Income Group Limited	US$3.7m	3 691	–
Maubank Mauritius	Freedom Asset Management	US$4m	4 033	–
Total Maubank			**7 724**	**–**
Bank Unico of Mozambique	Zimpeto Immobiliaria Limitada	MZN182.7m	2 658	2 913
Total loans in issue			348 564	307 726
less: unamortised loan issue costs			(2 467)	(1 582)
			346 097	**306 144**

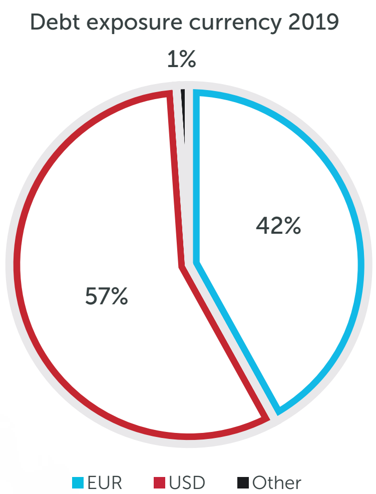
The Group closed the year with a WACD of 6.44% (2018: 5.75%) and the weighted average maturity of our debt was 1.84 years at 30 June 2019 (2018: 2.3 years). This post year-end refinancing transaction will cause a decrease in the WACD to c.6.0% and increase our maturity profile to c.2.57 years.

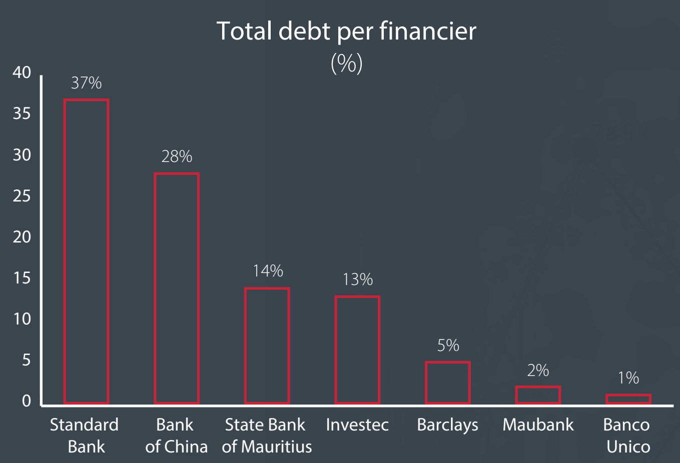
STRATEGIC

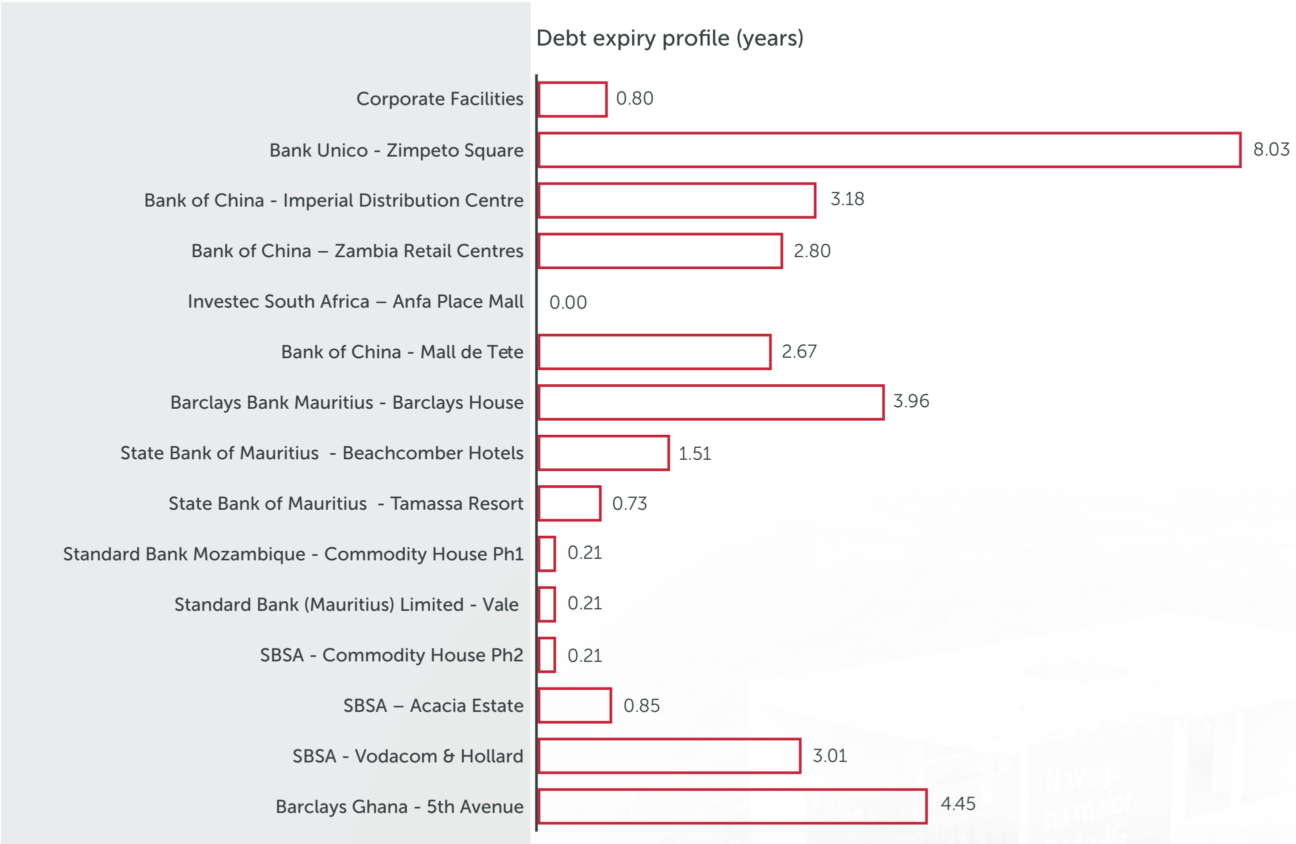

Weighted average cost of debt
7
6
5
4
3
2
1
0
6.94
0.3
6.22
0.6
5.78
1.2
5.75
2.3
6.31
2.8
6.44
2.3
2015
2016
2017
2018
2019HY
2019FY
WACD(%)
LIBOR


Debt exposure currency 2017
1%
30%
69%
EUR
USD
Other


Debt exposure currency 2018
1%
39%
60%
EUR
USD
Other


Debt exposure currency 2019
1%
42%
57%
EUR
USD
Other


Total debt per financier
(%)
40
35
30
25
20
15
10
5
0
37%
28%
14%
13%
5%
2%
1%
Standard Bank
Bank of China
State Bank of Mauritius
Investec
Barclays
Maubank
Banco Unico



Leon van de Moortele
Chief Financial Officer

30 September 2019

Our Business Model

Value In/Input

Financial Capital

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

Human Capital

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

Intellectual Capital

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

Manufactured Capital

- 5 Asset Classes
- 25 investments in 7 Countries
- Deploy Capital to Attract & Retain Tenants

Social & Natural Capital

- Active Participation in CSI
- Long-Term Stakeholder Relationships
- Strategic Business Partnerships

We ignite the furnace of growth in Africa.

By pioneering and collaborating to construct bridges that unlock opportunities across inaccessible African territories.

Code of Honour

To generate sustainable returns for generations to come, for all stakeholders including the people of Africa

ROBUST CORPORATE GOVERNANCE

Board of Directors

- Talented Team
- Consistent Performance

Strategy

- Quality Portfolio
- Relationship Strength

CULTURE

GETS US IN THE GAME WITH STAYING POWER

Guts	G
Resilience	R
Innovation	I
Tenacity	T

Audit Committee
Risk Committee
Investment Committee*
Remuneration Committee
Nomination Committee
Social & Risk Committee

** Refer to Committee Charter on Grit website for roles and responsibilities.*

Margins of Safety**

- Hard Currency
- Repatriation of Funds
- Political Risks & Macro-economics
- Land Tenure
- Ability to Raise Debt
- Counterparty

Grit's Values

1. Relentless Determination
2. Passionately Pioneering
3. Humility
4. Authentically Congruent
5. Always Find THE Way
6. Honourable Engagement
7. Unlock Entrepreneurship
8. Unapologetically Fun loving

G	Growth
R	Results
I	Integrity
T	Teamwork

CULTURE
GEARS US TO CONTINUOUSLY WIN THE GAME

Value Out/Output

Financial Capital

Refer to Financial Highlights on pages 4 to 5

Human Capital

Refer to Human Capital on pages 62 to 65

Intellectual Capital

Refer to Grit at a Glance on pages 6 to 9

Refer to Bios of Directors and Senior Management Team at pages 75 to 81

Manufactured Capital

Refer to Business Performance on pages 51 to 61

Social & Natural Capital

Refer to Corporate Social Responsibility Initiatives on pages 70 to 71

Refer to Stakeholder Engagement on pages 38 to 43

*** Passing the Margins of Safety is the initial step in any new investment decision.*

Risk Management Framework

Introduction

Risk manifests itself in a range of ways and may have a positive and/or negative outcome for the Group. It is vital that those responsible for the stewardship and management of an entity are aware of the best methods for identifying and subsequently managing such risk.

Managing risks is equally important for Grit Group in line with its strategies. While the expansion of our activities across the different countries and sectors may decrease our exposure to risks, the Board of Grit is continuously aware of the hazards associated with our expansion strategy. The aim is to consistently enhance on how we identify and manage the risks to which Grit Group of companies are exposed, fund means to manage and mitigate them.

The management of risk requires the adoption of the right behaviour (4T) in the face of risk:

- take the risk, when it is tolerable and insignificant;
- treat the risk when it can be reduced by internal control;
- transfer the risk when it is too high and it can be transferred to say a bank, insurance; and
- terminate the risk when it is too high, cannot be reduced and is beyond the risk appetite.

Successful risk management is the process that achieves the most efficient combination of controls necessary to provide reasonable assurance that the Company's mission, commitments and objectives can be achieved safely and reliably.

Grit has enhanced its risk management framework as approved by the Risk Committee.

Grit maintains a Group Wide Risk Register, which is shared with the Risk Committee on a quarterly basis. The key risks are well managed and monitored regularly as the risks could change with changes in the industry, economy and stakeholders, amongst others.

During the year, to continuously improve the risk management process, the Risk Committee approved enhancing the Risk Management Framework, which included:

- implementing a risk management culture within Grit with the support of the members of the Senior Management Team and their delegated members ("Risk Champions"), with the aim to have their input as part of the risk management framework;
- enhancing the previous Group Wide Risk Register as per the framework described below with the need to assess the rating of the inherent and residual risks; and
- committing the Risk Champions to contribute towards making the Group Wide Risk Register a live one, other than having monthly meetings with them to discuss the risks associated with the Group.

The enhancement is further detailed under the Risk Management Journey on page 33.

Objectives for risk management

Grit has a number of clear objectives for risk management which this framework is intended to help achieve.

These are to:

- identify, assess, mitigate and report on different types of risks that will undermine the achievement of Grit's strategic objectives;
- clear responsibility for the management of strategic, operational and emerging risks;
- promote the importance for effective risk management;
- drive business improvements for key decision-making; and
- develop our reputation as a well governed, trusted organisation with efficient ways of working.

Guiding principles

Grit's guiding risk management principles include:

- risk management is a core competency and an integral part of management responsibility at Grit;
- the risk management system is a management tool and not just a reporting tool;
- management's role in encouraging ownership across the business is fundamental in embedding risk management;
- a risk management system that is fit for purpose as Grit grows and is centered around our assets and stakeholders;
- the risk management system considers both the "upside" and "downside" risk; and
- the risk management system will respond to our changing environment.

Risk Management Process

RISK MANAGEMENT ACTIVITY	METHODOLOGY AND RESPONSE
Identification of risks Risks are identified through workshops between the Executive Directors and members of Senior Management Team, analytical techniques, Independent reviews and use of historical data and past experience. The continuous review of strategy and our environment ensures that we do not become complacent and that we respond in a timely manner to any changes.	• Interviews with key employees at all levels. • Use of various risk identification tools including questionnaires, workshops, etc. • Analysis and moderation of information received. • Alignment with strategic objectives, risk appetite, core values and significant business decisions.
Identification of existing controls Once the risks are identified, the existing key controls are identified and listed for each risk. The effectiveness of the controls in place are also rated.	• Meetings with process owners to identify existing controls for each identified risk. • Process walkthroughs to corroborate controls. • Identification of risk owners.
Risk assessment Following the identification of a potential risk, the Executives undertake a detailed assessment process to: • gain sufficient understanding of the risk to allow an effective and efficient mitigation strategy to be determined; • allow the root cause of risks to be identified; • estimate the probability of the risk occurring; and • understand the Group's current exposure to the risk and the "target risk profile" which will be achieved following the completion of mitigation plans.	• Interactive workshops with key stakeholders to measure the likelihood/impact of identified risks. • Ratings carried out at inherent (excluding the existing controls) and residual (considering existing controls) levels.
Risk response and action plan We implement controls and procedures in response to identified risks with the aim of reducing our risk exposure, so that it is aligned or below our risk appetite. The mitigation plans are in place for our key risks.	• Analysis of identified risks, in isolation and when combined with other risks. • Analysis of risk ratings against appetite level. • Gap analysis and risk and reward assessment. • Establishment of short-, medium- or long-term risk responses. • Deployment of risk improvement plans aligned with risk appetite. • Creation of timelines and trackers.

RISK MANAGEMENT ACTIVITY	METHODOLOGY AND RESPONSE
Monitoring As part of our risk management procedures, the Executives and Risk Committee routinely conduct monitoring exercises to ensure that risk management activities are being consistently applied across the Group, that they remain sufficiently robust and to identify any weaknesses or enhancements which could be made to the procedures. Monitoring activities include: • the regular review and updating of risks and the risk register; • Independent third party reviews of the risk management process to provide further assurance of its effectiveness; • informing the Board to new risks and changes to existing risks; monitoring how the risk profile is changing for the Group; and • providing assurance that risks are being managed effectively and where any assurance gaps are in existence, identifiable action plans are being implemented.	• Monitoring of risk management activities. • Review of risk management performance using risk indicators. • Regular review of the relevance of risk management actions.
Reporting The Risk Management department reports to the Risk Committee, which in turn updates the full Board. As part of the monthly meetings in place with risk champions, the members of the internal risk Committee are also briefed of changes, if any, to the ratings of the risks.	• Risk dashboard. • Reporting to Boards and to Audit and Risk Committees. • Top-down feedback and continuous improvement.

How we respond to risk

We implement controls and procedures in response to identified risks with the aim of reducing our risk exposure, so that it is aligned or below our risk appetite. The mitigation plans in place for our key risks are described in greater detail in table at pages 34 to 36.

Risk Oversight and Reporting Structure

Board

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

Executive Management

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

Risk Owners

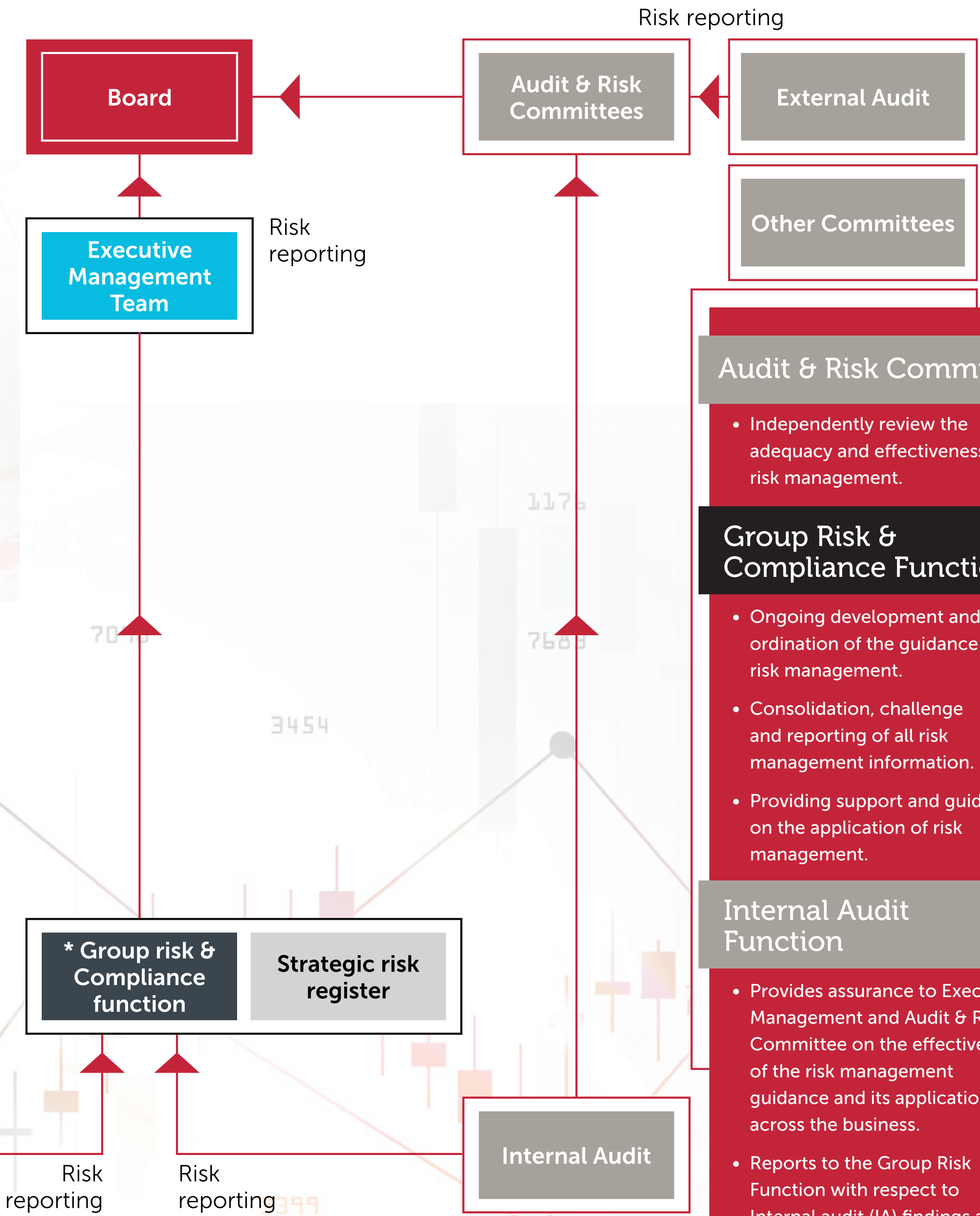
- Heads of each function are risk owners.
- Ensure compliance to the guidance in respect of owned risk, escalation, reporting and monitoring.
- Ensures that the risk register is kept up-to-date.

Group Functions/Operational Divisions

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

Group Functions/Operational Divisions

- Asset/Property Management
- Company Secretarial
- HR
- Public Relations
- Investment team
- Finance
- IT
- Investor Relations



Audit & Risk Committees

- Independently review the adequacy and effectiveness of risk management.

Group Risk & Compliance Function

- Ongoing development and co-ordination of the guidance for risk management.
- Consolidation, challenge and reporting of all risk management information.
- Providing support and guidance on the application of risk management.

Internal Audit Function

- Provides assurance to Executive Management and Audit & Risk Committee on the effectiveness of the risk management guidance and its application across the business.
- Reports to the Group Risk Function with respect to Internal audit (IA) findings as per the IA plan.

STRATEGIC

Risk classification

The Enterprise risks are presented according to below classification:

Type of risks	Risk areas
Strategic/External	Concentration and competitor risks, misalignment of business/IT strategy, business continuity risk and competition, market/pricing volatility, political environment, catastrophic events
Financial	Financial reporting, capital adequacy and liquidity and financial market risks
People and culture	Staff turnover, talent management, change management
Operational	Client, credit, fraud, operational, key suppliers, sourcing, contracting, procurement, business continuity risks and inadequate contracts management
Information technology	Information and technology risk, information/data security & protection and cyber crime
Compliance	Inadequate governance, non-compliance to FSC guidelines/regulations, non-compliance to policies and procedures, inadequate contract management

Risk Rating

An enterprise risk is rated according to the two following key aspects:

- Likelihood of occurrence; and
- Magnitude of impact.

to which a score is allocated as follows:

Likelihood of occurrence	Score
Remote	1
Unlikely	2
Possible	3
Likely	4
Almost certain	5

Magnitude of impact	Score
Insignificant	1
Minor	2
Moderate	3
Major	4
Catastrophic	5

Proposed likelihood of risk occurrence – likelihood is typical measured in ranges such as the following:

Description	Risk occurrence criteria
Almost certain	Event is expected to occur in most circumstance
Likely	Event could occur in many circumstances
Possible	Event may occur at some time
Unlikely	Event may occur in rare circumstances
Remote	Event may occur in exceptional circumstances

Magnitude of Impact

Risk number	Description	Risk impact criteria
5	Catastrophic	Greater than (rental income*10%=A) loss in gross rental income Serious diminution in reputation Sustained loss of market share Significant prosecution and fine
4	Major	Between (rental income*7.5%=B) – A loss in gross rental income Reputation will be affected in the short term Market share will be affected in the short term
3	Moderate	Between (rental income*5%=C) – B loss in gross rental income There is some impact on reputation There is some impact on market share
2	Minor	Between (rental income*2.5%=D) – C loss in gross rental income Consequences can be absorbed under normal operating conditions Potential impact on market share Potential impact on reputation Reportable to regulator, no follow up required
1	Insignificant	Less than (rental income*1.25%) loss in gross rental income Minimal impact on reputation Minimal impact on market share

Grit's risk management journey

A road map has been put into place to support this enhancement plan. It sets out the key steps that will enable us to develop an even more mature and dynamic risk management framework, that is subject to non-stop improvement with the aim to achieve the following:

- risk management gaining maturity across all Group entities and employees, top-down and bottom-up; and
- systematic, coordinated and proactive identification, recording, reporting and monitoring of risks at all levels to achieve strategic goals or objectives.

Achievements and next steps

Step 1

Prior to 2018

- Full Board and Risk Committee support
- Principle Risk Register in place

Step 2

2018 – 2019

- Enhance Risk management framework and Principle Risk Register into Grit's Group Wide Risk Register
- Initiate Risk Management workshops with the Risk Champions from each of GRITs business departments

Step 3

2019 – 2020

- Reviewing of risk management policy, in line with the Group's risk appetite
- Assessment of risks per department and jurisdiction
- Design of risk dashboard
- Risk management embedded at the level of all staff, 1st line of defence
- Review of controls, if required
- Continuous checks of link of risk management with strategic objectives

STRATEGIC

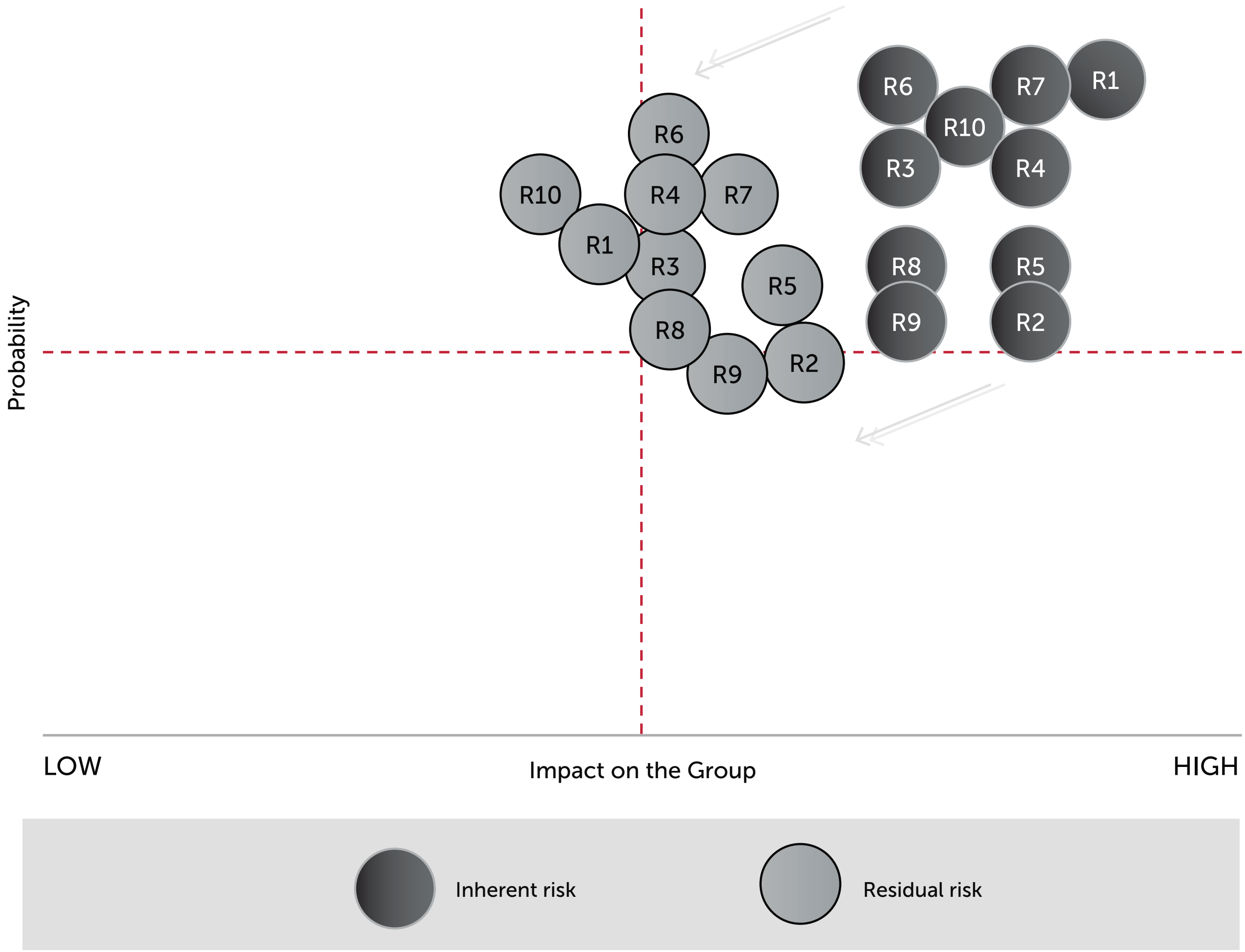
TYPE OF RISK	DESCRIPTION	CONSEQUENCE AND IMPACT	RISK MITIGATION
Strategic/ External	Repatriation Risk	Economic losses for the Group. Project financing may also be delayed due to approval processes with regulators in relation to foreign equity to debt investment.	• Establishment of appropriate Group accounting and treasury policies and procedures to avoid any economic losses. • Establishment of appropriate Group structure to avoid complex regulatory conditions. • Appointment of legal and advisory teams to ensure policies, procedures and structures are compliant with applicable local laws. • Extensive PRI covers. • Retention and recruitment of competent in-house finance team to analyse and recommend appropriate solutions to avoid repatriation risks. • Approval from the Executive Team and the Board prior to investment resolution.
Information Technology	Cyber attack	Risk of cyber crime such as hacking, phishing, waling, ransomware heightened. Disruption of operations, fraud and reputational damage.	• Business Continuity Plan is regularly reviewed and tested. • Independent internal and external "penetration" tests conducted. • Multifactor authentication exists for remote access to our systems. • Incident response and remediation policies are in place. • Regular back-ups and replication of data. • IT systems protected by anti-virus software and firewalls frequently updated. • Security measures are regularly reviewed by the Risk Committee.
Financial	Refinance risk	Unable to replace an existing loan with a new one when the latter becomes due for repayment.	• Refinancing initiated nine months prior to maturity. • Maintain and monitor that the Weighted Average Lease Expiry (WALE) profile is shorter than the maturity of the loan.
Information Technology	Failure of IT infrastructure	Failures in IT infrastructure may lead to impaired operational ability and delayed and inaccurate financial reporting due to loss of data.	• Daily backups to an offsite storage facility. • Disaster Recovery Onsite and Offsite (Tier 4 Data Centre). • Multiple iterations of backup data. • IT services outsourced to suitably qualified service providers.

TYPE OF RISK	DESCRIPTION	CONSEQUENCE AND IMPACT	RISK MITIGATION
Compliance	Regulatory risk – LSE, JSE and SEM compliance	Failure to comply with the rules and regulations may lead to fines, public censures, deregistration from the stock market and ultimately affect the reputation of the Group.	• Strong relationships with below: – PSG Capital: provides application guidance on the intricacies of the JSE listing requirements. – Perigeum Capital Ltd: SEM authorised representative and sponsor which assists, advises and oversees the compliance with the SEM listing rules. – FinnCap: financial advisors for the LSE and provide guidance on the listing rules. – Engaged with One Advisory, SH Legal and Maitland for guidance on the listing requirements. – Intercontinental Fund Services Limited and One Advisory: assist from a Company Secretarial perspective (Mauritius & UK). • Regular trainings provided by above mentioned service providers.
People and Culture	Departure of Executive Directors and members of Senior Management Team	• Disruption of the operations. • Loss of critical skills. • Skills shortage. • Loss of Intellectual Property. • Sabotage/Destruction of data. • Possible reputational damage of the Group. • Fall in share price/ financial loss.	Competitive compensation package. Continuous monitoring of the culture of the Group: engagement surveys/employee satisfaction surveys/informal focus group with employees/employee wellbeing workshop. Appraisal – post probation and continuous. Controls over access to data. Recruitment of people with transferable skills. In-house HR Manager. Remuneration regularly benchmarked by using external company – with respect to industry salary surveys. Succession plan designed and implemented which addresses risks related to all key personnel. Appropriate termination of employment notice in place for Senior Management Team.
Operational	Default by a major tenant	• Significantly impact the profitability of the Group. • Affect the loan repayment capacity of the Group. • Result in financial loss. • Result in other tenants requesting reduced rentals or vacating due to lower trading densities.	• Regular interaction with tenants and monitoring of their financial position and news trends. • Credit risk assessment for all new tenants, particularly major tenants. • Early cancellation or reduction of space occupied by tenants.

STRATEGIC

TYPE OF RISK	DESCRIPTION	CONSEQUENCE AND IMPACT	RISK MITIGATION
Strategy/ External	Reputational risk	Loss of shareholders/loss of credibility/crash of share prices/loss of shareholder's confidence Loss of credibility in terms of business purpose/ opportunistic foreign company Staff turnover/no energy and loyalty to the Company/encouraging negative comments to external parties/creation of an unhealthy work environment	• Effective internal communication between all departments. • Continuous self-development workshops & masterclasses/internal events to increase team-spirit and bonding/recognition of excellency and achievement/ advantageous fringe benefits. • Oversight by the Board and Independent Directors. • Transparent culture and reporting (Integrated Report, audited financial statements, regular updates on the website). • Regular communication with stakeholders. • Annual general meeting ("AGM") and extraordinary meetings of shareholders held. • Compliance Report issued by Company Secretary to ensure communication of Grit with laws and listing rules.
Financial	Liquidity risk	Not be able to meet its financial commitments as and when they fall due, due to insufficient funds available	• Treasury department monitoring liquidity risks and treasury policy in place. • Cash balances, working capital requirements held in the currency of the requirements. • Swaps or options or good rates on currency conversions • Group LTV (including total RCF facilities) not to exceed 50%.
Compliance	Breach of covenants – operational and financial	Financiers will call back their facilities. Reputational damage Leads to increased finance costs Inability to raise further funds	• Treasury department and treasury policies in place. • Ratios (both actual and forecast) monitored by Management on a monthly basis. • Ratios (both actual and forecast) monitored by the Board on a monthly basis (Monthly dashboard). • Compliance with covenants monitored and reported in management accounts prepared on a monthly basis, as well as reported through treasury reports. • Constant communication with the bank/Relationship management with financiers.

Effects of mitigation actions on our principle risks



Description of risk

R1 Regulatory risk – LSE, JSE and SEM compliance

R2 Breach of covenants – operational and financial

R3 Failure of the IT infrastructure

R4 Cyber attack

R5 Departure of Executive Directors and members of Senior Management Team

R6 Liquidity risk

R7 Refinance risk

R8 Default by a major tenant

R9 Repatriation risk

R10 Reputational risk

Stakeholder Engagement

STAKEHOLDERS	WHAT OUR STAKEHOLDERS EXPECT FROM US	HOW WE ENGAGE WITH OUR STAKEHOLDERS
Shareholders and Investors	• Sound strategy and business model. • Sustainable growth and returns. • Clear articulation of strategic direction and risk management approach. • Access to Board and management team. • Leveraging of strategic growth opportunities. • Transparency and access to information. • Strong corporate governance and ethical code. • Liquidity & gearing. • ESG initiatives.	• Annual General Meetings. • Annual and interim reports. • Results presentations. • Continuous one-on-one meetings with investors and analysts. • Investor roadshows and industry conferences. • Media announcements and social media engagement. • SEM, JSE and LSE announcements via SENS, SEM website and RNS. • Website updates. • Compliant and transparent reporting. • Integrated Annual Report.
Employees and Management	Meaningful work which is rewarded through market-related competitive pay practices, recognition for company and individual performance and opportunity to grow their careers in an environment which is free from discrimination, embraces diversity and encourages high performance.	• Internal Announcements through cloud-based HRMS Platform. • Staff Communication meetings – Business updates by CEO. • Employee Satisfaction Surveys. • Onboarding of new employees through cloud-based Human Resources Management System (HRMS). • Team building events. • Clearly defined objectives and key results.

Financial | Human | Intellectual | Manufactured | Social & Natural

WHAT WE DELIVERED THIS YEAR	WHICH CAPITAL IMPACTED	NEXT STEPS
• Successfully raised gross US$132.1 million from London Listing to convert pipeline acquisitions and reduce overall gearing. • Diversification of shareholder register through the introduction of new UK institutional shareholders. • First Mauritian-domiciled and Pan-African Property company to list on the Main Board of the London Stock Exchange. • Robust levels of corporate governance.		• Further articulation of the Group's strategy. • Particular focus on ESG initiatives.
• HRMS accessible to all. • Group HR Manager hired at Head Office for full-time business support. • Favourable participation in Employee Engagement survey. • Performance Management System (PMS) launched on a reliable and Independent software. • Design and implementation of a customised Leadership Development Program. • Shaping of employee engagement culture through the rebranding of our Code of Honour and team session designed and delivered by international coaches.		• Create Operational Excellence through digitalisation to enhance business decision making through: • Diversity – Valuing, Encouraging, and Supporting a Diverse Workforce. Recruitment: Promoted on social media – fair opportunity to all. • Website – Create an official Human Capital page – share vacancies and receive unsolicited applications. • Compensation and Benefit. • Align any intrinsic and/or Extrinsic rewards based objectively on goals set on PMS. • Annual Digital PMS reports – Recording, accompanying and Championing Professional Growth. • Design HR metrics reports to analyse the Human Capital statistics and take more precise, appropriate and unbiased decisions. • Use of Employee Satisfaction Survey ratings and comments to focus HR Strategy in an appreciated direction. • Leadership Empowerment – Continuous leadership development through tracked record of coaching and mentoring.

STRATEGIC

STAKEHOLDERS	WHAT OUR STAKEHOLDERS EXPECT FROM US	HOW WE ENGAGE WITH OUR STAKEHOLDERS
Government and Authorities	• Continuous compliance with rules and regulations in the various jurisdictions. • Compliance with the listing rules on the SEM, LSE and JSE. • Ethical business practices.	• Regular contact with the SEM, LSE and JSE through our sponsors and service providers. • Interaction with the Mauritian Financial Services Commission, also through our Company Secretaries. • Meetings with country Central Banks (in particular in Mozambique). • Meetings between Senior Executives and government/regulatory representatives. • Transparent, complete annual and quarterly reports. • Regular PR activities.
Suppliers and Service Providers	• Transparent communication regarding Group activities/decisions. • Favourable contract terms and timely payment. • Information about changes in decision-making. • Fair and ethical practices.	• Supplier performance is monitored regularly. • Tenders are awarded based on price and quality. • Regular communication with major suppliers.
Media	• Transparency in delivering information. • Clarity in updating business development. • Trust and reliable behaviour of Grit representatives. • Commitment to the community. • Understand the business model in the countries where we operate. • Maintain the team spirit and share updates on the evolution of the business.	• Regular updates on social media platforms. • Press releases. • Meaningful articles. • Quality external events. • CSR initiatives.

Financial Human Intellectual Manufactured Social & Natural

WHAT WE DELIVERED THIS YEAR	WHICH CAPITAL IMPACTED	NEXT STEPS
• Continuous efforts to comply with all laws and regulations, as well as listing rules and no breach raised by the government and regulators. • Continued efforts to apply the principles of the new Corporate Governance Code of Mauritius.		• Organise meetings with Financial Services Commission, Economic Development Board, Board of Investment, etc. • Attempt to engage in open, forthright dialogue with national Authorities. • Compliance with UK Code of Corporate Governance. • No longer outsourcing of filing of tax returns, returns with NPF, NSF and MRA with respect to employees (carried out in-house). • More interaction with EDB, with respect to employment of expatriates.
• Continued good working relationship with all suppliers and service providers. • Connecting with some service providers to understand their CSR activities.		• Organise more meetings with suppliers and service providers. • Closer involvement with suppliers and service providers regarding CSR activities and in particular linked to sustainability.
• Continuous quality information on our social media platforms. • Strategic press releases for our main announcements.		• Maintain and expand the positive reputation of the business. • Be more connected with the community. • Keep on structuring the communication process. • Select the right media and right timing to inform our stakeholders. • Connect with the other department to highlight their achievement. • Always find creative solutions to better position the business. • Extend and structure our CSR initiatives. • Keep on organising meaningful internal events to sustain the cohesion.

STRATEGIC

STAKEHOLDERS	WHAT OUR STAKEHOLDERS EXPECT FROM US	HOW WE ENGAGE WITH OUR STAKEHOLDERS	
Tenants	• Service and product safety and quality. • Transparent communication regarding Group activities/decisions that affect tenants. • Fair and ethical practices.	• Regular site visits and personal engagement with tenants. • Formal communication, regular meetings, emails and letters. • Strategic discussions at management level. • Independent market research. • Early renewals.	
Financiers	• Prudent and Transparent Reporting. • Timeous credible information. • Efficient monitoring of financial obligations. • Group's gearing levels and ability to service debt commitments as and when they become due. • Valuations that reflect market activity in our respective jurisdictions.	• Cash flow and solvency forecasts. • Reports to financial stakeholders. • Monitoring of key financial ratios and covenants. • Site visits. • Ongoing negotiations with bankers and financiers to secure better rates and conditions. • Consideration of alternative sources of capital by the Board and corporate advisers. • Debt Capital Markets. • Financier roadshows.	

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WHAT WE DELIVERED THIS YEAR	WHICH CAPITAL IMPACTED	NEXT STEPS
• Ongoing site visits by leasing, operational and management teams to engage with key tenants. • Formalised meetings scheduled with key tenants on regular basis to address and monitor operational and occupancy issues for premise such as monthly meetings with Anadarko and Vale. • JLL bi-annual risk reports. • Negotiations with Vodacom to pre-empt renewal effective April 2020 initiated; Bollore, (Mozambique) negotiations to expand and pre-empt renewal by October 2019; Woolworths in Zambia. • Successful conclusion of lease with Exxon for five years and agreement on additional premises. • Successful conclusion of lease with key local market player, Alpha 55, in Morocco through tenant engagement and market understanding of management company. • Replacement of liquidated Anchor tenant in Zimpeto with Spar on five-year lease. • Signing of Casino deal in Tete to initiate policy of entertainment in retail centres.		• Scheduled rotational trips to ensure on-the-ground knowledge and familiarisation with tenant needs and strategy that we align with.
• Refinance of various group level and in-country debt facilities. • Finalised the treasury policy. • Compiled the treasury report in line with the requirements of the treasury policy. • Management and renegotiation of the group's Key covenants to ensure they are in line with the group's performance. • Half year end and financial year end Valuations. • Improved operational cash flow of the Group. • Our efforts resulted in decreased costs of debt in some facilities. • We were able to take advantage of acquisition opportunities which resulted in an increase in revenue. • The extension of some of the facilities had a positive impact on working capital.		• Completion of the Mozambique portfolio refinance. • Optimising and hedging of balance-sheet exposure. • Implementing hedging initiatives for existing currency exposure and interest rate. • Optimal financing and structuring of on-coming assets and group structures. • Review of the Valuation process. • Documentation of internal treasury processes.

Timelines

Acquisition of Assets

JUL 2014
Acquired Commodity House Phase 1 as its 1st asset for US$32.5m (Mozambique)
Acquisition of Anfa Place Mall for US$114.68m (Morocco)

APR 2015
Acquisition of Hollard/ KPMG building for US$14.9m (Mozambique)

MAY 2015
Acquired the Vodacom Building for US$49m (Mozambique)

AUG 2015
Acquisition of Zimpeto Square for US$10.2m (Mozambique)

DEC 2015
Acquired the Vodacom Building for US$49m (Zambia)

FEB 2016
Acquisition of Barclays House for US$13.6m (Mauritius)

APR 2016
Acquisition of a 50% stake in Buffalo Mall (Kenya) and Bollore Warehouse (Mozambique) for US$14.8m (combined)

DEC 2016
Leaseback acquisition of a 44.4% stake in Beachcomber Hospitality Investments (BHI), owner of 3 luxury resorts for US$83.4m (Mauritius)

MAR 2017
Leaseback acquisition of Tamassa Resort (Mauritius) from Lux Resorts for US$40m and acquisition of Mall de Tete (Mozambique) for US$24.2m

JUN 2017
Acquisition of a 50% stake in Cosmopolitan Mall for US$37.2m (Zambia)

AUG 2017
Acquisition of Imperial Distribution Center for US$18m (Kenya)
Acquisition of a 6.25% stake in Letlole La Rona (Botswana)

NOV 2017
Completion of Commodity House Phase II at a value of US$17.3M (Mozambique)

JAN 2018
Acquisition of VDE Housing Estate for US$33.1m (Mozambique)

MAY 2018
Acquired 47.5% of Capital Place for US$12.2m (Ghana)

AUG 2018
Acquisition of 80.1% stake in Acacia Estate (Maputo) for US$23.4m (tenanted by US Embassy) (Mozambique)

SEPT 2018
Acquisition of CADS II Building for US$10.5m in Accra (Ghana)

DEC 2018
Acquisition of 5th Avenue Building for US$20.5m in Accra (Ghana)

MAR 2019
Acquisition of an additional 25% equity stake in Mukuba Mall in Kitwe for US$8.2 million (Zambia)

JUN 2019
Acquisition of an additional 20 completed units at VDE Housing Estate in Tete (including the remaining 15.5 hectares of land earmarked for further development) for US$3.6 million (Mozambique)

Retail Assets
Commercial Offices
Hospitality
Corporate Accommodation
Light Industrial

Key Events

JUL 2014
Completion of inward listing on the JSE Limited's ALT-X board

MAR 2015
Debut on Mauritius Stock Exchange (SEM) and migration from BSX. Maiden distribution of US$6.64 cps

APR 2015
Introduction of the Public Investment Corporation as Anchor Shareholder in US$42.0 million capital raise

JUN 2015
Maiden issue of shares on the SEM

AUG 2015
Paid distribution of US$4.65 cps, taking FY2015 distribution to a total of US$11.29 cps

NOV 2015
Delta Africa and Pivotal announces business agreement to become Mara Delta

MAR 2016
Paid distribution of US$6.17 cps for six month period ended 31 December 2015

MAY 2016
Delta Africa officially becomes Mara Delta – the largest pan African income fund listed on the JSE and SEM

OCT 2016
Paid distribution of US$5.58 cps, taking FY2016 distribution to a total of US$11.75 cps

MAR 2017
Paid distribution of US$6.12 cps for six month period ended 31 December 2016

JUN 2017
Distribution – clean-out dividend for period 1 Jan 17 to 30 Apr 17 of US$4.57 cps prior to rights offer

JUN 2017
Raised US$121 million by way of a rights offer at an issue price of US$1.40 per share, significantly increasing market cap and asset value to c.US$600 million

JUL 2017
Shareholders approved Grit's rebrand and name change, reflecting the Group's current reality and future growth ambitions

OCT 2017
Paid distribution of US$1.38 cps taking FY 2017 distribution to a total of US$12.07 cps

OCT 2017
Inclusion into the SEM-10 Index

MAR 2018
Paid distribution of US$6.07 cps for the six months ended 31 December 2017

JUL 2018
Grit successfully raised US$132 million in London Listing Capital Raise

JUL 2018
Grit becomes the first Pan-African Real Estate Income Group and first Mauritius-domiciled company to list on the Main Market of the London Stock Exchange

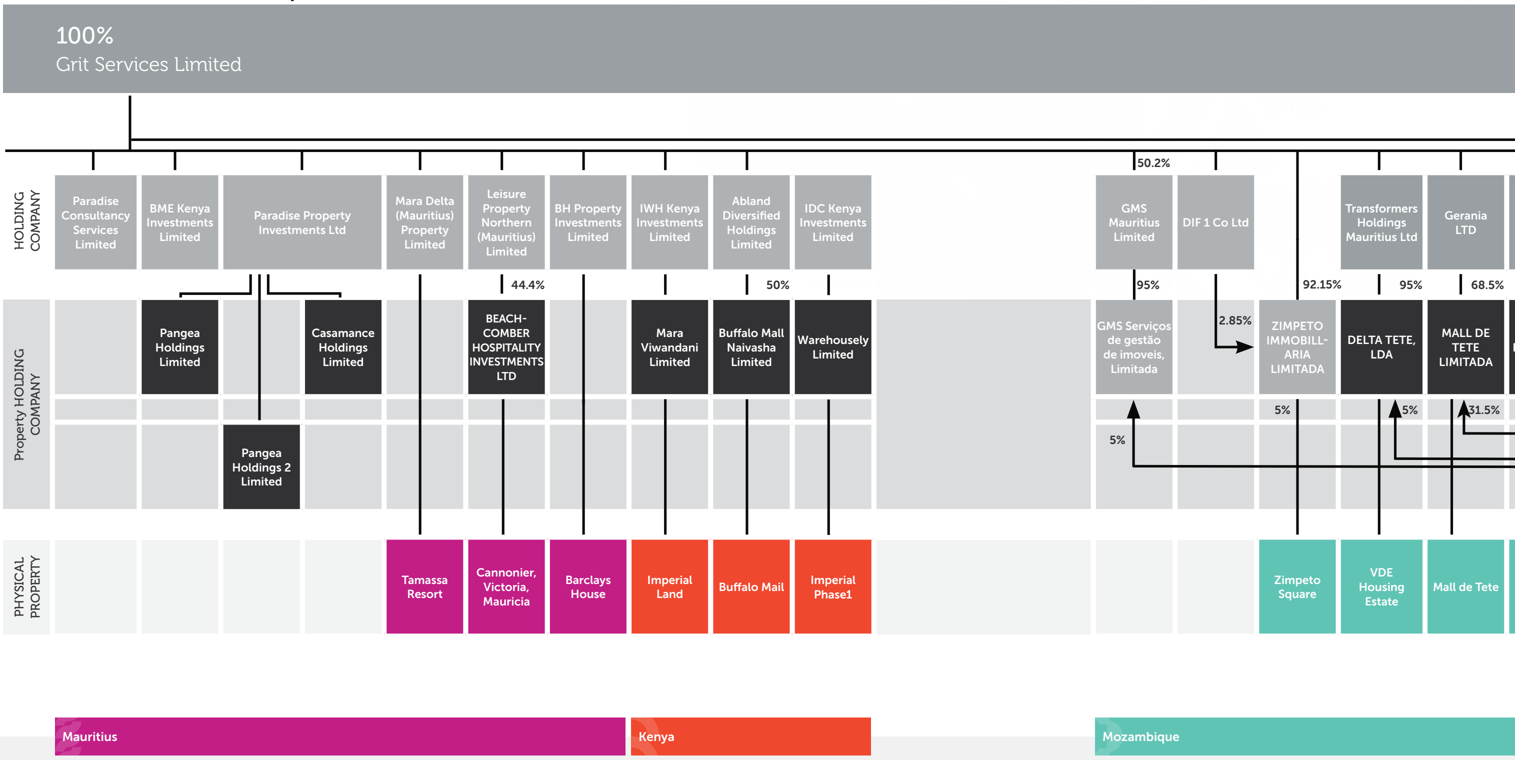
NOV 2018
Paid distribution of US$6.12 cps for the six months ended 30 June 2018 taking FY2018 distribution to a total of US$12.19 cps

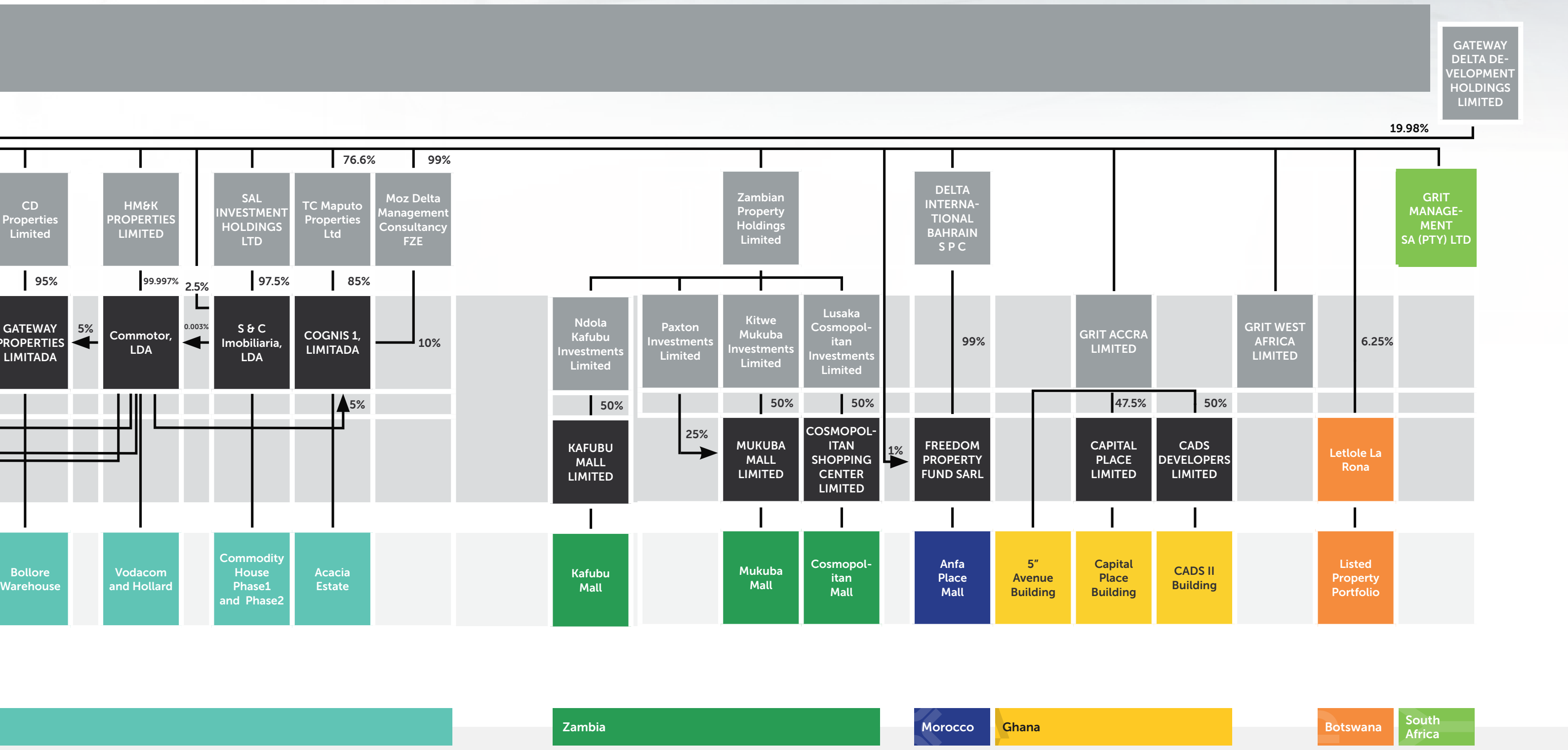
APR 2019
Paid distribution of US$5.25 cps for the six months ended 31 December 2018

Market Activity
Shareholder
Paid Distribution
Company Development
Raised Capital

Group Corporate Structure As at 30 June 2019

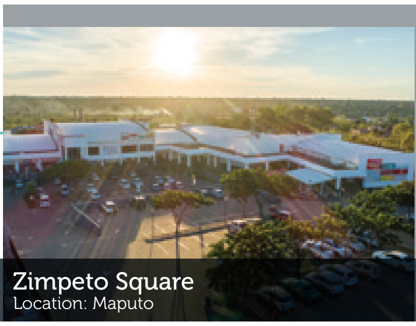
Real Estate Income Group




GATEWAY DELTA DEVELOPMENT HOLDINGS LIMITED
19.98%
76.6%
99%
CD Properties Limited
HM&K PROPERTIES LIMITED
SAL INVESTMENT HOLDINGS LTD
TC Maputo Properties Ltd
Moz Delta Management Consultancy FZE
Zambian Property Holdings Limited
DELTA INTERNATIONAL BAHRAIN S P C
GRIT MANAGEMENT SA (PTY) LTD
95%
99.997%
2.5%
97.5%
85%
0.003%
GATEWAY PROPERTIES LIMITADA
5%
Commotor, LDA
S & C Imobiliaria, LDA
COGNIS 1, LIMITADA
10%
5%
Ndola Kafubu Investments Limited
Paxton Investments Limited
Kitwe Mukuba Investments Limited
Lusaka Cosmopolitan Investments Limited
99%
GRIT ACCRA LIMITED
GRIT WEST AFRICA LIMITED
6.25%
50%
25%
50%
50%
1%
47.5%
50%
KAFUBU MALL LIMITED
MUKUBA MALL LIMITED
COSMOPOLITAN SHOPPING CENTER LIMITED
FREEDOM PROPERTY FUND SARL
CAPITAL PLACE LIMITED
CADS DEVELOPERS LIMITED
Letlole La Rona
Bollore Warehouse
Vodacom and Hollard
Commodity House Phase1 and Phase2
Acacia Estate
Kafubu Mall
Mukuba Mall
Cosmopolitan Mall
Anfa Place Mall
5th Avenue Building
Capital Place Building
CADS II Building
Listed Property Portfolio
Zambia
Morocco
Ghana
Botswana
South Africa

Business Performance and Portfolio Summary

Mozambique

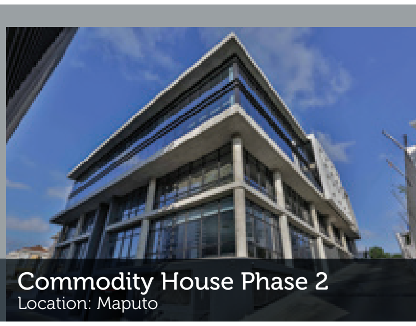


Zimpeto Square
Location: Maputo

Key tenant:	VIP Spar Mocambique
Vacancy (GLA) (%):	30.4
Sector:	Retail
GLA (m²):	4 771
Valuation (US$'000):	7 616
Valuer:	REC
Weighted average rent per m² (US$):	16.18
WALE (GLA) (years):	2.53
WALE (Income) (years):	3.22
AAPY* (%)	0.89

Bolloré Warehouse
Location: Pemba

Key tenant:	Bollore and Plexus
Vacancy (GLA) (%):	0
Sector:	Light industrial
GLA (m²):	5 856
Valuation (US$'000):	6 800
Valuer:	Knight Frank
Weighted average rent per m² (US$):	12.85
WALE (GLA) (years):	0.96
WALE (Income) (years):	0.98
AAPY* (%)	11.47



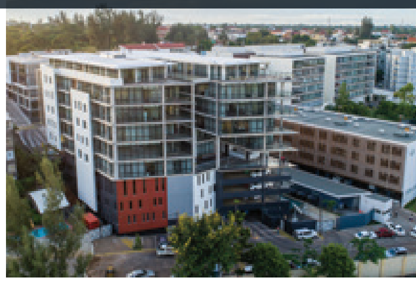
Commodity House Phase 2
Location: Maputo

Key tenant:	Exxon Mobil
Vacancy (GLA) (%):	0
Sector:	Office
GLA (m²):	3 168
Valuation (US$'000):	17 200
Valuer:	Knight Frank
Weighted average rent per m² (US$):	29.92
WALE (GLA) (years):	4.48
WALE (Income) (years):	4.20
AAPY* (%)	6.71

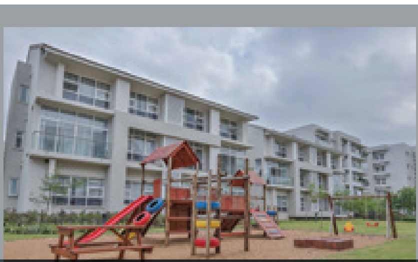
Mall de Tete
Location: Tete

Key tenant:	Choppies and Shoprite
Vacancy (GLA) (%):	18.1**
Sector:	Retail
GLA (m²):	11 581
Valuation (US$'000):	$25 416
Valuer:	REC
Weighted average rent per m² (US$):	16.81
WALE (GLA) (years):	4.02
WALE (Income) (years):	5.27
AAPY* (%)	7.57

Commodity House Phase 1
Location: Maputo



*Average Annualised Property Yield
**This is trade vacancy. Income vacancy is 0

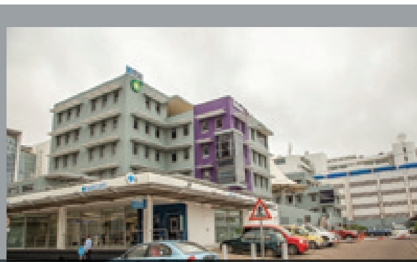


Acacia Estate
Location: Maputo

Key tenant:	US Embassy and Anadarko
Vacancy (GLA) (%):	0
Sector:	Corporate Accommodation
GLA (m^2):	18 400
Valuation (US$'000):	65 800
Valuer:	Knight Frank
Weighted average rent per m^2 (US$):	12.85
WALE (GLA) (years):	0.96
WALE (Income) (years):	0.98
AAPY* (%)	7.61

Vodacom Building
Location: Maputo

Key tenant:	Vodacom
Vacancy (GLA) (%):	0
Sector:	Office
GLA (m^2):	10 659
Valuation (US$'000):	48 101
Valuer:	Knight Frank
Weighted average rent per m^2 (US$):	29.33
WALE (GLA) (years):	1.50
WALE (Income) (Years):	1.50
AAPY* (%)	8.23

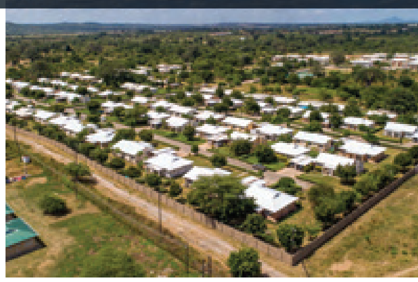


Hollard Building
Location: Maputo

Key tenant:	KPMG, British Petroleum and Hollard
Vacancy (GLA) (%):	6.2
Sector:	Office
GLA (m^2):	5 051
Valuation (US$'000):	20 800
Valuer:	Knight Frank
Weighted average rent per m^2 (US$):	25.26
WALE (GLA) (years):	4.89
WALE (Income) (Years):	4.97
AAPY* (%)	6.29

VDE Housing Estate
Location: Tete

Key tenant:	Anadarko Petroleum
Vacancy (GLA) (%):	0
Sector:	Office
GLA (m^2):	7 528
Valuation (US$'000):	46 236
Valuer:	REC
Weighted average rent per m^2 (US$):	37.67
WALE (GLA) (years):	7.52
WALE (Income) (years):	7.17
AAPY* (%)	8.33



Key tenant:	Vale and Barloworld
Vacancy (GLA) (%):	0
Sector:	corporate Accommodation
GLA (m^2):	17 071
Valuation (US$'000):	49 900
Valuer:	Knight Frank
Weighted average rent per m^2 (US$):	21.50
WALE (GLA) (years):	4.68
WALE (Income) (Years):	4.59
AAPY* (%)	6.39

STRATEGIC

Kenya

Buffalo Mall (50% ownership)
Location: Naivasha

Key tenant:	Tusky's
Vacancy (GLA) (%):	1.4
Sector:	Retail
GLA (m^2):	6 158
Valuation (US$'000):	5 449
Valuer:	Knight Frank
Weighted average rent per m^2 (US$):	16.12
WALE (GLA) (years):	8.63
WALE (Income) (years):	6.73
AAPY* (%)	6.43

Morocco

Anfa Place Mall
Location: Casablanca

Key tenant:	Carrefour, Al Shaya Morocco, International Retail Morocco, Alpha 55, Virgin, Marks & Spencer, LC Waikiki
Vacancy (GLA) (%):	12.9
Sector:	Retail
GLA (m^2):	31 934
Valuation (US$'000):	106 145
Valuer:	Knight Frank
Weighted average rent per m^2 (US$):	36.79
WALE (GLA) (years):	3.72
WALE (Income) (years):	4.71
AAPY* (%)	2.68

Imperial Warehouse
Location: Nairobi

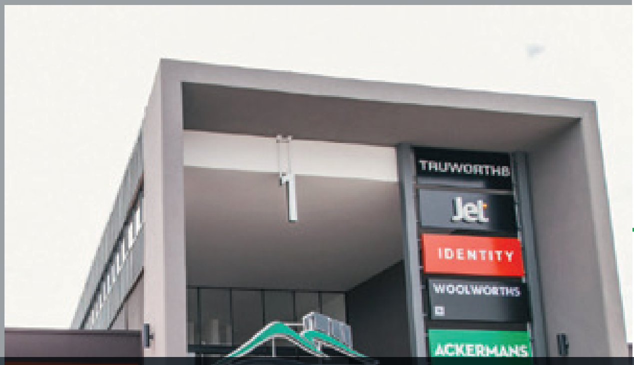
Key tenant:	Imperial Health Sciences
Vacancy (GLA) (%):	0
Sector:	Light Industrial
GLA (m^2):	13 702
Valuation (US$'000):	20 200
Valuer:	Knight Frank
Weighted average rent per m^2 (US$):	9.27
WALE (GLA) (years):	8.08
WALE (Income) (years):	8.08
AAPY* (%)	6.46

Zambia

Mukuba Mall (75% ownership)

Location: Kitwe

Key tenant:	Pick & Pay, Game, Shoprite
Vacancy (GLA) (%):	0.4
Sector:	Retail
GLA (m²):	28 236
Valuation (US$'000):	69 100
Valuer:	Knight Frank
Weighted average rent per m² (US$):	19.15
WALE (GLA) (years):	0.89
WALE (Income) (years):	0.94
AAPY* (%)	7.38



Cosmopolitan Mall (50% ownership)

Location: Lusaka

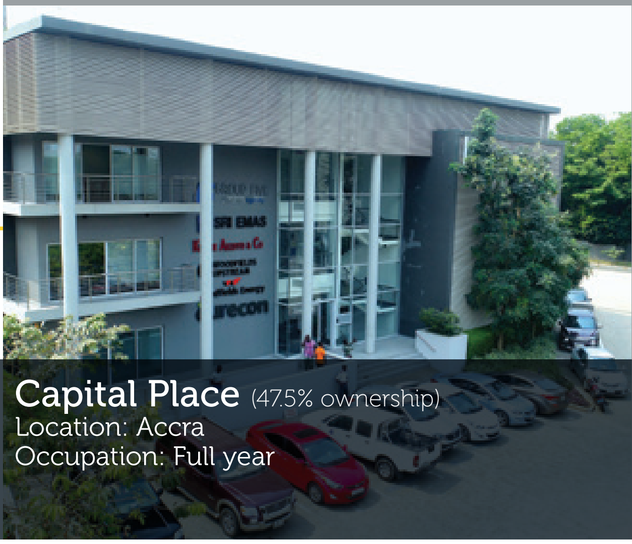
Key tenant:	Shoprite, Edgars, Game
Vacancy (GLA) (%):	0
Sector:	Retail
GLA (m²):	25 798
Valuation (US$'000):	37 350
Valuer:	Knight Frank
Weighted average rent per m² (US$):	21.35
WALE (GLA) (years):	1.87
WALE (Income) (years):	1.85
AAPY* (%)	6.96

Kafubu Mall (50% ownership)

Location: Ndola

Key tenant:	Jet, Shoprite
Vacancy (GLA) (%):	0.1
Sector:	Retail
GLA (m²):	11 923
Valuation (US$'000):	12 300
Valuer:	Knight Frank
Weighted average rent per m² (US$):	12.38
WALE (GLA) (years):	4.28
WALE (Income) (years):	3.89
AAPY* (%)	7.48

Ghana



Capital Place (47.5% ownership)
Location: Accra
Occupation: Full year

Key tenant:	Hollard
Vacancy (GLA) (%):	26.0*
Sector:	Office
GLA (m^2):	4 639
Valuation (US$'000):	11 714
Valuer:	Knight Frank
Weighted average rent per m^2 (US$):	39.89
WALE (GLA) (years):	3.09
WALE (Income) (years):	4.0
AAPY* (%)	7.83

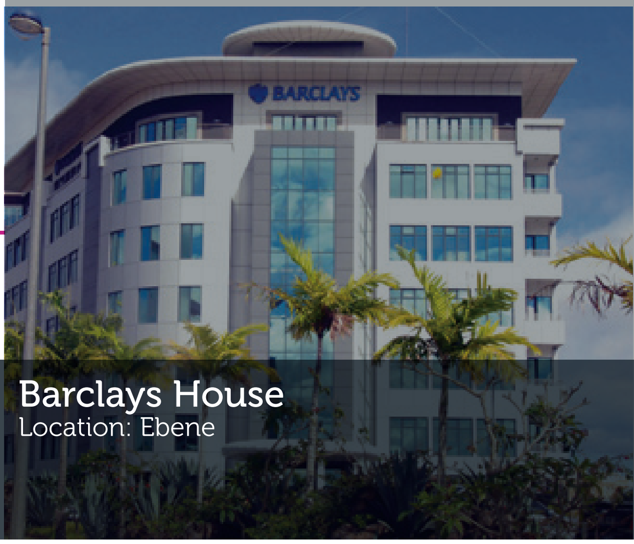
5th Ave
Location: Accra
Occupation: January 2019

Key tenant:	GC Net
Vacancy (GLA) (%):	7.6
Sector:	Office
GLA (m^2):	5070
Valuation (US$'000):	21 880
Valuer:	Knight Frank
Weighted average rent per m^2 (US$):	29.99
WALE (GLA) (years):	2.04
WALE (Income) (years):	2.01
AAPY* (%)	9.15

CADS II Building (50% ownership)
Location: Accra
Occupation: September 2018

Key tenant:	Tullow Oil
Vacancy (GLA) (%):	0
Sector:	Office
GLA (m^2):	7 262
Valuation (US$'000):	18 230
Valuer:	Knight Frank
Weighted average rent per m^2 (US$):	35.0
WALE (GLA) (years):	3.92
WALE (Income) (years):	3.92
AAPY* (%)	9.29

Mauritius



Barclays House
Location: Ebene

Beachcomber Hospitality
(44.42% ownership)
Location: Canonniers Resort and Spa
Mauricia Resort and Spa
Victoria Resort and Spa

Key tenant:	Barclays
Vacancy (GLA) (%):	4.6
Sector:	Office
GLA (m²):	8 269
Valuation (US$'000):	14 312
Valuer:	Knight Frank
Weighted average rent per m² (US$):	11.69
WALE (GLA) (years):	7.98
WALE (Income) (years):	8.33
AAPY* (%)	7.14

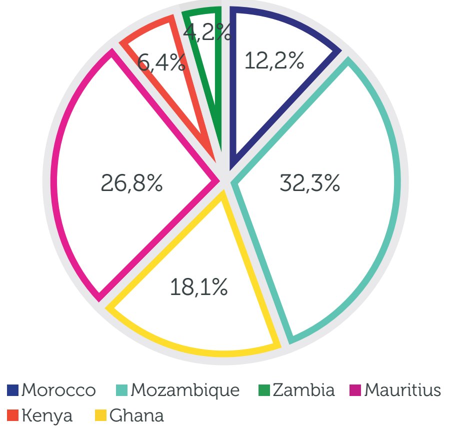
Key tenant:	Beachcomber
Vacancy (GLA) (%):	0
Sector:	Hospitality
GLA (m²):	90 210 (817 rooms)
Valuation (US$'000):	98 736
Valuer:	Knight Frank
Weighted average rent per m² (US$):	14.09
WALE (GLA) (years):	12.42
WALE (Income) (years):	12.42
AAPY* (%)	6.56

Tamassa Resort
Location: Bel Ombre

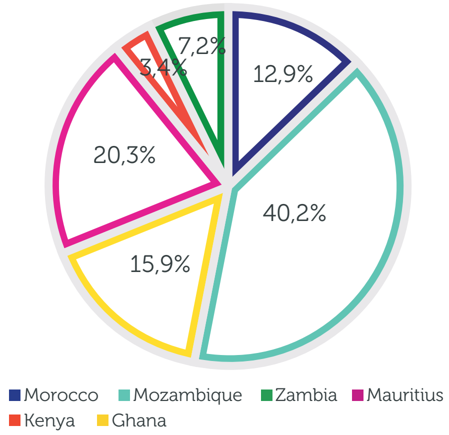
Key tenant:	Lux Island Resorts
Vacancy (GLA) (%):	0
Sector:	Hospitality
GLA (m²):	21 567 (214 rooms)
Valuation (US$'000):	54 100
Valuer:	Knight Frank
Weighted average rent per m² (US$):	13.03
WALE (GLA) (years):	7.67
WALE (Income) (years):	7.67
AAPY* (%)	7.06

Portfolio Summary – As at 30 June 2019

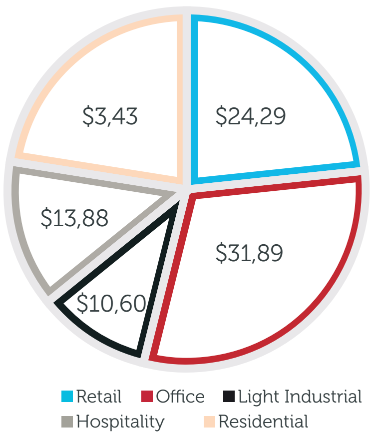
Geographic Profile by GLA (% GRIT Owned)



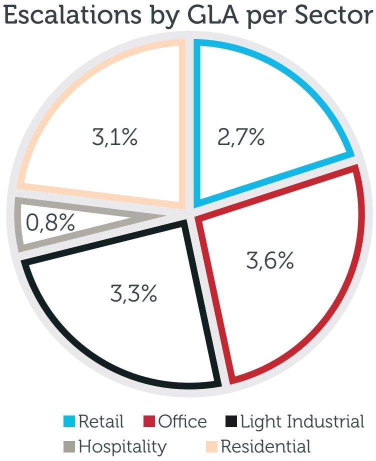
Geographic Profile by Rental Income (% GRIT Owned)



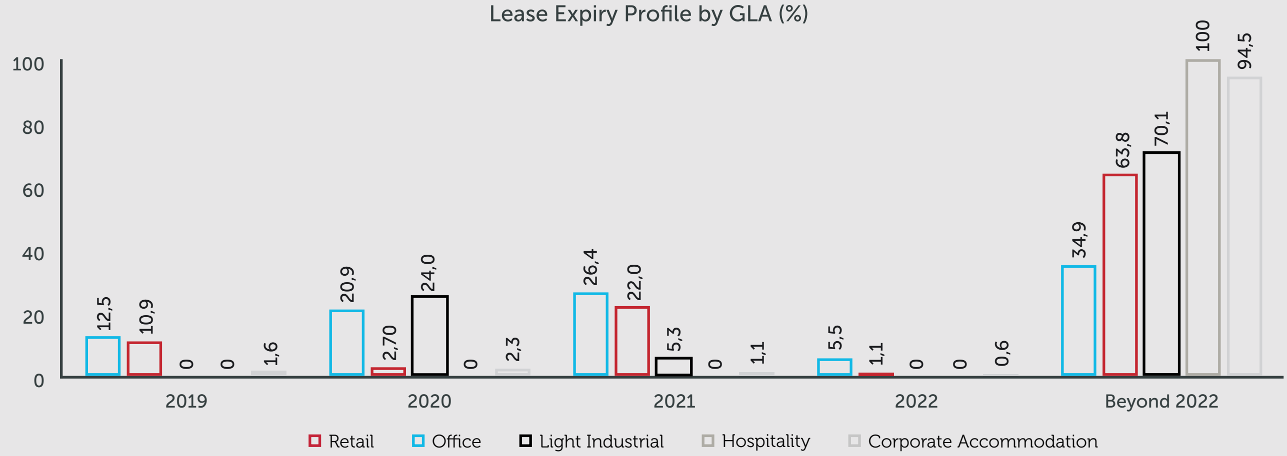
Weighted Average Rental per m²



Weighted Average Rental Escalations by GLA per Sector



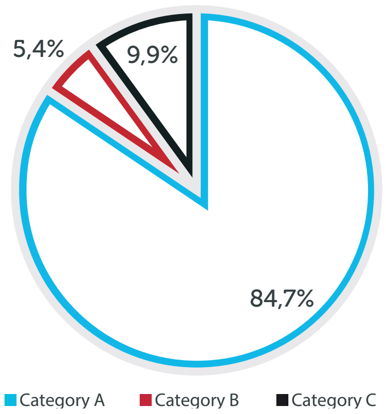
Lease Expiry Profile by GLA (%)



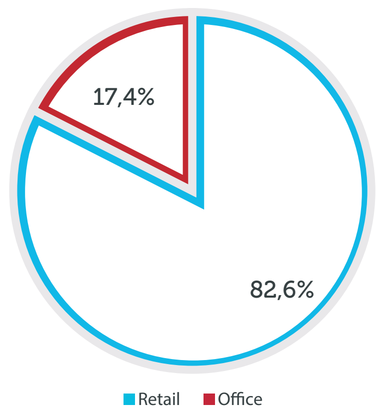
Category A – Large national tenants, large listed tenants, government and major franchisees
Category B – National tenants, listed tenants, franchisees, medium-to-large professional firms
Category C – Other

Note the below included in **Category C** above:
Uncontracted – 3.7%
Management offices – 0.5%

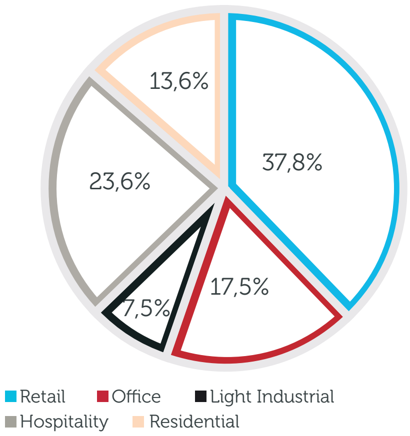
Tenant Profile by GLA
(% GRIT Owned)



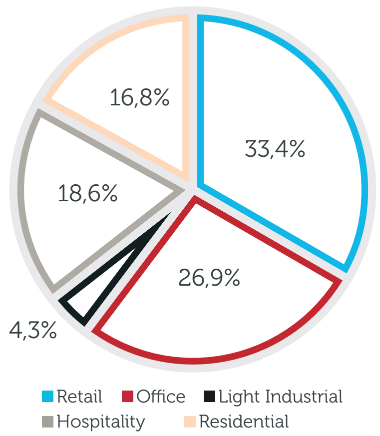
Vacancy by sector by GLA (%)



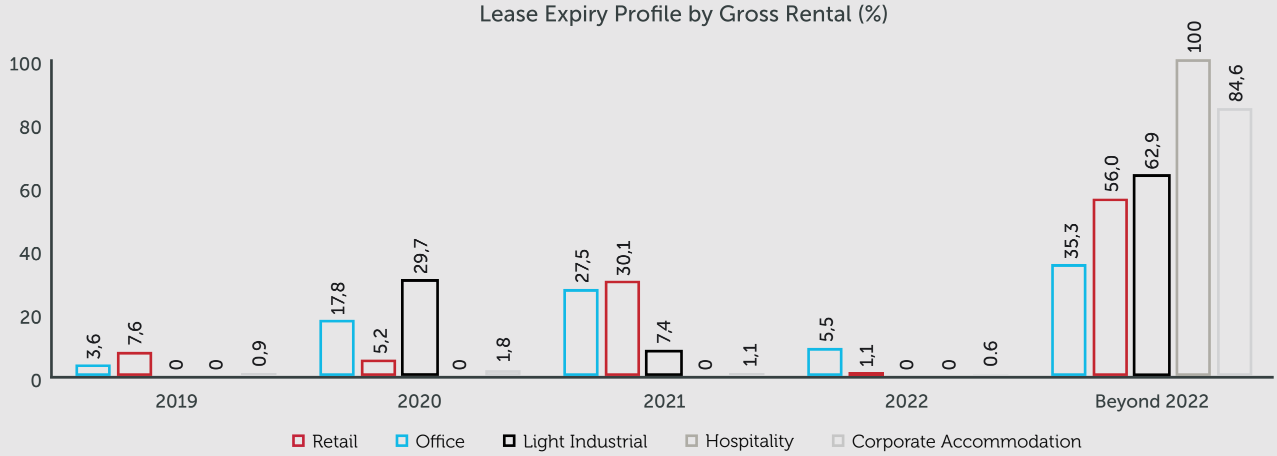
Sector Profile by GLA
(% GRIT Owned)



Sector Profile by Rental Income
(% GRIT Owned)



Lease Expiry Profile by Gross Rental (%)



STRATEGIC

Portfolio Key Metrics – Sectoral

* as at June 2019

	Retail	Office	Light Industrial	Hospitality	Corporate Accommodation	Held for Development	Other Investments	Total
Number of Properties/Investments	7	8	2	4	2	1	1	**25**
Grit attributed Asset Value (USD'000)[1]	263 379	198 471	26 973	152 784	115 700	3 250	3 100	**763 657**
Weighted Average Property Cap rate	7.5%	8.0%	8.6%	6.9%	8.4%	–	–	**7.6%**
WALE *by GLA (years)	2.9	4.5	5.9	11.5	4.5	–	–	**6.3**
Weighted Average Lease Escalations (income)	2.6%	3.9%	3.0%	0.8%	3.2%	–	–	**2.8%**
Grit attributed Weighted Avg US$ Rental per m² per month	$24.49	$31.89	$10.60	$13.88	$23.43	–	–	**$22.8**
Full GLA (m²)	120 401	51 646	19 558	111 777	35 471	–	–	**338 854**
Grit attributed GLA (m²)	98 462	45 580	19 558	61 638	35 471	–	–	**260 709**
Operating cost to income ratio[2]	36.0%	10.8%	3.6%	0.2%	20.0%	–	–	**17.0%**
EPRA Vacancies[3] (%)	4.8%	4.8%	0.0%	0.0%	0.0%	–	–	**2.9%**
Weighted average cost of property debt (%)	6.5%	8.0%	6.5%	4.0%	8.2%	–	–	**6.3%**
Debt to Property Value[4] (%)	42.0%	44.1%	28.3%	42.2%	32.3%	–	–	**40.6%**

[1] *Value as at 30 June 2019 at Grit proportionate ownership. Portfolio value includes land values for Imperial Ph2 and Buffalo Mall Ph2.*
[2] *Based on EPRA cost to income ratio calculation methodology*
[3] *Vacancy is measured as a percentage of Total Estimated Rental Value, excludes those units under rental guarantee*
[4] *Excluding corporate facilities*

Portfolio Key Metrics – Geographic

* as at June 2019

	Morocco	Mozambique	Ghana	Mauritius	Kenya	Zambia	Botswana	Total
Number of Properties/ Investments	1	9	3	5	3	3	1	**25**
Grit attributed Asset Value (USD'000)	106 148	287 841	51 824	167 096	28 899	118 750	3 100	**763 657**
Weighted Average Property Cap rate	7.8%	8.1%	8.5%	6.9%	7.8%	7.4%		**7.6%**
WALE *by GLA (years)	3.7	4.0	3.1	11.3	8.3	1.9		**6.3**
Weighted Average Lease Escalations (income)	3.3%	3.6%	3.3%	0.8%	3.6%	2.2%		**2.8%**
Grit attributed Weighted Avg US$ Rental per m² per month	$36.79	$26.06	$35.13	$13.77	$11.68	$19.32		**$22.8**
Full GLA (m²)	31 934	84 086	16 971	120 046	19 860	65 957		**338 854**
Grit attributed GLA (m²)	31 934	84 086	10 905	69 907	16 781	47 096		**260 709**
Operating cost to income ratio[2]	61.9%	21.8%	10.6%	3.1%	18.0%	16.9%		**17.0%**
EPRA Vacancies[3] (%)	12.9%	1.4%	9.9%	0.3%	0.0%	0.2%		**2.9%**
Weighted average cost of property debt (%)	4.5%	8.5%	8.8%	4.0%	7.8%	6.6%		**6.3%**
Debt to Property Value[4] (%)	42.4%	39.5%	38.5%	42.9%	38.0%	30.0%		**40.6%**

[1] *Value as at 30 June 2019 at Grit proportionate ownership. Portfolio value includes land values for Imperial Ph2 and Buffalo Mall Ph2.*
[2] *Based on EPRA cost to income ratio calculation methodology*
[3] *Vacancy is measured as a percentage of Total Estimated Rental Value, excludes those units under rental guarantee*
[4] *Excluding corporate facilities*

EPRA SUMMARY (Non-Audited)

GRIT – EPRA PERFORMANCE MEASURES – YEAR ENDED June 2019

Assets/Measures	EPRA NIY	IFRS NIY	EPRA TOPPED-UP NIY	EPRA VACANCY RATE	EPRA COST RATIOS
Hollard Building	6.6%	7.6%	6.8%	6.2%	21.7%
Commodity House Ph 1	8.1%	7.2%	8.3%	–	12.4%
Commodity House Ph 2	6.5%	7.7%	6.5%	–	6.5%
Vodacom Building	8.0%	8.0%	8.0%	–	4.8%
Zimpeto Square	1.3%	7.3%	1.3%	30.4%	81.4%
Mall de Tete	7.4%	10.8%	7.4%	–	24.6%
Bolloré Warehouse	11.1%	11.6%	11.1%	–	4.8%
VDE Housing Estate	6.2%	9.9%	6.7%	–	24.4%
Acacia Estate*	7.4%	8.9%	7.4%	–	15.8%
Cosmopolitan Mall*	6.7%	7.8%	6.7%	–	16.6%
Kafubu Mall*	7.2%	7.3%	7.2%	0.1%	19.0%
Mukuba Mall*	7.1%	8.0%	7.1%	0.4%	15.2%
Buffalo Mall*	6.6%	8.0%	6.6%	1.4%	33.5%
Imperial Warehouse	6.2%	8.2%	6.2%	–	2.4%
Tamassa Resort	6.0%	8.0%	6.0%	–	–
Beachcomber Hospitality	6.5%	6.8%	6.5%	–	0.4%
Barclays House	6.9%	8.6%	6.9%	4.6%	9.0%
Capital Place*	7.9%	10.8%	7.9%	26.0%	16.1%
5th Avenue	9.1%	9.9%	10.1%	8.3%	15.9%
CADS II Building*	9.2%	10.1%	9.2%	–	–
Anfa Place Mall	4.1%	6.6%	4.1%	12.9%	61.9%
Weighted Av. – 100% Portfolio	6.69%	7.94%	6.76%	2.93%	17.65%[1]
Weighted Av. – % Owned	6.63%	8.05%	6.72%		17.05%[2]

**Incl. share of joint ventures*

[1] Including direct vacancy costs
[2] Excluding direct vacancy costs

SECTOR RATES

	EPRA NIY	COST RATIOS
Retail	5.9%	36.0%
Office	8.0%	10.8%
Hospitality	6.4%	0.2%
Corporate Accommodation	6.9%	20.1%
Light Industrial	7.3%	3.6%

GEOGRAPHY RATES

	EPRA NIY	COST RATIOS
Morocco	4.1%	61.9%
Mozambique	7.2%	21.8%
Ghana	8.8%	10.6%
Kenya	6.3%	18.0%
Zambia	6.9%	16.9%
Mauritius	6.4%	3.1%

Human Capital

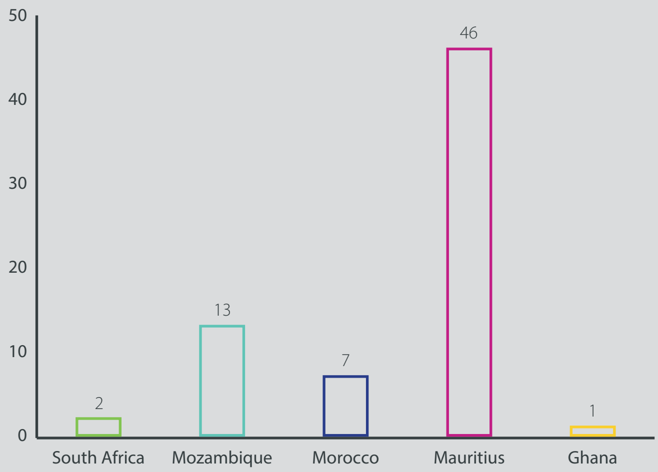
Human capital strategy – talented team

Grit Group recognises that its people are its most important asset in achieving the business strategy. The priorities outlined in the HR Strategy will help drive alignment, encourage exceptional leadership, talent management, high performance, competitive reward and recognition, personal growth and a culture of passion and relentless determination. It is through a talented team that Grit drives superior performance, innovation and growth to deliver shareholder return. To succeed, therefore, we need the right people with the right skills and values in place at the right time. Grit's leadership champion an inclusive and supportive working environment, facilitating high performance of a talented, diverse and motivated workforce who are empowered and engaged.

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

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

Grit Group Human Capital distribution
(Number of employees)



38%
Human Capital growth

Equal Opportunity Policy

Fair Recruitment and Onboarding Process

Employees at 30 June 2019: 69 (2018: 50)

Subsequent to year-end additional 12 employees onboarded taking total number of employees to 81

48% Woman
52% Men

International Exposure
5 Countries

9 Nationalities

8 Languages

500+ hours
of training

Training and development Policy

Talent Management Policy

Learning and Development offered consistently

Overseas training and Digital Learning in place

Digitalisation
HRMS accessible to all employees

Performance Management software

HR Metrics and Data recording

Online Employee Satisfaction Survey

STRATEGIC

GRIT PILLAR	OBJECTIVES	KEY RESULTS	MEASURES	PRIORITIES FOR 2019/2020
TALENTED TEAM	Attract, identify, develop and retain high-performing talent across all areas of the business.	Recruitment strategy that encourages identification of internal and external talent using appropriate tools and methods for recruitment.	• Number of internal promotions. • Retention of high-performing staff.	Training of and awareness sessions of management and existing staff.
		Conduct job profiling exercise to create skills matrix within each job family linked to identifying skills gaps, career pathing, talent management and recruitment.	• Number of positions profiled.	Competency profiles complete for all job families.
TALENTED TEAM	Develop and support the growth of transformational leadership and management.	Develop an empowered, high-performance Senior Leadership team able to deliver results over a sustained period.	• Appointment of provider and initial investigation and assessment and recommended actions phase complete.	Implementation of leadership development initiatives.
		Development of Talent Review process to identify senior management potential and key talent to support succession planning, talent management and retention.	• Number of internal leadership promotions. • Number of leaders and managers developing self and others. • Feedback from employee satisfaction survey on leadership and management.	Implementation of Talent Review process. Development initiatives identified and implemented.

GRIT PILLAR	OBJECTIVES	KEY RESULTS	MEASURES	PRIORITIES FOR 2019/2020
CONSISTENT PERFORMANCE	Enable the development of a high-performance culture through recognition, reward and career growth opportunities.	Deliver performance evaluation processes that create a culture of regular feedback aligned to the achievement of agreed objectives and key results.	• Clearly defined roles and responsibilities. • Clear performance standards, contributing to effective personal development discussions and opportunity to reward excellent performance. • Performance rating distribution. • Development and training opportunities identified through the process.	Implementation of electronic online performance evaluation process. Staff engagement and participation in the new evaluation process.
BUILDING RELATIONSHIPS	Foster a values-based culture focused on diversity, inclusivity, wellbeing and positive engagement.	Support diversity and inclusion through transformation and identification of local talent in all jurisdictions.	• Demographic analytics. • Track transformation activity ensuring that equality and diversity is embedded in key policies and frameworks.	Continue to develop and promote diversity, inclusion and well-being.
			• Increased staff engagement (recognising feedback from employee satisfaction surveys).	Introduction of work-life balance initiatives as identified through the results of the Employee Satisfaction Survey.

Digitalisation

To support our business' development and enable its growth, the Board has approved and supported many digital initiatives. At Grit, we strongly believe that digitalisation will allow us to transform the experience we offer our stakeholders and team members for the better. Grit has embarked upon an ambitious digital transformation journey. It will help us improve on our efficiency, processes, seizing new opportunities and growing our businesses, thereby increasing our revenue.

Human capital digitisation

Grit Human Capital has reinvented itself in the 2018–2019 year with consequent investment in software that will enable an employee engagement culture. This year saw the introduction of two major software, BambooHR, our Human Resources Management System (HRMS) and Impraise, our Performance Management System (PMS).

impraise

As an organisation Grit strives to create a culture of regular, open and constructive feedback. Through the implementation of Impraise, the Company can drive alignment across the Group.

The digitised People Enablement Platform drives alignment across the Group through the creation and communication of Group, team and individual objectives. With aligned and shared objectives, managers and employees are encouraged to have a more transparent and interactive approach to performance management and employee development.

In July 2018, through the implementation of a robust cloud-based HR Management system (HRMS) – BambooHR, Grit Human Capital streamlined HR processes and data collection internationally.

The integrated HRMS improves confidentiality of employee information through the creation of "access levels", workflows and levels of approval, bringing HR to the fingertips of employees from onboarding of new employees through to offboarding of employees leaving the Company.

Integrated HR processes across all regions enhances consistency in HR practices whilst endorsing local regulatory requirements.

Bi-annual, confidential Employee Satisfaction Surveys are conducted automatically, assessing the levels of engagement of the staff and address any concerns that may be highlighted.

The HRMS platform enables the integration of data analytics to support improved human capital business decisions across geographies within regulatory frameworks.

STRATEGIC

SOLIS Payroll System

As the number of employees has increased significantly at Grit, the decision was taken to no longer outsource payroll and to bring it in-house, by employing a Payroll Manager and implementing Solis Payroll effective as from 1 July 2019. Prior to 1 July 2019, the system was tested and run in parallel for a number of months before the effective date.

Salary calculation requires fast, accurate and reliable software easily configured to cover all types of payments and deductions, with built-in statistics and in compliance with local statutory regulations.

Main functionalities:

- Multi-currency functionality.
- E-transfer payments: PAYE, NPS through the MNS system.
- Automatically calculate end-of-year bonus, leave refund and government salary increase.
- Generate your own reports.
- Export data to Excel, Word or Acrobat, or email reports directly from the software.
- Analyse your data over months, years, etc.

Corporate Governance Digitalisation

DiliTrust Exec

In February 2019, Grit started using the DiliTrust Exec platform, a corporate governance solutions designed to digitise Board and Executive Committee meetings, to, *inter alia*:

- improve the stakeholder engagement with the Directors;
- better organise the Committee and Board meetings;
- facilitate the circulation of Committee and Board papers to the Committee and Board members; and
- to cater for paperless meetings, contributing to greener governance.

The reasons for the selection of DiliTrust Exec by Grit are as follows:

- it is seamless to organise Board and Committee meetings;
- the platform is secure;
- the Board portal meets standards of information security, notably with its ISO 27001 certification. Data is encrypted while stored with the Advanced Encryption Standard (AES) with a 256-bit key. Grit Group Board members can share and receive documents securely, anywhere in the world, online and offline;
- there is an effective support team; and
- upon recommendation, the development team of DiliTrust Exec proceeds to amendments to the platform to suit requirements of Grit

Facilities Management Digitalisation

Concept Evolution™

Grit is in the process of implementing Concept Evolution™, which is a completely web-based Computer Aided Facilities Management (CAFM) solution. This CAFM software is design to help businesses save money and time by properly managing their buildings, space and occupants more efficiently and effectively.

Easily accessed through a standard web browser, Concept Evolution™ offers an extremely powerful, flexible, and easy-to-use facilities management software platform that leverages the web to provide a single, integrated view of facilities and maintenance activities across our portfolio.

By centralising data and processes throughout the facility management lifecycle, Concept Evolution™ provides a secure, seamless flow of information across locations, divisions, operations, people and projects.

The Concept Evolution system includes a Compliance Register, for linking Instruction Sets, Tasks and PPM (Pre-planned maintenance) schedules to a comprehensive Compliance Type register, with control of due dates and compulsory certification for compliance tasks.

Corporate Social Responsibility Initiatives

Create an impact in our community

The Grit CSR program was launched with great anticipation and success in May of 2018. In challenging ourselves to become true Grit Champions, we identified various projects to engage with and provide much – needed support. Our efforts are tested against the pillars of our corporate philosophy and challenges us to actively engage in bringing about positive change in areas where we can contribute on a significant scale.

Grit is committed to conducting a Corporate Social Responsibility (CSR) program based on the Sustainable Development Goals (SDGS) advocated encouraged by the United Nations. A CSR Committee has been created to implement and analyse projects, evaluate budgets and validate initiatives.

The SDGs – otherwise known as the Global Goals – are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

These 17 Goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, amongst other priorities. The goals are interconnected – often the key to success on one will involve tackling issues more commonly associated with another. The SDGs came into effect in January 2016, and they will continue to guide UNDP policy and funding until 2030.

As a company operating in a selection of African countries, Grit is aiming at bringing support to humanitarian causes located in one of the jurisdictions where the Company has business interests.

CSR Committee

Our company is at the beginning of its CSR journey and is determined to develop a long-term vision and create a sustainable impact. We aim to make a difference not only in the public sphere, but also by encouraging our employees to give their time and commitment to CSR activities. A Committee has been established to coordinate project applications, evaluate and allocate budgets, and ensure compliance with our CSR philosophy.

Members of the Committee are employees of Grit and the Committee meets every two months to review projects and budgets.

Terre de paix

TERRE DE PAIX is championed by Sheila Edouard, Receptionist, and GRIT has committed to support this community initiative with US$5 000 annually. Activities are focused on the combatting of poverty and its consequences on vulnerable groups, especially children. Launched in Mauritius in 1978, this NGO aims to provide much needed assistance to abandoned and vulnerable children, children out of the mainstream education system, poverty-stricken and other needy families.

Achievements in 2018/19: Apart from providing financial support, we have organised a food and clothes donation campaign, driven by our team members, before the end of 2018 and followed up on this initiative by driving a stationary donation program to equip children with much needed stationary equipment (books, pens, etc.) at the start of the new school year at the beginning of 2019.

SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION

14 LIFE BELOW WATER

15 LIFE ON LAND

TERRE DE PAIX
La Fondation pour L'enfance

reef CONSERVATION

OL PEJETA CONSERVANCY

All Life Matters
ANIMAL SANCTUARY

Médecins Sans Frontières

Following the Cyclone Kenneth, which hit central Mozambique in mid-March 2019 and killed at least 600 people, Grit made a donation of US$5000 to the French NGO Médecins Sans Frontières.

Reef conservation

This is a project of significant importance as it addresses the rapid decline of coral reefs surrounding Mauritius. Created in 2004, Reef Conservation is an accredited NGO dedicated to the conservation and restoration of the coastal and marine environment of Mauritius. As this is not a localised problem, with the world's coral reefs under serious threat, this project speaks to supporting local effort and education in addressing a global problem. These habitats are under serious threat, and many species, dependent on these bio habitats, face extinction due to rapid coral decline. Grit's donation to Reef Conservation was to support an education project named "Young Reporters for the Environment (YRE)". The objective of the Young Reporters programme is to empower and give a voice to young people, aged between 11 and 25 years old, to examine the environmental issues and problems in their home countries and communities, propose solutions and share their messages through investigative reporting, photographic or video journalism.

TIPA

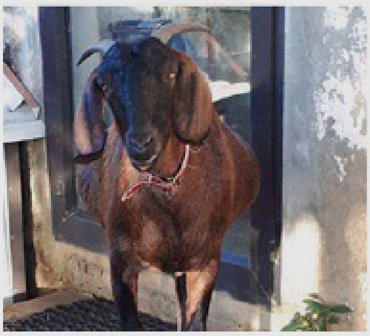
Instead of investing in end of year corporate gifts, Grit has decided to make a donation to the NGO TIPA.

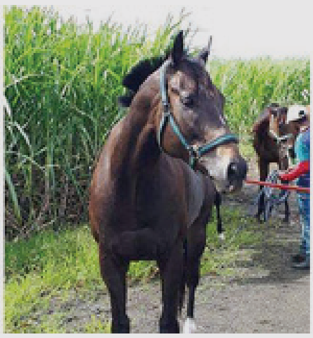
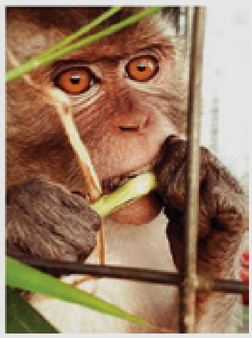
Founded in 2008, this association has given itself the mission to empower vulnerable children to become active citizens of the Mauritian society by favouring their development through the promotion of interactive pedagogy and education to Art and Culture.

All Life Matters Animal Sanctuary (ALM)

Grit supports this project with a financial contribution of US$17 260 per year. The initiative is championed by Moira van Westhuizen, Head of Risk and Compliance.

ALM is a Mauritian non-profit organisation dedicated to animal welfare. ALM provides a sanctuary to many abandoned animals, runs a veterinary clinic and educates people on animals welfare and being responsible pet owners.



designed to perform

vision

Governance

Corporate Governance Statement

Statement of Accountabilities and Compliance

Corporate governance can be defined as the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes:

- ethical culture;
- good performance;
- effective control; and
- legitimacy.

It is the intention that the principles of integrity and the highest ethical standards are upheld by all who serve the Company and its stakeholders. The Board sets general strategies and policies and ensures the implementation with the support of the Executive Management Team, with one of their duties being the oversight and implementation of good governance.

Governance framework

The Board seeks to maintain strong corporate governance structures and processes by working within a clearly defined governance framework which enables the delivery of sustainable growth to all shareholders and other stakeholders.

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

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

Board of Directors

The Board is primarily responsible for setting the Group's strategy for delivering long-term value to our shareholders and other stakeholders

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

Audit Committee Refer to page 100	Risk Committee Refer to page 104	Investment Committee Refer to website	Remuneration Committee Refer to page 88	Nomination Committee Refer to page 98	Social & Ethics Committee Refer to page 106

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

Executive Committee

The Board has delegated the execution of the Group's strategy and the management of the Group's daily operations to the Executive Committee which comprises of the Executive Directors and the Senior Management Team.

Refer to pages 80 to 81 for bio of members.

Board of Directors

Grit is led by an effective unitary Board, whose role is to promote the long-term sustainable success of the Company, generating value for stakeholders and contributing to wider society. The Board, being well aware of their legal duties, acts in accordance with the company's purpose, culture, values and strategy. The Board is committed to the highest standards of business integrity, transparency and professionalism in all of its activities so as to ensure the continued success of Grit.

The Directors do not have a relationship with the organisation and with the majority shareholder, other than as set out under the Related Parties Notes at Note 34 of the AFS.

Peter Todd [60]
Nationality: British
Residency: Mauritius

INDEPENDENT NON-EXECUTIVE CHAIRMAN
Appointed to the Board: 14 August 2014
Appointed as Chairman: 13 April 2018

Peter is a qualified attorney and began his career as the senior tax manager at Arthur Andersen and Associates in Johannesburg. He joined TWS Rubin Ferguson in 1993 as a tax partner and was instrumental in listing several companies on the JSE.

In 2000, Peter established Osiris Group in the British Virgin Islands and Mauritius to provide international corporate finance and administrative services to global clients.

Peter has significant understanding of the property industry in the UK, South Africa and the rest of Africa.

Other listed directorships: 1
(Astoria Investments Limited)

Committees: Investment (Chairman), Nomination (Chairman), Remuneration and Social & Ethics

Bronwyn Corbett [38]
Nationality: South African
Residency: Mauritius

CHIEF EXECUTIVE OFFICER
EXECUTIVE DIRECTOR
Appointed to the Board: 12 May 2014
Appointed as CEO: 12 May 2014

Bronwyn is the Chief Executive Officer of Grit. Bronwyn has significant corporate finance and deal making experience. She played an instrumental role in the JSE listing of Delta Property Fund Limited in 2012 where she held the positions of Chief Financial Officer and Chief Operating Officer prior to taking up the leadership role at Mara Delta Property Holdings. During her tenure at Delta Property Fund Limited, Bronwyn spearheaded the diversification of the REIT's funding sources into the debt capital markets, leading to the establishment of a ZAR2 billion Domestic Medium Term Note Programme (DMTN Programme). She led the team responsible for obtaining a national scale issue rating from Global Credit Ratings as part of the DMTN Programme.

In addition, Bronwyn co-headed the team responsible for growing assets under management from ZAR2.2 billion at listing to ZAR11.8 billion in May 2016. Bronwyn is a founder member and served as Non-Executive Director on the Board of Mara Delta Property Holdings Limited ("Mara Delta" – now Grit Real Estate Income Group Limited) where she played a significant role in the listing and conversion of the fund to its current pan-African focus, underpinned by dollar based leases. She assumed the role of Chief Executive Officer in the lead-up to the fund's merger with Pivotal to form Mara Delta. She has grown the portfolio from $220 million at inception to approximately $600 million currently.

Other listed directorships: Nil

Committees: Investment and Social & Ethics

Leon van de Moortele [44]
Nationality: South African
Residency: Mauritius

EXECUTIVE DIRECTOR
Appointed to the Board: 30 June 2015
Appointed as CFO: April 2015

After completing articles with PwC, Leon moved to the Global Risk Management Services within PwC, where he became the Senior Manager in charge of Data Management. He is a Chartered Accountant and also holds a Honours Degree in Accounting Science.

In 2004, Leon moved to Solenta Aviation, where he became Group Finance Director within ≈18 months. During his tenure as Group Finance Director, the Group expanded from 12 aircrafts to 48 aircrafts, operating in eight African countries (including South Africa, Mozambique, Algeria, Ghana, Gabon, Kenya, Tanzania and Côte d'Ivoire).

Leon joined Grit in April 2015 as CFO, where he has continued to utilise his tax structuring knowledge and experience in operating in Africa to expand the asset base of the Group.

Other listed directorships: Nil

Committees: Risk Committee

GOVERNANCE

Ian Macleod [66]
Nationality: South African
Residency: South Africa

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed to the Board: 30 June 2015

Ian holds a BCom (Honours) in Real Estate Investment, Valuation and Development and has over 46 years of experience with financial institutions, including Standard Bank of South Africa and Nedbank with a specific focus on Real Estate Credit Risk.

He has extensive knowledge of the real estate sector's key role players, business sector and geographic nodes. Ian has managed portfolios in excess of ZAR80 billion during changing economic cycles and managing problematic properties in economic downturns. Ian is a former Head of Credit for Real Estate for Standard Bank South Africa Limited.

Other listed directorships: 2 (Delta Property Fund Limited and Paradise Property Investments Ltd)

Committees: Remuneration (Chairman), Nomination, Investment, Risk and Audit

Catherine McIlraith [55]
Nationality: Mauritian
Residency: Mauritius

INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed to the Board: 24 November 2017

Catherine holds a Bachelor of Accountancy degree and has been a member of the South African Institute of Chartered Accountants since 1992. She served her articles at Ernst & Young in Johannesburg and then joined the Investment Banking industry. Catherine has held senior positions in corporate and specialised finance for Ridge Corporate Finance, BoE NatWest and BoE Merchant Bank in Johannesburg. She returned to Mauritius in 2004 to join Investec Bank where she was Head of Banking until 2010.

Catherine held various Independent Non-Executive Board positions for several public and private companies in Mauritius including AfrAsia Bank Ltd, Les Gaz Industriels Ltd and The Mauritius Development Investment Trust Co Ltd. She has also been a member of the Financial Reporting Council (FRC) and is a Fellow Member of the Mauritius Institute of Directors.

Other listed directorships: 7 (Astoria Investments Limited, CIEL Limited, Les Gaz Industriels Ltd, Barak Fund SPC Limited, MUA Limited and Mauritius Union Assurance Company Limited, Paradise Property Investments Ltd).

Committees: Social and Ethics (Chairman), Risk (Chairman), Audit (Chairman) and Remuneration

David Love [54]
Nationality: New Zealander
Residency: United Kingdom

INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed to the Board: 4 December 2018

David Love is a Fellow Chartered Accountant, qualifying with Deloitte, and holds a BCom and LLB (Hons First) in Land Law, Equity and Trusts. He has over 19 years' experience in the real estate investment sector.

He has been instrumental in the completion of a number of high profile European real estate transactions including the listing of Picton Property Income Limited on the LSE and the formation of a £1.4 billion UK Property Authorised Investment Fund. David is currently the CFO of Knight Frank Investment Management.

Other listed directorships: Nil

Committees: Audit, Risk and Social & Ethics

Sir Samuel Esson Jonah, KBE, OSG [70]

Nationality: Ghanaian
Residency: Ghana

INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed to the Board: 21 February 2019

Sir Samuel Jonah is one of Africa's leading businessmen and internationally recognised as a leading business executive. He obtained a Master's degree in Management from Imperial College, London following which he worked for Ashanti Goldfields and became CEO of the company in 1986.

Sir Jonah was elected Foreign Member of the United States National Academy of Engineering in 2018.

An Honorary Knighthood was conferred on him by Her Majesty the Queen in 2003 and in 2006 he was awarded Ghana's highest national award, the Companion of the Order of the Star.

Other listed directorships: 1 (Bank of America)

Committees: Investment, Remuneration and Social & Ethics

Nomzamo Radebe [42]

Nationality: South African
Residency: South Africa

NON-EXECUTIVE DIRECTOR
Appointed to the Board: 24 November 2017

Nomzamo Radebe is a qualified Chartered Accountant who has furthered her studies in real estate, with a successful career spanning over 20 years.

Nomzamo is the Chief Executive Officer of Excellerate Real Estate Services. She is a former Chief Investment Officer of Pareto Limited, and prior to this, she worked as a Director and in the Sasol Group treasury unit as a Treasury Operations Manager. Nomzamo was awarded the IPM Business Leader of the year 2016 and the Five Star Woman award by the Women Property Network in 2009.

Other listed directorships: 1 (Munich Reinsurance Company of Africa Limited)

Committees: Investment, Nomination and Social & Ethics

Bright Laaka [39]

Nationality: South African
Residency: South Africa

INDEPENDENT NON-EXECUTIVE DIRECTOR (PERMANENT ALTERNATE TO NOMZAMO RADEBE)
Appointed to the Board: 29 November 2018

Bright has 16 years' experience in Business Development, Sales and Marketing. He holds a BSc (Agric), MSC Production Physiology and an MBA in Entrepreneurship.

Bright is the founder and CEO of Rural Development Alliance Group in South Africa. He is a member of the SA BRICS Agribusiness, a technical advisory and business development working group, as well as Alpha Africa Foundation, a non-profit organisation that primarily works in rural areas to improve the livelihood of community members.

Bright is also a former New Business Development Manager for two multinational companies listed on the New York Stock Exchange.

Bright is a former New Business Development Manager for two multinational companies listed on the New York Stock Exchange.

Other listed directorships: Nil

Committees: Investment, Nomination and Social and Ethics (as permanent alternate to Nomzamo Radebe)

GOVERNANCE

Details of directorships held in other organisations

Peter Todd

Osiris Management Services Limited
Osiris Secretarial Services Limited
Osiris Corporate Solutions (Mauritius) Limited
Osiris International Trustees Limited
Starlite Aviation Operations Limited
Starlite Africa Training Limited
Starlite Africa Holdings Limited
Aspera Capital Management Limited
Heavy Lift Charters Limited
Hover Aviation Insurance Limited
CGI Capital Limited
Ascheim Property Limited
CoroCap Holdings Limited
Corocap Property Management Limited
Corocap Property Limited
CoroCap Ruby Limited
Eschborn Property Limited
Astoria Investments Limited
Astoria LP Holdings Limited
GB Fund Services Limited
GB Capital
Rock PHB Limited
DRC Investments Limited
Great North Investments Limited
Grit Services Limited
Kabwe Investments Limited
Katanga Investments Limited
Kinois Investments Limited
Luangwa Investments Limited
Nampula Investments Limited
Solwezi Investments Limited

Bronwyn Corbett

Copapax Proprietary Limited
Bowwood and Main No 117 Proprietary Limited
Phamog Properties Proprietary Limited
Choice Decisions 300 Proprietary Limited
Atterbury Parkdev Consortium Proprietary Limited
Hendisa Investments Proprietary Limited
Dorado 1 Limited
Gateway Delta Development Holdings Limited
Africa Property Development Managers Limited
BG Africa Limited
BGL Investments Limited
Kenzlex (Mauritius) Limited

Leon van de Moortele

Abland Diversified Holdings Limited
Bgl Investments Limited
Bh Property Investments Limited
Casamance Holdings Limited
Cd Properties Limited
Dif 1 Co Limited
Freedom Asset Management
Gerania Limited
GMS Mauritius Limited
Gr1t House Limited
HM&K Properties Limited
IDC Kenya Investments Limited
Kitwe Mukuba Investments Limited
Leisure Property Northern (Mauritius) Limited
Lusaka Cosmopolitan Investments Limited
Mara Delta (Mauritius) Property Limited
Ndola Kafubu Investments Limited
Pangea Holdings 2 Limited
Pangea Holdings Limited
Paradise Consultancy Services Limited
Paxton Investments Limited
Transformers Holdings Mauritius Ltd
BME Kenya Investments Limited
Grit Management SA (Pty) Ltd
Grit Services Limited
IWH Kenya Investments Limited
Sal Investment Holdings Ltd.
Zambian Property Holdings Limited
Zimpeto Imobiliara, Limitada
Mall de Tete, Limitada
Gateway Properties, Limitada
Delta International Bahrain S P C
Commotor, Lda
S & C Imobiliaria, Lda
Delta Tete, Lda
Cognis 1, Lda
Mara Viwandani Limited
Warehousely Limited
Mukuba Mall Limited
Kafubu Mall Limited
Grit Accra Limited
Grit West Africa Limited
Cads Developers Limited
Van de Moortele Properties Pty Ltd

Ian Macleod

Delta Property Fund Limited
Paradise Property Investments Limited

Catherine McIlraith

Les Gaz Industriels Limited
CIEL Limited
Astoria Investments Limited
CIEL Finance Limited
MUA Limited
MUA Life Limited
Mid-Market Africa Fund, PCC
Marina Joint Investment Limited
Southern Ocean Holdings Limited
Canal Duplex Investment Limited
Que Pasa Investment Limited
Paradise Property Investments Limited
Barak Fund SPC Limited
The Mauritian Union Assurance Company Limited
Blue Roof Limited

Bright Laaka

Rural Development Alliance Group
Phetolo Health and Strategies & Solutions
Aria Energy
BrightVest Africa

David Love

AD Mathias Limited

Nomzamo Radebe

Munich Re-insurance Company of Africa
Excellerate Property Services (Pty) Limited
Excellerate Real Estate Services (Pty) Limited, trading as JHI
JHI Properties (Namibia)(Pty) Limited
JHI Retail Proprietary Limited
Gensec Property Services (Lesotho) (Pty) Limited
Venus Africa Properties (Pty) Limited
Drive In Trading (Pty) Limited
Rehna Investments (Pty) Limited

Sam Jonah

Mobus Property Developers
African Gold Group
Jonah Capital
Iron Mineral Beneficiation Services
Hollard Insurance
Bank of America
University of Cape Coast

GOVERNANCE

Executive Committee

Executive Committee

The Board has delegated the execution of the Group's strategy and the management of the Group's daily operations to the Executive Committee, which comprises of the Executive Directors and the Senior Management Team. The organisational chart is set out at page 8.

Executive Directors

Bronwyn Corbett – Chief Executive Officer – see Board of Directors on page 75 for Bronwyn's bio.

Leon van de Moortele – Chief Financial Officer – see Board of Directors on page 75 for Leon's bio.

Bronwyn Corbett
CHIEF EXECUTIVE OFFICER

Leon van de Moortele
CHIEF FINANCE OFFICER

Moira van der Westhuizen
HEAD OF RISK & COMPLIANCE

BCOM (HONS), CA(SA)

Moira joined Grit in May 2016 as the Integration Officer and now heads up Risk and Compliance.

She has over 20 years of experience in finance, business and auditing, which included running her own business and then in 2005 going into partnership as the Audit Partner in an Audit and Accounting practice. In 2008 she moved to Mauritius and worked for Investec Bank and later CCI Global (Mauritius) Limited as the Group Financial Controller.

Jaco van Zyl
HEAD OF TREASURY

BCOMPT (HONS), BCOM, CA(SA)

Jaco joined Grit in February 2016. After completing his articles, he moved to Federal Airlines as Financial Manager and ultimately assumed responsibility of the full finance function of the South African and Mozambican operations.

In January 2012, he joined the exploration drilling division, Geosearch of the JSE-listed group, Sentula Mining, as the Financial Manager and developed into the CFO for the Geosearch group. Here his African experience expanded further into Mauritius, Botswana and Mozambique.

Jaco has assumed responsibility for the Group's reporting and treasury function, effectively flowing funds within the Grit structure and maintaining debt facilities.

Bevan Smith
HEAD OF CORPORATE ADVISORY

CFA, BCOM (ACC) (HONS), CA (SA)

Bevan joined the Group in 2015 as an Investment Manager and then moved into the role of Senior Investment Manager at Grit. Prior to joining Grit, Bevan held the position of Investment Principal at RH Managers, a boutique private equity firm, specialising in green field healthcare investments within South Africa.

In 2013 Bevan was instrumental in the successful listing of Accelerate Property Fund on the JSE, which consisted of 51 properties, valued at R5.9 billion. Post completion of his articles in 2009, Bevan joined EY's corporate finance division TAS, where he gained invaluable experience in due diligence, valuations, lead advisory, business modelling and JSE related activities, all of this makes him a valuable member of the team.

Corinne joined the Company in 2018 and holds a Master's degree in Information/Communication from the University of Reunion Island and the University of Natal (South Africa). After completing her studies, Corinne went into Journalism where she spent 10 years working as a senior journalist covering interviews, analysis and reports in the areas of Criminology, Natural Catastrophe, Politics, Economy and Culture. Corinne also led the campaign for the launch of the Mauritian National Lottery, where she held the position of Public Affairs Senior Manager. In January 2012, Corinne established her own Public Relations Strategy & Events Management Consulting company providing marketing and advertising strategy together with creating external communications plans to various clients. She did the launching of La Croisette Shopping Mall in Mauritius. Corinne was also the Chapter Manager of Young President's Organization (YPO) Mauritius for five years. Corinne's past work experience makes her a valuable member of the team, bringing a wealth of experience with her.

MASTERS (INFO/COMMS)

Andries joined Grit in 2019 from Benir Projects (Pty) Ltd, an international projects and facilities management company. As Managing Director of Benir, Andries was responsible for the successful execution of multi million-Rand projects across multiple sectors.

His oversight duties included compiling client briefs and determining the scope of work, representing clients at professional team meetings, managing the execution of construction projects against timelines, as well as co-ordinating the relocation arrangements of corporate departments. Other responsibilities included regular quality control inspections of sub-contractor works to ensure compliance to specifications.

Prior to joining Benir, Andries was the Managing Director of Motseng Selmec, a specialist facilities management and infrastructure group where he gained experience in telecommunication infrastructure management, as well as FMCG facilities management.

As a former director of Comserv Mozambique Lda, an infrastructure maintenance company, Andries has first-hand experience of operating in that country.

BSC, QS

Shabnam joined Grit in June 2019 as the Group Finance Manager.

Prior to joining Grit, Shabnam was with CCI Global (Mauritius) Limited where she worked through the ranks to ultimately hold the position of Finance Director Africa responsible for subsidiaries in South Africa and Kenya.

As a Board member of CCI Global, Shabnam was responsible for the company's growth into other African sub-Saharan Africa regions, providing leadership to all aspects of financial stewardship and implementing business improvement processes and audit.

FCCA

B.SOC.SCI

Debby joined the Company in 2017. She has almost 30 years' experience in the Commercial Property Industry. After graduating from UCT she started her career at Fedsure which was subsequently acquired by Investec Property Group. This relationship spanned a period of some fifteen years. Initially starting out in marketing she progressed into Retail Centre Management and Portfolio Management for the KwaZulu-Natal (KZN) and Eastern Cape portfolios. For the last 11 years Debby headed up the Eris Property Group KZN office as Regional Manager for KZN and Eastern Cape. She was responsible for growing the group's business, as well as managing existing assets for both third party and internal clients in commercial, retail and industrial portfolios.

During her career she has also focused on the management of rural property developments in the Eastern Cape and northern KZN. During this time, she represented property owners on various Association Boards including the La Lucia Ridge Office Estate, Ridgeside Office Estate and Westway Office Park and was the founding Chairperson of the Board for the Umhlanga Village UIP. Prior to joining Grit Group, Debby was General Manager for Broll in Property and Facilities Management in Mauritius.

CFA, BCOM (HONS), CA(SA)

Darren joined Grit in October 2018 to head up the Company's investor relations function following its successful debut on the main market of the LSE earlier that year. A former Director and Head of CEMEA equity sales at Deutsche Bank (London), he successfully led the distribution of numerous initial public offerings, block trades and secondary market sell downs across local emerging market and London Stock Exchanges.

Prior to joining Deutsche Bank in 2006, Darren worked in Structured Syndicate at JP Morgan (London) and Ernst & Young in both London and South Africa. Darren, who is a qualified South African Chartered accountant, has been an associate member of the Institute of Chartered Accountants of England and Wales since 2010 and a CFA Institute Charter Holder since 2005.

BSC. HONS QS, CAPM

Adam joined Grit in May 2019 as Head of Investments. Previously Adam was with Collins Property Projects (a division of JSE-listed Tradehold Limited) where he held the position of Development Director responsible for all of the group's development and refurbishment projects in Africa with direct involvement in the asset management function.

Prior to Collins, Adam cut his teeth in the property sector when he was appointed by Investec Bank in Durban to risk manage the bank's significant development finance positions across South Africa.

Adam brings considerable experience in property development throughout Africa with specific expertise in the development management from inception to final account of large commercial projects across industry sectors including industrial, office and residential.

GOVERNANCE

Board Committee meetings

Board members and attendance during the year under review.

The Board met eight times during the year under review:

	INDEPENDENT	NO. OF MEETINGS
Bronwyn Corbett (1)	No	8/8
Leon van de Moortele (2)	No	8/8
Peter Todd (3)	Yes	8/8
Ian Macleod (4)	Yes	7/8
Nomzamo Radebe (5)	No	5/8
Catherine McIlraith (7)	Yes	8/8
David Love (8)	Yes	3/3
Sir Samuel Jonah (9)	Yes	2/2
Matshepo More (6)	No	3/6
Paul Huberman (11)	Yes	5/5
Bright Laaka (10)	No	0

Please read 7(8) as 7 meetings attended out of 8 possible.

(1) Mrs. Corbett was appointed to the Board on 12 May 2014 and is a member of the Investment Committee and Social & Ethics Committee. She is also a member of the Social & Ethics Committee effective as from 27 November 2018.

(2) Mr. van de Moortele was appointed to the Board on 30 June 2015 and is a member of the Risk Committee effective as from 27 November 2018. He had attended the Social & Ethics Committee meeting as alternate to Mrs. Corbett on one occasion.

(3) Mr. Todd was appointed to the Board on 14 August 2014 and is the Chairman of the Board as from 13 April 2018. He is also the Chairman of the Nomination Committee and Investment Committee. He is a member of the Remuneration Committee and Social & Ethics Committee.

(4) Mr. Macleod was appointed to the Board on 30 June 2015 and is the Chairman of the Remuneration Committee. He is a member of the Audit Committee, Risk Committee, Nomination Committee and Investment Committee.

(5) Mrs. Radebe was appointed to the Board on 24 November 2017 and is a member of the Nomination Committee, Investment Committee and Social & Ethics Committee.

(6) Mrs. More was appointed to the Board on 7 February 2017 and was a member of the Investment Committee, Risk Committee and Social & Ethics Committee till her removal on 3 April 2019.

(7) Mrs. McIlraith was appointed to the Board on 24 November 2017 and is the Chairperson of the Social and Ethics Committee, Audit Committee and Risk Committee. She is a member of the Remuneration Committee.

(8) Mr. Love was appointed to the Board on 4 December 2018 and is a member of the Audit Committee, Risk Committee and Social & Ethics Committee.

(9) Sir Jonah was appointed to the Board on 21 February 2019 and is a member of the Remuneration Committee, Investment Committee and Social & Ethics Committee.

(10) Mr. Laaka was appointed to the Board as the permanent alternate director to Mrs. Radebe on 29 November 2018. For the meetings that Mrs Radebe did not attend, the latter sent her apologies and Mr Laaka was not required to act as alternate for those meetings.

(11) Mr. Huberman was appointed to the Board on 29 March 2018 and was the Chairman of the Audit Committee till his resignation on 29 November 2018. He was a member of the Risk Committee, Nomination Committee and Social & Ethics Committee.

Division of responsibilities

Board roles

There is a clear division between Executive and Non-Executive responsibilities. The Company operates a unitary tier Board whereby the roles of Chairman and CEO are separately held, and their responsibilities are clearly established, set out in writing and regularly reviewed by the Board.

Their key responsibilities are set out below, which have been duly approved by the Board:

Chairman

- responsible for the effective running of the Board and ensuring it is appropriately balanced to deliver the Group's strategic objectives;
- promoting a boardroom culture that is rooted in the principles of good governance and enables challenge, debate and transparency;
- ensuring that the Board as a whole plays a full and constructive part in the development of strategy and that there is sufficient time for boardroom discussion; and
- promoting effective engagement between the Board and its shareholders.

Senior Independent Non-Executive Director (SID)

- providing a sounding Board for the Chairman in matters of governance or the performance of the Board;
- available to shareholders if they have concerns which have not been resolved through the normal channels of communication with the Company;
- to lead at least annually a meeting of the Non-Executive Directors without the Chairman present to appraise the performance of the Chairman; and
- acting as an intermediary for Non-Executive Directors when necessary.

Non-Executive Directors

- providing constructive challenge to our Executives, help to develop proposals on strategy and monitor performance against our KPIs;
- ensuring that no individual or group dominates the Board's decision–making;
- promoting the highest standards of integrity and corporate governance throughout the Company and particularly at Board level;
- determining appropriate levels of remuneration for the Senior Executives; and
- review the integrity of financial reporting and that financial controls and systems of risk management are robust.

Chief Executive Officer (CEO)

- executing the Group's strategy and commercial objectives together with implementing the decisions of the Board and its Committees;
- keeping the Chairman and Board appraised of important and strategic issues facing the Group; and
- ensuring that the Group's business is conducted with the highest standards of integrity, in keeping with our culture.

Company Secretary – Intercontinental Fund Services Limited

- Secretary to the Board and its Committees;
- develop the Board and Committee agendas and collate and distribute papers;
- advise on regulatory compliance and corporate governance;
- ensure compliance with Board procedures; and
- be responsible for the organisation of the Annual General Meeting

Executive Committee

The Executive Committee comprises of the Executive Directors and the Senior Management Team. This Committee is responsible for the Group's operational activities, developing strategy proposals for consideration by the Board and implementing the Board's directives and policies. Other responsibilities include providing leadership to all employees, developing, implementing and managing the annual budget, and internal controls, governance, risk management, ethics and authority levels.

To assist the Committee there are a number of supporting Committees which meet monthly and on an *ad hoc* basis. Having these meetings, together with the fact that we all work within close proximity, enables us to handle complex transactions and make quick decisions. These committees are:

- Valuation Committee;
- CSR Committee;
- internal HR Committee; and
- internal Investment Committee.

Board independence

The independence of our Non-Executive Directors is reviewed by the Board from time to time to ensure that they remain capable of providing unbiased and objective contribution to Boardroom discussions and it is the Company's belief that the passage of time does not lead to a lack of independence.

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

GOVERNANCE

Ian Macleod is a director of Delta Property Fund which, as at 30 August 2019, holds 7.79 per cent of the issued Ordinary Shares (which shareholding is expected to decrease on Admission). The Board considers that he is Independent. Ian is not appointed as a representative of a Shareholder but as an Independent Non-Executive Director with significant real estate experience and knowledge.

Sir Samuel Jonah is the founder and controlling shareholder of Mobus Properties (Ghana) Limited ("Mobus"), a privately-held Ghanaian property investment, development and management company focusing on commercial and residential property development. On 14 April 2018, Grit announced the acquisition of a 47.5 per cent. Interest in Capital Place Limited – which owns an office complex known as Capital Place – from Mobus for US$8.5 million. The acquisition was financed through the issue of Shares to Mobus at a price of US$1.5267 per Share, net of dividends on 11 May 2018. As a result of that transaction, Mobus currently holds 1.82 per cent of the issued Shares (as at 30 August 2019). The Board has considered these relationships and does not consider that they impact Sir Samuel Jonah's independence as a Non-Executive Director of Grit.

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

All Directors have confirmed (as they are required to do annually) that they have been able to allocate sufficient time to discharge their responsibilities effectively. Our Directors are required to notify the Chairman of any alterations to their external commitments that arise during the year with an indication of the time commitment involved.

We have established an agreed procedure by which Directors can, for the purposes of discharging their duties, obtain Independent professional advice at the Company's expense. No Director had reason to use this facility during the financial year.

Conflicts of interest

As a Non-Executive Director's, independence could be impinged where a Director has a conflict of interest, the Board operates a policy that restricts a Director from voting on any matter in which they might have a personal interest. Prior to all major Board decisions, the Chairman requires the Directors to confirm that they do not have a potential personal conflict with the matter being discussed. If a conflict does arise, the Director is excluded from discussions.

Directors are required to notify the Company as soon as they become aware of a situation that could give rise to a conflict or potential conflict of interest. The register of conflicts of interest is regularly reviewed by the Board to ensure it remains up-to-date. The Board is satisfied that potential conflicts have been effectively managed throughout the period. The Company Secretary maintains the register of interests and a copy is available to the shareholder upon written request to the Company Secretary.

Directors' dealings

Dealing in the Company's securities by Directors is regulated and monitored as required by the SEM Rules and the JSE Listings Requirements and for the purposes of the EU Market Abuse Regulation (MAR). The Directors have adopted a code for dealing in securities by Directors and Senior Management Team, in compliance with SEM Rules, JSE Listings Requirements and MAR.

All Directors' trading must take place exclusively outside prescribed closed periods preceding the announcement of the Company's interim and year-end financial results, during any period while the Company is trading under cautionary announcement or during which there is inside information relating to the Company and at any other time deemed necessary by the Board.

This policy is managed by a Company Secretary in UK with the persons authorised to clear Directors for trading in open periods being a Board Committee of the CFO or CEO, Chairman and, in his absence or in the case of any potential conflict, a non-conflicted Board Committee member or a non-Board Committee director of the Company.

Board composition, training and development and evaluation

Board Composition

Appointments to the Board are made solely on merit with the overall objective of ensuring that the Board maintains the correct balance of skills, length of service and knowledge of the Group to successfully determine the Groups strategy.

Appointments are made on recommendation from the Nomination Committee.

Gender balance of the Board

June 2019 – Male 5, Female 3

June 2018 – Male 4, Female 4

Demographics of the Board

June 2019 – White 6, Black 2

June 2018 – White 6, Black 2

Board Evaluation

The Board evaluation exercise was designed and led by the Company Secretary, working closely with the Chairman of the Board. The areas covered were structure and skills, operating effectiveness, operating efficiency, quality of information and ongoing development.

In 2018 Board evaluation review was conducted internally by the Company Secretary. Overall the Board members were found to be satisfied with various aspects of Board governance and functioning. The Board evaluation review identified that there had been an improvement to Board governance and functioning.

For the year under review as at June 2019, the Board evaluation process, which has been initiated by the Company Secretary, will in principle be undertaken by the Chairman, who is an Independent member of the Board. The Company Secretary will collate the responses from the Directors and combine the results, to be reviewed by the Chairman.

Going forward the Board will consider undertaking an externally facilitated Board evaluation process to add a further degree of professionalism and independence to the Company's Board evaluation process.

Nominations for the re-appointment of a Director will only occur after the evaluation of the performance and attendance of the Director at Board meetings.

The size and composition of the Board and its various Committees are reviewed on an annual basis in September and the current size and composition are considered appropriate for the size of the Company.

The Board, as well as the individual Directors have their performance reviewed annually to identify areas for improvement in the discharge of individual director's and the Board's functions. The Company Secretary circulates the evaluation questionnaires to the Board/Committee members for completion after the year-end. The Code of Corporate Governance for Mauritius encourages the appointment of an external and Independent facilitator to lead the evaluation, otherwise the Chairperson may do so.

The Board evaluates the Chairman's performance and ability to add value to the Company on an annual or such other basis as the Board may determine.

The Board ensures that the role and function of the CEO is formalised and that the CEO's performance is evaluated against specific criteria. The Chairman, or a sub-Committee appointed by the Board, appraises the performance of the CEO at least annually.

The Board is satisfied that Non-Executive Directors reflect the necessary skills, experience, diversity and independence.

Training and development

New appointees are appropriately familiarised with the Group's business in accordance with the Director Induction Policy duly approved by the Board. The programme aims to familiarise incoming Directors with the Group's operations, Senior Management and its business environment, and to induct them in their fiduciary duties and responsibilities, including but not limited to the SEM Listing Rules, the JSE Listings Requirements, UK Listing Rules and MAR compliance. Directors continue to receive ad hoc briefings from time to time on relevant new laws and regulations, as well as on changing economic risks.

The information needs of the Board are reviewed annually and Directors have unrestricted access to all Company information, records, documents and property to enable them to discharge their responsibilities effectively. Efficient and timely methods of informing and briefing Board members prior to scheduled are in place.

The Board has established a procedure for Directors, if necessary in furtherance of their duties. The Directors of the Group have unfettered access to the advice and services of the Company Secretary and may seek Independent professional advice on the affairs of the Group in appropriate circumstances if they believe that such actions will best serve the interests of the Group.

The Company Secretary has been solicited to maintain a list of trainings followed by the Directors during each financial year which enables the Board to review the professional and ongoing education of Directors. As part of the Board Evaluation process, questionnaires in place are also designed to collect information in this respect.

Risk Management

The Board recognises the need for an effective and well-defined risk management framework. The Board is responsible for overseeing and regularly reviewing the current risk management and internal control mechanisms. The Board has delegated the monitoring responsibility to the Risk Committee. The Risk Committee ensures that there is a robust process in place for identifying, managing, and monitoring risks to the Group. The Risk Committee assesses the risk profile of the Group and how the risks arising from Grit's businesses are controlled, monitored and mitigated by management. The diagram on page 104 in the Risk Committee Report illustrates the Group's risk management structure and how certain risk management activities are delegated to the level that is most capable of overseeing and managing the risks.

The risk management mechanisms in place include a system for the ongoing identification and assessment of risks, development of strategies in respect of risk, communication of risk management policies throughout the Group and processes to mitigate and reduce identified risks.

The Board has identified and continuously monitors key risk areas, key performance areas and non-financial aspects relevant to the Group. They are, on an ongoing basis, provided with information in respect of key performance indicators, variance reports and industry trends.

Information Governance

The Board is ultimately responsible for information governance within Grit, the management of information technology and information security governance are delegated to the IT function. The Board has delegated this responsibility to the Risk Committee. Where a need for significant expenditure on information technology is identified, a budget would be prepared, which would be approved by Senior Management Team, the Risk Committee and ultimately the Board. Senior management would present to the Risk Committee at the various meetings held during the year.

At monthly management meetings, actual expenditure is monitored against the approved budget.

Grit has an existing Information Security and Acceptable Use Policy which includes the below additional policies:

- Internet and Email Policy;
- Mobile Device Security;
- Computer Virus Policy;
- Software Policy;
- Access Codes and Passwords Policy; and
- Physical Security Policy.

The above policies can be found on Grit's website at https://grit.group/governance.

Code of Ethics and Business Conduct

Our policy is to maintain ethical standards in the conduct of our business and in our relations with whomever we associate – our colleagues, Directors, shareholders, customers, associates and suppliers, as well as governments, the public and the media. Our integrity and reputation for ethical practices are among our most valued assets and are essential aspects of our sustained profitability.

The Company has a Board approved Code of Ethics and Business Conduct policy, which is reviewed annually. The Board regularly monitors and evaluates compliance with its Code of Ethics. The policy can be viewed on the Company's website https://grit.group/governance/.

The Company Secretary

Intercontinental Fund Services Limited, a suitably qualified, competent and experienced Company Secretary has been appointed and appropriately empowered to fulfil duties and provide assistance to the Board. The Board can remove the Company Secretary from office by virtue of the Company's constitution.

The Board as a whole and Directors individually are assisted by the Company Secretary who provides detailed guidance as to how their responsibilities should be discharged in the best interests of the Company. The Company Secretary also provides a central source of guidance and advice to the Board and the Company, on matters of ethics and good corporate governance and assists with the appointment of Directors to the Board.

The Company Secretary is subject to an annual evaluation by the Board.

The Board is satisfied with the expertise, experience, competence and qualifications of the Company Secretary in terms of section 3.84(h) of the JSE Listings Requirements. Given the appointment of an external service provider, the Board confirms that the relationship between the Board and the Company Secretary remains at arm's–length.

The Certificate from the Company Secretary, which states that the Company has filed all such returns as are required under the Mauritius Companies Act, 2001 in terms of section 166(d), appears on page 111 of this Integrated Annual Report.

More information on Intercontinental Fund Services Limited, licensed by the Financial Services Commission in Mauritius, is available on its website (www.intercontinentaltrust.com).

Special resolutions passed during the last financial year

Annual General Meeting 2018

1. **Special Resolution Number 1 – General authority to issue shares for cash on a non-pre-emptive basis**

   RESOLVED AS A SPECIAL RESOLUTION that, subject to the applicable provisions of the Mauritian Companies Act 2001, the Constitution, the SEM Listing Rules, the JSE Listings Requirements and the LSE Listing Rules from time to time, the Directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue Shares (including any options or convertible securities that are to be converted into Shares) for cash and to sell Shares from treasury (as applicable), to such person/s on such terms and conditions and at such times as the Directors may, from time to time, in their discretion deem fit, as if the pre-emption rights on issue in the Constitution, the Mauritian Companies Act 2001 or otherwise applicable shall not apply to any such issue or sale, provided that:

   (i) this authority shall be limited to the issue or sale of up to 30 639 603 Shares, being 10 % of the issued Share capital at the date of this notice*; and provided further that, for the purposes of complying with the JSE Listings Requirements:

   (ii) in determining the price at which an issue or sale of a Share may be made in terms of this authority, the maximum discount permitted will be 5% of the weighted average traded price of the Shares on the JSE over the 30 business days prior to the date that the price is agreed between the Company and the party subscribing for the Shares;

   (iii) the Shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;

   (iv) any such issue may only be made to public shareholders as defined by the JSE Listings Requirements and not to related parties; and

   (v) after the Company has issued Shares under this general authority representing, on a cumulative basis within the period of this approval, 5% or more of the number of Shares in issue prior to the issue, the Company shall publish an announcement in accordance with the JSE Listings Requirements.

2. **Special Resolution Number 2 – Antecedent Distributions (Reduction in Stated Capital)**

   RESOLVED AS A SPECIAL RESOLUTION that the Company be authorised, in accordance with the provisions of section 62 of the Mauritian Companies Act 2001 and subject to satisfying the solvency test in terms of section 6 of Mauritian Companies Act 2001, to reduce the Company's stated capital by an amount not exceeding USD12.2 million for the purpose of making a distribution to shareholders as antecedent distributions.

3. **Special Resolution Number 3 – Share buy-back**

RESOLVED AS A SPECIAL RESOLUTION that the Company be and is hereby authorised to make market purchases of its own Shares on such terms and in such manner as the Directors shall from time to time determine, provided that:

a) the maximum number of Shares which may be purchased is 15 013 406, representing 4.9% of the Company's issued ordinary share capital at the date of this notice;

b) the minimum price (exclusive of expenses) which may be paid for a Share is US$1 cent;

c) the maximum price (exclusive of expenses) which may be paid for a Share shall not exceed any applicable limit prescribed by the rules applicable on the exchanges on which the Shares are listed;

d) this authority shall expire at the conclusion of the next Annual General Meeting of the Company, save that the Company may at any time prior to the expiry of such authority enter into a contract or contracts under which a purchase of Shares under such authority will or may be completed or executed wholly or partly after the expiration of such authority and the Company may purchase Shares in pursuance of any such contract or contracts as if the authority hereby conferred had not expired; and

e) any market purchases shall be carried out in accordance with and subject to the applicable SEM Listing Rules, the Securities (Purchase of Own Shares) Rules 2008, any relevant Mauritian Laws, the JSE Listings Requirements and any applicable LSE Listing Rules.

4. **Special Resolution Number 4 – Adoption of new Constitution**

RESOLVED AS A SPECIAL RESOLUTION that the Constitution of the Company be and is hereby revoked in its entirety and that a new Constitution, reflecting the changes listed in Annexure 5 of the notice, a copy of which has been signed by the Chairperson for identification purposes, be and is hereby adopted.

** A copy of the notice is at https://grit.group/financial-results/under "Integrated Annual Report" for year 2018.*

A copy of the AGM minutes is available on the website at https://grit.group/governance/.

Disclosures required by publicly traded companies under Rule 7.2.6R of the UK Listing Authority's Disclosure and Transparency Rules

The following disclosures are made pursuant Rule 7.2.6R of the UK Listing Authority's Disclosure and Transparency Rules (DTR).

As at 30 June 2019:

a) Details of significant direct or indirect holdings of securities of the Company are set out in this Integrated Report. The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities or on voting rights.

b) There are no persons who hold securities carrying special rights regarding control of the Company.

c) All ordinary shares carry one vote per share without restriction. Holders of unlisted options and performance rights do not have voting rights.

d) The Company's rules about the appointment and replacement of Directors are contained in the company's constitution and accord with the Mauritius Companies Act 2001 (2001 Act). Amendments to the Company's constitution must be approved by the Company's shareholders by passing a special resolution.

e) The Company may exercise in any manner permitted by the 2001 Act, any power which a public company limited by shares may exercise under the 2001 Act. The business of the Company is managed by or under the direction of the Directors. The Directors may exercise all the powers of the Company except any powers that the 2001 Act or the constitution requires the Company to exercise in a general meeting.

Subject to any rights and restrictions attached to a class of shares and in compliance with the 2001 Act, the Company may allot and issue unissued shares and grant options over unissued shares, on any terms, at any time and for any consideration, as the Directors resolve. This power of the Company can only be exercised by the Directors.

The Company may reduce its share capital and buy-back shares in itself on any terms and at any time. However, the 2001 Act sets out certain procedures which must be followed in relation to reductions in share capital and the buy-back of shares.

Remuneration Committee Report

Grit remuneration report

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

A copy of the complete Remuneration Policy can be found on the Company's website at: https://grit.group/governance/.

The Committee attended to all activities set out in the Remuneration Work-Plan during the year, and in accordance with the Remuneration Charter. The Remuneration Charter (which can be found in full on the Company's website – https://grit.group/governance/ is in line with the requirements of the National Code of Corporate Governance for Mauritius 2016 ("NCCGM") and the King IV Report on Corporate Governance™ for South Africa 2016 ("King IV").

The Remuneration Committee, established by the Board of Directors ("the Board") of the Company, assists the Board in an Independent role, with matters including, *inter alia*, monitoring, reviewing and approving compensation policies and practices of the Company and administering the Company's share incentive schemes, making recommendations to the Board for its consideration and final approval.

The Committee comprises of four Independent Non-Executive Directors whose biographies are set out in the Board and committees section of this Integrated Annual Report.

The Committee held five meetings during the year under review.

Independent non-exec director	September 2018	November 2018	February 2019	March 2019	May 2019
Ian Macleod – Chairman	✓	✓	✓	✓	✓
Catherine McIlraith	✓	✓	✓	✓	✓
Peter Todd	✓	✓	✓	✓	✓
Sir Samuel Jonah (w.e.f May 2019 and attended meeting in May)*	×	×	×	×	✓

* *Sir Jonah had attended the Remuneration Committee meeting held on 22 May 2019 as an attendee and not as a member. He was only appointed as a member of the said Committee at the Board meeting held on 23 May 2019.*

Summary of Work in 2018/2019

- endorsed revisions to the Remuneration Charter and Work-Plan;
- recommended the terms for the new employment contract for the Non-Executive Directors;
- reviewed Executives' fixed and variable remuneration to align with LSE market remuneration norms;
- approved the quantum of a special Discretionary Award Bonus;
- reviewed and approved changes to STI weightings aligned to LSE standards;
- reviewed and approved minor changes to Remuneration Policy; and
- review and approval of 2018/19 salary adjustments aligned to CPI+1%

Engagement with dissenting shareholders following the 2018 AGM

Since the non-binding votes on Grit's Remuneration Policy and Implementation Report garnered less than 75% of the votes exercised, Grit engaged with dissenting shareholders during December 2018, by inviting them to:

- communicate their concerns/queries on the Remuneration Policy and Implementation Report to Grit's Head of Investor Relations by email; and
- participate in one-on-one meetings/telecons.

Grit held one-on-one meetings with dissenting shareholders which communicated their concerns via the channel set out above. During the meetings their concerns/queries were addressed, after which they were given an opportunity for follow-up questions.

To enable effective two-way communication, the Remuneration Committee urges shareholders to use the channels made available to them to engage with Grit.

Roles and Responsibilities

The Committee is responsible for:

- ensuring that the Company remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes;
- overseeing the setting and administering of remuneration of the Executive Directors and Senior Management Team in the Company;
- overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance;
- ensuring that the Remuneration Policy and the Implementation Report on the Remuneration Policy are put to separate non-binding advisory votes at the Company's AGM once a year;
- reviewing the outcomes of the implementation of the Remuneration Policy for whether the set objectives are being achieved;
- ensuring that the mix of fixed and variable pay, in cash, shares or other elements, meet the Company's needs and strategic objectiveness;
- satisfying itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
- ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- considering the results of the evaluation of the performance of the CEO and other Executive Directors, both as Directors and as Executives in determining remuneration; and
- selecting an appropriate comparative group when comparing remuneration levels.

The Committee endeavours to ensure that:

- through its monitoring role, the remuneration practices are applied fairly and consistently, in accordance with the remuneration policy;
- remuneration practices are compliant with the laws, governance principles and regulations of the jurisdictions in which the Group operates;
- quality staff are attracted, rewarded and retained;
- remuneration is regularly benchmarked against other similar peer-groups;
- variable remuneration is linked to the achievement of Corporate and Individual Performance Factors as outlined in the remuneration policy;
- short- and long-term incentives are reviewed regularly, to support transparent and continuous improvements to the design of the variable remuneration plans aligned to the market;
- employees are remunerated responsibly and fairly where equal pay for work of equal value is afforded to all employees; and
- remuneration is aligned with the Group's objectives and long-term strategy and reflect the culture of the Group through a balanced mix of short-and long-term performance-related pay where performance metrics remain effectively aligned with strategy.

Executive performance is closely aligned to business performance, with total remuneration being delivered through base and variable pay designed to reward achievement of long-term strategic targets. In a remuneration context this means rewarding performance that reflects the strategic objectives.

At the AGM held on 29 November 2018 the Remuneration Policy and Implementation Report were tabled and approved by shareholders.

The remuneration policy

The objective of the remuneration policy

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

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

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

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

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

Remuneration philosophy

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

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

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

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

Total remuneration: Grit Group adopts both guaranteed and variable pay to reward its staff. The variable pay currently comprises of a Short-Term Incentive (STI) plan, a Long-Term Incentive (LTI) plan and a Discretionary Bonus based on Outstanding Contributions to the business. total remuneration will comprise an appropriate balance of these reward elements. In the context of a relatively newly established company embarking on a high growth phase, the mix of these elements will initially be weighted more heavily towards variable pay.

Market competitive: The Company's defined market position for Total Guaranteed Pay is at the 50th percentile or median, with a bell-shaped curve around the median, ranging from new entrants at the lower end to sustained high performers at the higher end of the pay-scale.

External benchmarking against the peer group is conducted every two years and Grit Group endeavours to pay at or around the industry specific median for on-target performance. The opportunity to earn remuneration at an out performance level supports delivering higher reward to individuals only when the Company achieves higher than target (expected) returns. The primary peer group for purposes of benchmarking pay will comprise of other similar-sized property funds multi-listed on the London, Mauritius & Johannesburg Stock Exchanges. Benchmarking is used only as a guide to determining market competitiveness of remuneration levels.

Performance linked: Grit Group's performance-based pay philosophy is designed to ensure that the Executives have an element of their total remuneration tied to Grit Group's performance through variable pay. Variable remuneration will therefore, be linked to pre-defined performance measures. Each year the Committee will consider the performance measures to ensure that they are appropriate and challenging in the context of the prevailing business environment and reinforce the business strategy. The performance measures in the incentive plans will be limited in number and individual measures will be tailored to maximise accountability and will include non-financial measures.

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

Flexibility: As Grit requires specialist skills which are key to the success of the business, Senior Management identifies critical skills and competencies required to support the business growth. The adopted remuneration structures must be able to adapt and evolve with changing business and human resource needs.

Affordability: Total remuneration costs need to be affordable at an individual corporate entity level and justifiable to employees and stakeholders.

Simplicity and transparency: The reward philosophy, principles and structures are to be openly communicated, to internal and external stakeholders, with the annual reward opportunity and alignment to individual performance being communicated to the individual. Remuneration structures must not be overly complex to communicate, administer and understand. Open communication assists in the engagement of employees by supporting an environment of trust and stakeholder confidence regarding remuneration issues.

Sustainability: The remuneration policy and practices are designed to support long-term value creation for all stakeholders, as well as compliance with regulatory changes.

Remuneration elements

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

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

REMUNERATION ELEMENT		
2.	**BENEFITS**	
	Definition	**Medical Insurance** benefit provided to all employees relevant to the jurisdiction. Benefits are benchmarked against market practices from time to time to ensure they remain competitive.
	Policy	Participation in **medical insurance schemes is relevant to the jurisdiction.** **Medical Insurance** is compulsory unless the employee provides proof that he or she is a dependant of an alternative registered scheme. Contributions shall be in accordance with the plan selected in **terms of job level, the cost of which shall be paid by the Company and calculated as part of the Total Guaranteed Salary. However, the cost of the medical insurance is excluded from guaranteed salary in terms of calculating STI & LTI payments.** Dependants (spouse and a maximum of two children under the age of 24 years whilst studying full-time) are included in the Medical Insurance benefit.
	Strategic Intent and Eligibility	To enhance the employee value proposition available to employees relevant to the different jurisdictions.
	Performance Link	None

	Definition	**Group Life and Disability**
	Policy	Risk benefits of: • 3x annual guaranteed salary (excluding medical insurance) Group Life Cover; and • Disability Cover which is split into two categories (a) TTD –Total Temporary Disability of up to 75% of guaranteed salary (for the first 12 months) and (b) PHI – Permanent Health Insurance of up to 75% of guaranteed salary (after 12 months of TTD cover up until retirement age of 65) is provided to all employees. Normal retirement age for the executive is 65 years.
	Strategic Intent and Eligibility	To enhance employee value proposition available to all employees in all jurisdictions.
	Performance Link	None
3.	**SHORT-TERM INCENTIVES (STI) – STI PLAN AND DISCRETIONARY BONUS**	
	Definition – **STI Plan**	A short-term incentive to reward Executives, Senior Management and key talent who achieve and exceed their individual and company annual performance targets. Participating Employees only become eligible to benefit from the STI scheme after successful completion of the six-month probation period.
	Policy	Performance is assessed against specific annual performance criteria (Key Results Areas – KRAs), both at a corporate level and an individual level. To receive payment, the recipient must be in the employ of the Company at the time of payment and must not be under notice of termination or poor performance. STI awards will be paid annually between October and November once the financial figures have been finalised and audited. Awards are at the sole discretion of the Committee. Joiners starting on or after 1 July will participate in the plan on a *pro rata* basis following the successful completion of the six-month probation period. Details of the STI are set out in a separate document.
	Strategic Intent and Eligibility	To encourage superior performance by rewarding key/strategic employees against the achievement of their KRAs. To attract, motivate and retain strategic employees who are accountable for, and contribute to, the achievement of key short-term business performance measures.

REMUNERATION ELEMENT		
	Performance Link	The STI plan is a key driver of the company's strategy. This is demonstrated through the careful selection of performance criteria (Key Results Areas – KRAs) that are aligned to the company's strategy. The performance metrics are consistent with long-term value creation.
	Definition – Discretionary Bonus	An opportunity to formally recognise employees at any level who have made an exceptional contribution to the business, on a once-off or short-term basis, which is over and above the employee's normal job requirements and is worthy of recognition.
	Policy	**OUTSTANDING CONTRIBUTION AWARD POLICY** To provide employees with a tangible reward to an outstanding contribution of a short-term nature. To motivate employees to achieve excellence in their day-to-day business as they work towards achieving the Company objectives. To reinforce the values of the Company by acknowledging outstanding achievements which embody the Grit values. Details of the Outstanding Contribution Award Policy are set out in another document.
	Strategic Intent and Eligibility	To encourage a culture of going above and beyond the requirements of the job and recognising outstanding performance and contribution to the business at all levels in the Company.
	Performance Link	Extraordinary performance over and above achievement of KRAs.
4.	**LONG-TERM INCENTIVE PLAN**	
	Definition	The purpose of the Long-Term Incentive (LTI) is to create a strong link between performance and reward by providing a variable/at risk element of Senior Executive remuneration that focuses on performance and/or service over a period, generally of five years. It aims to align the interests of Senior Executives with those of shareholders and to aid in maintaining a stable Senior Executive team.
	Policy	The LTI plan (the LTIP) is affected through the Share Trust (or the relevant future LTIP document that may apply). Company policy in relation to the LTI is reflected in the Rules of the LTIP. Details of the LTI are set out in a separate document and is supported by: • LTI Scheme Rules • Offer letter
	Strategic Intent and Eligibility	Attract and Retain key employees. Align reward programmes with shareholder expectations. Link rewards to organisational success over a multi-year period. Link rewards to organisational success over a multi-year period. Provide wealth accumulation opportunities. Deliver market competitive total compensation.
	Performance Link	The LTI plan is a key driver of the company's strategy. This is demonstrated through the careful selection of performance criteria (Key Results Areas - KRAs) that are aligned to the company's long-term strategy. The performance metrics are consistent with long-term value creation

Guaranteed package

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

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

Adjustments may be made upon promotion to a higher level, with Executive promotions being subject to the approval of the Remuneration Committee, CEO and CFO, as appropriate and, promotions at a staff level, being subject to the approval of the Executives.

After a review of the benchmark data which now includes the UK Market as a result of the LSE Listing, the performance of the Executives, as well as prevailing market conditions and the factors specified in the remuneration elements table above, the Executive Directors were awarded an increase in their cost to company package of 3.5%, effective on 1 July 2019.

Short-term incentive (STI) Plan

An **STI award** is an incentive award funded by corporate performance beyond minimum threshold levels. Such a reward is made to individuals who achieve a minimum moderated performance rating score each year. The STI is therefore, a payment that varies each year in accordance with annual corporate performance factor (CPF) of the Group and the individual performance factor (IPF) of the individual.

The actual individual STI award is determined by a formula which is set each year by the Committee and recommended to the Board for final approval. The generic formula is set out below:

Individual STI Award = [Guaranteed package] X [STI target%] X [(CPF) + (IPF)]

STI payment = TGP x on-target % (grade specific) x [(Corporate Performance Factor x weighting) + (Individual Performance factor x weighting)]

PARTICIPANTS	STI ON TARGET
Job Level 18–17	80%
Job Level 16–14*	50%
Job Level 14–13	33.3%
Other Key Talent Job Level 12	17%

The weights between the Corporate Performance and Individual Performance factors are as follows:

PARTICIPANTS	COMPANY	INDIVIDUAL
Job Level 18–17	70%	30%
Job Level 16–14*	60%	40%
Job Level 14–13	50%	50%
Job Level 12	30%	70%

*Executive Management

Individual Performance Factor (IPF)

Individual Performance Factor will be determined according to the overall performance evaluation outcome as set out below.

MODERATED PERFORMANCE APPRAISAL RATING	Description	INDIVIDUAL PERFORMANCE FACTOR (IPF FOR FINANCIAL YEAR)
1	Unsatisfactory Performance	0%
2	Needs Improvement	0%
3	Meets Requirements	80%
4	Exceeds Requirements	100%
5	Outstanding performance	120%

The Committee retains the discretion to review and moderate STI awards to avoid any unexpected outcomes. The Board approves the STI awards, considering the recommendations made by the Committee. Awards under the STI plan are not guaranteed and management reserves the right to amend the design of the plan from time to time.

The CPF is determined through the careful selection of corporate key results areas that are aligned to the Company's strategy. These corporate KRAs are reviewed regularly and approved each year by the Committee for ratification by the Board. Achievement against these KRAs will determine the CPF.

For 2018/19, the corporate KRAs were as follows:

Corporate Performance Factor

Achievement against performance conditions will be limited to Dividend Yield as a percentage of NAV per share being achieved (Dividend Yield %) as the gatekeepers, however, a penalty will also be applied if NAV Growth is not achieved to determine the Corporate Performance factor:

- Dividend Yield (70% weighting).
- NAV/Share growth (30% weighting).

The percentages will be assigned as follows:

TARGETS	DIVIDEND YIELD %	NAV GROWTH	RESULTING %
Target	8.25%	3.75%	100%
Stretch	9%	20%	150%

The Corporate Performance factor will thus be calculated as follows:

(Dividend Yield % x 70%) + (NAV growth resulting % x 30%)

The target for 2018/19 is 3.2% growth on DPS of 12.07cps – target is thus 12.46 / 150.94 = 8.25% dividend yield.

Long-term incentive plan

Due to Grit's entrance to the LSE in July 2018, the Committee will review the Company's Long-Term Incentive Plan ("LTIP") during the coming year to assess and consider adopting a more traditional LSE market–based LTI policy.

The LTIP reinforces the remuneration philosophy of "performance-based pay" and helps to develop and maintain a performance-oriented culture. Performance-related pay is characterised by meaningful differentiation of variable pay in accordance with robust performance targeting and measurement over a sustained period.

The LTIP is a key driver of the strategic priorities of the Group. This is demonstrated through the careful selection of performance criteria (key results areas – KRAs) that are aligned to the Group's strategy and result in performance sustained over the longer term, in line with shareholder interests and long-term value creation.

The purpose of the LTIP is to provide a long-term performance and retention incentive scheme which aligns the interests of participants with the Company's shareholders, by motivating them, through participation, to increase the long-term growth in shareholder returns.

Award Criteria

The LTIP award criteria is set annually by the Board on the recommendation of the Remuneration Committee.

The amount of an award will be based on both individual and Company performance. The gatekeeper for any award is the achievement of the distribution target for the financial year under review plus positive NAV movement (or 10% reduction if a result of Rights Offer).

Awards will be based on the level of employment and multiples of annual guaranteed salary, as follows:

Annual Guaranteed Salary x

Staff Level Allocation Multiplier x

[(Individual Performance Factor x Individual Performance Weighting) + (Company Performance % x

Company Performance Weighting)]

Staff Level Allocation Multiplier

STAFF LEVEL	ANNUAL ALLOCATION MULTIPLIER
Grade 18	**3.5**
Grade 17	**3.0**
Grade 14 –16 (Exec Management)	**2.5**
Grade 13 – 14 (Senior Management)	**2.0**
Grade 12	**1.0**

Individual and Company Performance Weighting

Individual and Company performance will be weighted according to the level of influence and area of impact that the Participant has on the results of the Company, as follows:

STAFF LEVEL	COMPANY	INDIVIDUAL
Grade 18	**75%**	**25%**
Grade 17	**70%**	**30%**
Grade 14 –16 (Exec Management)	**60%**	**40%**
Grade 13 – 14 (Senior Management)	**50%**	**50%**
Grade 12	**30%**	**70%**

Individual performance will be measured against the achievement of individual key performance indicators over the previous financial year, as follows:

Moderated performance appraisal rating

	DESCRIPTION	INDIVIDUAL PERFORMANCE FACTOR
1	Unsatisfactory performance	0%
2	Needs improvement	0%
3	Meets requirements	80%
4	Exceeds requirements	100%
5	Outstanding performance	120%

Company performance is weighted to achievement of distribution targets (70%) and NAV growth (30%), with such weighting being set annually by the Board.

Company performance is measured against the following criteria:

Distribution Target Metrics

TARGET	RESULT	AWARD ALLOCATION
0,0% – 7.39%	Not achieved	0%
7.4% – 8.89%	Achieved	100%
8.9% – 11.0%	Exceeded (120% of target)	120%
11.1% and above	Stretch (150% of target)	150%

NAV Growth Target Metrics

TARGET	RESULT	AWARD ALLOCATION
(10%)	Failed	(50%)
0.0%	Not achieved	0%
4.0%	Partially achieved (within 80% of target)	50%
5.0%	Achieved	100%
6.0%	Exceeded (120% of target)	120%
7.5%	Stretch (150% of target)	150%

The Committee shall prior to the vesting date in respect of an award assess and determine the extent to which the vesting criteria imposed by the Board have been achieved and make a recommendation to the Board in this regard. Subject to the vesting criteria having been achieved, the shares granted shall vest on the agreed vesting date. If the vesting criteria have not been met, the Board may extend the vesting date accordingly.

Participants are to maintain a performance level of 3 (meets requirements) and above during the vesting period in order to meet the vesting criteria. The vesting period will be extended by any period for which the participant's performance level drops below "meets requirements" rating.

Executive Director contracts

The Executive Directors do not have fixed term contracts with the Company. A three-month notice period is required for the Executive Directors for the termination of services. There is no provision in the contracts for loss of office payments, other than those required by employment law.

Implementation of the Remuneration Policy

During the 2019 financial year, the Remuneration Policy of the Group was applied.

The remuneration and benefits for the Executive Management comprised the following elements:

Executive Directors

2019

	SALARY (USD'000)	OTHER BENEFITS (USD'000)	PERFORMANCE BONUS (USD'000)	TOTAL 2019 (USD'000)
B Corbett	487	25	92	604
L van de Moortele	384	37	57	478

2018

	SALARY (USD'000)	OTHER BENEFITS (USD'000)	PERFORMANCE BONUS (USD'000)	TOTAL 2018 (USD'000)
B Corbett	312	91	128	531
L van de Moortele	238	68	72	378

Other Senior Management Team

2019

	SALARY (USD'000)	OTHER BENEFITS (USD'000)	PERFORMANCE BONUS (USD'000)	TOTAL 2019 (USD'000)
Other Senior Management Team (7)	644	65	71	780

2018

	SALARY (USD'000)	OTHER BENEFITS (USD'000)	PERFORMANCE BONUS (USD'000)	TOTAL 2018 (USD'000)
Other Senior Management Team (4)	500	74	102	676

LTI Awards

Details of awards of Ordinary Shares granted pursuant to the Grit Share Incentive Plan which are held by the Directors are as follows:

	DATE OF GRANT OF AWARD	NUMBER OF ORDINARY SHARES	VESTING DATE FOR AWARD
Bronwyn Corbett	30 June 2014	340 987	June 2019
	30 June 2017	534 375	June 2022
Leon van de Moortele	30 June 2015	215 862	June 2020
	30 June 2017	273 597	June 2022

Non-Executive Directors' fees

The table below sets out the Non-Executive Directors' fees paid for years 2018 and 2019.

NON-EXECUTIVE DIRECTOR NAME	YEAR ENDED 30 JUNE 2019 (USD'000)	YEAR ENDED 30 JUNE 2018 (USD'000)
Peter Todd	120	25
Ian Macleod	97	24
Catherine McIlraith	84	15
Nomzamo Radebe	0	0
David Love	36	0
Sam Jonah	0	0
Matshepo More	51	17
Paul Huberman	41	0

The table below sets out the approved Non-Executive Directors' fees for the year ending 30 June 2018:

BOARD AND COMMITTEES	FY 2018 USD (ANNUAL FEE)
Non-Executive Director	12 000
Additional payments:	
Lead Independent director	6 000
Chairman of Committees	4 800
Member of Committees	2 400

As a consequence of Grit's listing on the LSE in July 2018, a detailed benchmarking exercise was done on the Non-Executive Directors' fees.

The Board approved the following Non-Executive Directors' Fees for the year ending 30 June 2019:

BOARD AND COMMITTEES	FY 2019 USD (ANNUAL FEE)
Non-Executive Director	47 600
Additional Payments:	
Chairman of the Board	47 600
Senior Independent	23 800
Chairman of Audit Committee	23 800
Chairman of a Sub Committee	8 400
Member of a Sub Committee	4 200

The expected Non-Executive Directors' fees for the year ending 30 June 2020 are as follows:

NON-EXECUTIVE DIRECTORS' REMUNERATION	FY 2020 USD (ANNUAL FEE)
Board membership fees	
Chairman	95 200
Senior Independent	71 400
Members (4)*	190 400
Committee fees	
Audit Committee	
Chairman	23 800
Members (2)*	8 400
Risk Committee	
Chairman	8 400
Members (2)*	8 400
Nomination Committee	
Chairman	8 400
Members (3)*	8 400
Remuneration Committee	
Chairman	8400
Members (3)*	12 600
Investment Committee	
Chairman	8 400
Members (3)*	12 600
Social & Ethics Committee	
Chairman	8 400
Members (4)*	16 800

**Members other than Chairman or Senior Independent.*

The Non-Executive Directors are not entitled to any remuneration in the form of share options or bonuses associated with the Company performance.

Non-Binding Advisory Votes at upcoming AGM

Both Grit's Remuneration Policy and its Implementation Report will be presented to shareholders for separate non-binding advisory votes thereon at Grit's upcoming AGM (see shareholder diary on page 237 for dates). In the event that 25% or more of shareholders vote against either the Remuneration Policy or the Implementation Report or both, at the meeting, Grit will engage with shareholders through dialogue, requesting written submissions or otherwise, in order to address shareholders concerns, always with due regard to meeting Grit's stated business objectives while being fair and responsible toward both the employee and shareholders.

Nomination Committee Report

The Nomination Committee ("the Committee") has the primary objective to ensure plans are in place for orderly succession to both the Board and Senior Management Team's positions.

Committee Composition

The Committee consists of three Non-Executive Directors, two of which are Independent. At the date of this Report the Committee comprised the following Directors:

Current members	Independent	No. of meetings	Attendance
Peter Todd	Yes	5/5	100%
Ian Macleod	Yes	5/5	100%
Nomzamo Radebe	No	5/5	100%

During the year under review, Paul Huberman was also a member of the Committee. At the AGM held on 29 November 2018 he did not put himself up for re-election.

Current members	Independent	No. of meetings	Attendance
Paul Huberman*	Yes	3/3	100%

**Please refer to notes under Board Committee meetings on page 82.*

Meetings of the Committee

During the year under review, the Committee met five times, in September 2019, November 2018, February 2019, March 2019, May 2019.

At the request of the Committee, the CEO, CFO, members of the Senior Management Team and external advisers may be invited to attend all or part of any meeting, as and when appropriate.

Roles and responsibilities

The Committee's roles and responsibilities are set out in the Nomination Committee Charter which has been approved by the Board. This Charter is available on the Company's website at: https://grit.group/governance/.

The Committee Charter is reviewed annually by the Board.

Key Responsibilities

- reviewing the Board structure, the size and composition of the various Committees and making recommendations;
- overseeing an adequate split between Executives and Non-Executives;
- identifying and nominating new Directors for approval by the Board;
- ensuring that appointments to the Board are formal and transparent;
- ensuring induction and training of Directors;
- ensuring formal succession plans for the Board, CEO and Senior Management Team;
- performing an annual review of the proper and effective functioning of the Board and the various Committees;
- agreeing, on an annual basis, all measurable targets for achieving gender and race diversity on the Board;
- considering the performance of Directors and take steps to remove Directors who do not make an appropriate contribution;
- sourcing and recommending to the Board a replacement for the CEO should the need arise; and
- ensuring plans are in place for orderly succession to both the Board and Senior Management Team positions and oversee the development of a diverse pipeline for succession.

The annual evaluation of the effectiveness of the Board, its Committees and its individual Directors is conducted annually in September.

Key activities during the year under review:

- discussed the key skills and experience needed on the Board in the context of future strategic direction and structural reform, including any areas requiring strengthening;
- conducted the search for independent Non-Executive Directors with the relevant skills and experience;
- considered the succession plans for the Board and Senior Management Team;
- discussed the potential impact to the diversity of the Board when considering potential candidates for appointment to the Board;
- considered the diversity of the Board and Senior Management Team, including the individuals noted as potential successors;
- considered any vacancies, new appointments or changes that would enhance the effectiveness of the boards, with regard to Group oversight and governance of subsidiary companies with due regard to local regulatory or legal requirements and best practice, and ensured an appropriate level of Independent scrutiny at subsidiary level; and
- considered the independence of the Non-Executive Directors.

Board appointment and re-election process

Although members of the Board are appointed by the Company's shareholders, the Board has the authority to appoint Directors to fill any vacancy that may arise from time to time. These appointments are ratified by shareholders at the following Annual General Meeting.

The Committee is tasked with identifying and recommending suitable Board candidates for the Board's consideration through a formal process. Directors are appointed based on their specific skills set, industry expertise and experience, as well as the overall level of contribution they can make to the activities of the Group.

In accordance with the Company's Constitution, all Directors are subject to retirement by rotation and re-election by the Company's shareholders annually.

Board changes during the year

A number of changes to the Board took place during the financial year under review:

- Paul Huberman did not stand for re-election as Non-Executive Director as had taken up a new executive position with a South African REIT;
- David Love was appointed as an Independent Non-Executive Director;
- Samuel Jonah was appointed as an Independent Non-Executive Director;
- in April 2019, the PIC removed Matshepo More as its nominee on the Grit Board; and
- Bright Laaka was appointed at the AGM on the 29 November 2018, as the permanent alternate to Nomzamo Radebe.

The Board thanks Paul and Matshepo for their contributions and support during his tenure.

Diversity – Valuing, Encouraging, and Supporting a Diverse Workforce

It takes diverse thinking and backgrounds to authentically understand the different segments of the Grit Group market. As an African business doing business on the African content, Grit is committed to diversity, inclusion and localisation.

Creating an environment of collaboration and mutual respect, Grit is committed to bringing together a wide range of people with diverse values, differing backgrounds, and varied experiences to leverage its knowledge base in the region where it operates.

More broadly, the Company is committed to creating inclusive workplaces that welcome a diverse group of people, regardless of gender, gender identity, gender expression, transgender status, sexual orientation, class, race, religion, creed, colour, marital or family status, age, nationality, political association or disability.

Diversity is considered at every level of recruitment. All appointments to the Board, and elsewhere, are made solely on merit with the overriding objective of ensuring that the Board maintains the correct balance of skills, length of service and knowledge of the Group to successfully determine the Group's strategy.

Gender diversity across the Company is set out below.

Diversity of employees as at 30 June 2019

Financial Year Ending	Gender	
	Male	Female
June 2019	36	33
June 2018	21	29

Grit has a diversified working force with employees having different nationalities as set out below:

Nationality of employees as at 30 June 2019

Nationalities	Employees
Cameroonian	1
French	1
Ghanaian	1
Mauritians	32
Moroccans	7
Mozambican	9
South African	16
British	1
Zimbabwean	1

In terms of the JSE Listing requirements, the Company is required to have a Gender Diversity Policy and a Race Policy. These policies, which were approved by the Board can be viewed on www.grit.group.

The voluntary target set and adopted by the Board to achieve gender diversity is a soft target of 30% female representation on the Board. The voluntary targets have been meet.

The voluntary target is to ensure that at least 30% of the Board consists of Directors, who are "black people" as defined in the Broad-Based Black Economic Empowerment Act, 2003, as amended. This target has been met.

Succession planning and development

As Directors we have a duty and the responsibility to ensure the long-term success of the Company, which includes ensuring that there is a pipeline of able and experienced people in the business for potential future Board and Senior Management appointments. Succession planning is a continuous process that identifies necessary competencies required by an organisation and works to assess, develop and retain a talent pool of employees to ensure a continuity of leadership within the organisation, for all critical positions. The Board views succession planning as crucial to the Company's sustainability. The Committee ensures that, as Directors retire, candidates with the necessary skills and experience are identified to ensure that the Board's competence and balance is maintained and enhanced, taking into account the Group's current and future needs.

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

Audit Committee Report

The Audit Committee ("the Committee") is primarily responsible for providing the Board with additional assurance regarding the efficacy and reliability of the financial information used by the Directors to assist them in the discharge of their duties and reviewing interim and annual financial statements and the Integrated Annual Report.

Committee Composition

During the year under review, the Committee was composed of three Independent Non-Executive Directors with a wide range of experience including finance and real estate.

Catherine McIlraith – Chairman
Ian Macleod
David Love

Paul Huberman was the Chairman of the Audit Committee up to 29 November 2018.

The Board consider that Catherine McIlraith, being a qualified Chartered Accountant, has an appropriate level of recent and relevant financial experience to discharge her duties as the chair of the Committee.

Roles and responsibilities

The Committee's roles and responsibilities are set out in the Audit Committee Charter which has been approved by the Board. This Charter is available on the Company's website at: https://grit.group/governance/.

Key Responsibilities

- review the work of the external auditor and valuer and any significant financial judgement made by management;
- determine the fees to be paid to the Auditors and the auditor's terms of engagement;
- provide the Board with additional assurance regarding the efficacy and reliability of the financial information used by the Directors to assist them in the discharge of their duties;
- review the full and half-year financial statements, including consideration of material estimates and areas of judgement exercised in their preparation;
- advise the Board on various statements made in the Integrated Annual Report, including those on going concern, risk and controls and whether, when read as a whole, the Integrated Annual Report is true, fair and understandable and provides the information necessary for the shareholders to assess strategy, business model and performance;
- determine, the nature and extent of any non-audit services that the auditor may provide to the Company, or that the auditor must not provide to the Company or a related company;
- pre-approve any proposed agreement with the auditor for the provision of non-audit services to the Company that fall outside of the pre-approval given by the Committee to Management;
- ensure good standards of governance, reporting and compliance are in operation;
- make submissions to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting;
- oversee the internal audit function;
- consider the appointment of the external auditor, their reports to the Committee, performance, objectivity and independence; and
- annually reviewing the expertise, resources and experience of the CFO and finance function and disclosing the results of the review in the Integrated Report.

In order to assess the financial statements, the Committee regularly reviews reports from members of the finance team and External Auditors who are invited to attend the Committee's meetings. Through face-to-face discussions and detailed written reports, the Committee are able to understand the business rationale for transactions and how they are being recorded and disclosed in the financial statements.

Meetings of the Committee

During the year under review, the Committee met six times in July 2018, August 2018, September 2018, November 2018, February 2019 and May 2019.

Member	Independent	No. of meetings
Catherine McIlraith	Yes	6/6
Ian Macleod	Yes	5/6
David Love	Yes	2/2*
Paul Huberman	Yes	4/4*

**Please refer to notes under Board Committee meetings on page 82.*

In addition to the Committee members, by invitation only, meetings are attended by certain members of the company's Senior Management Team and representatives from the external auditor. KPMG, the Group's Internal Auditors are also invited to meetings.

The External Auditors have unrestricted access to the Committee.

During the year the Chairman of the Committee has met with the External Auditors without the presence of management.

Key activities during the year

- nominated and recommended PwC Mauritius for appointment as External Auditors of the Group;
- approved the fees to be paid to the Auditors and the auditor's terms of engagement;
- ensured that the appointment of the auditors complied with the provision of the Companies Act of Mauritius 2001, and any other legislation relating to the appointment of auditors;
- determined the nature and extent of any non-audit services that the auditor may provide to the Company;

- pre-approved any proposed agreement with the auditor for the provision of non-audit services to the Company;
- prepared a report, which has been included in the annual financial statements of the Company for the financial year under review;
- approved the Internal Audit plan;
- acknowledged, reviewed and discussed critical policies, judgments and estimates; and
- made submissions to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting.

Following Grit's admission to trading on the LSE's Main Market on the 31 July 2018, Grit now holds primary listings on both the Main Market of the LSE and the Main Board of the JSE, and a secondary listing on the Official Market of the SEM[1] (the "**Exchanges**" and each an "**Exchange**").

Under the SEM Rules and the JSE Listing Requirements, the Company is required to prepare and publish its abridged audited annual financial statements for its financial year ended 30 June 2019 within 90 days of its financial year-end, i.e. by no later than Saturday, 28 September 2019 (confirmation received from FSC and SEM to file on 30 September 2019, the next business day) It is a requirement of the rules of each Exchange that Grit's financial statements be audited. The financial statements should be signed off by auditors accredited with the LSE and the JSE. For SEM purposes, the financial statements should be signed off by an audit firm approved by the Mauritian Financial Reporting Council under the Mauritian Financial Reporting Act 2004.

The Committee has fulfilled its statutory responsibilities in compliance with its terms of reference for the year under review.

Regulatory compliance

The Committee has complied with all the applicable regulatory and legal responsibilities.

Statutory Auditor

PricewaterhouseCoopers (PwC Mauritius), the Company's appointed statutory auditor, being a licensed auditor under the Mauritian Financial Reporting Act 2004, has the authority to sign-off on the audited financial statements of Grit for SEM purposes.

However, PwC Mauritius is not accredited with the LSE and the JSE and so the Board has resolved to appoint PricewaterhouseCoopers LLP ("**PwC UK**"), being a duly accredited auditor with the LSE and the JSE, to sign-off on the Company's audited non-statutory Group financial statements for LSE and JSE purposes.

The tenure of the statutory auditors is for one year, subject to annual re-assessment as set out below.

Annual assessment of the external auditor

The Committee reviewed the independence, objectivity and effectiveness of the External Auditors, considering, *inter alia* the information stated in paragraph 22.15(h) of the JSE Listings Requirements and based on our satisfaction with the results of the activities outlined above we have recommended to the Board that PwC Mauritius should be re-appointed for the financial year ending 30 June 2020. Prior to appointing PwC Mauritius, their independence and objectivity were assessed and found to be satisfactory.

Following the year–end audit, the Committee assessed the effectiveness of the External Auditor. The assessment took into account the views of Senior Management Team with regard to the auditor's resources, objectivity, character, knowledge, organisation, judgements and quality of reporting.

As part of their review, the Committee reviewed the audit plan, which was focused on risk and materiality, and considered the quality of their planning, whether the agreed plan had been met, the extent to which it was tailored to our business and its ability to respond to any changes in the business.

After taking all of these matters into account, the Committee concluded that PwC Mauritius had performed their audit effectively, efficiently and to a high quality. Accordingly, the Committee has recommended to the Board that PwC Mauritius be re-appointed as Statutory Auditor to the Group for the year ending 30 June 2020. Any feedback arising from the annual assessment will be discussed with the External Auditor for implementation into the audit plan for the next year-end audit.

The Committee has satisfied itself in terms of paragraph 3.84 (g)(i) of the JSE Ltd Listings Requirements that the Group Chief Financial Officer, as well and the Group finance function has the appropriate expertise and experience.

Non-audit services

The objective of maintaining the Non-Audit Services Policy is to ensure that the provision of such services do not impair the External Auditor's independence or objectivity.

During the year under review, the following Non-Audit Services were performed by:

	June 2019 (USD'000)	30 June 2018 (USD'000)
PwC Mauritius & PwC UK	51	23

Non-audit services provided by PwC during the year ended 30 June 2019 related to a limited review of the consolidated accounts of the Group prepared for the period ended 31 December 2018, accounting services in Mozambique and various Taxation advisory services across the regions.

Internal Audit

Internal Audit ("IA") is an Independent appraisal function, forming part of our 3rd line of defence. IA is an Independent, objective assurance and consulting activity designed to add value and improve Grit's operations. Our IA function examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance. The function provides the Board with a quarterly report of its findings and recommendations for each audit performed, including agreed management actions from management which, along with other sources of assurance, is used by the Board in making its assessment of the Group's system of internal controls and risk management.

GOVERNANCE

The Internal Audit function has been outsourced to KPMG Advisory services limited ("KPMG"). In June 2018, KPMG was appointed to undertake the IA function within the Group. KPMG operates within defined boundaries of authority as set out by the Audit Committee and the Board and follows a two-year IA plan. The first year, IA has focused on processes and operations carried out in Mauritius.

The IA plan will be extended for in-country review in 2019 and 2020, following which the Board shall review the requirements linked to IA.

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

The detailed IA plan approved by the Committee for year-end 2018, year-end 2019 and year-end and 2020 is set out below:

2018 Internal Audit projects – Group level		
1	Review the accuracy of lease agreements' information uploaded on Broll Online	Delivered
2	Review the accuracy of budget data uploaded on Broll Online	Delivered
3	Enterprise Risk Assessment	Delivered

2019 Internal Audit projects – Group level	2019	2020
IT review – Mauritius	Delivered	
Internal Financial Close – Listings' disclosure requirements	Delivered	
Finance	Ongoing	
Treasury	Ongoing	
Revenue and debt collection		
Fund raising–Equity and Debt		
Procurement & contract management		
Asset management		
People management & payroll		
Governance	Postponed to Year 2	
Follow-up on past findings		

Further to IT review and the review of the treasury department, some deficiencies in internal control have been identified. Management have reviewed and acknowledged these deficiencies and have committed to and are taking remedial steps. The Audit Committee and the Board monitors the agreed deadline to close on remedial actions.

The Internal Audit team maintains its independence through its internal policies and procedures designed to manage its professional competence, independence and objectivity. The independence of the Internal Audit team is also governed by the terms of its engagement letter with the Group.

[1]The listing on the SEM is termed as a 'secondary listing'. However, all SEM Rules apply to the Company, except the requirement to publish interim quarterly financial reports.

The internal audit team has unrestricted access to the Committees Chairperson, Senior Management team, the records of the business units it audits as required, subject to controls in place to ensure compliance to Data Privacy related regulations.

Terms of engagement and fees paid to External Auditor

Prior to the commencement of the annual audit, the nature and scope of the audit was discussed with the External Auditors. Following this discussion, the Committee, in consultation, with Executive Management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year ended 30 June 2019. The Committee considered the fee to be fair and appropriate.

Finance function

The Committee has reviewed the consolidated and stand-alone financial statements of the Group and is satisfied that they comply with International Financial Reporting Standards.

The External Auditors have expressed an unqualified opinion on the statutory annual financial statements for the year ended 30 June 2019.

We are satisfied that Leon van de Moortele, the CFO, has the appropriate expertise and experience to meet his responsibilities in that position as required by the SEM, the JSE and the LSE.

We are satisfied with:

- the expertise and adequacy of resources within the finance function; and
- the experience of the senior financial management staff.

Going concern

The Committee reviewed whether it was appropriate to adopt the going concern basis in the preparation of the results. In considering this, it reviewed the Group's budget for the year ended 30 June 2020, liquidity and cash flows, contractual obligations and financial commitments, and unused by available credit facilities. Following the review, the Committee recommended to the Board that it was appropriate to adopt the going concern basis.

Integrated Annual Report

The Committee has reviewed and commented on the financial statements and the disclosure of sustainability issues included in this Integrated Annual Report to ensure that they are reliable and do not conflict with the financial information disclosed in this Integrated Annual Report. This Integrated Annual Report was recommended to the Board for approval.

Risk Committee Report

The Board's responsibility for the establishment of a robust risk management system has been delegated to the Risk Committee ("the Committee") and is undertaken with the support of the Internal Audit function.

Board
Overall responsibility for risk management and internal control
Sets strategic objectives and risk appetite
Sets delegation of authority limits for Senior Management
Risk Committee
Monitors and reviews the Group's risk register
Identifies and evaluates key risks and tolerance levels and ensures they are appropriately managed
Senior Management – Risk and Compliance
Maintains the Group's risk register
Manages the Group's risk management procedures
Reviews the operation and effectiveness of key controls
Provides guidance and advice to staff on risk identification and mitigation plans

Committee Composition

As at 30 June 2019, the Committee comprised of four Non-Executive Directors, three of which are Independent:

Member	Independent	No. of meetings	Attendance
Ian Macleod	Yes	4/4	100%
Catherine McIlraith	Yes	4/4	100%
David Love	Yes	2/2*	100%
Leon van de Moortele	No	2/2*	100%

*Please refer to notes under Board Committee meetings on page *82*.

During the year under review, the below Directors were also part of the Committee:

Member	Independent	No. of meetings	Attendance
Paul Huberman	Yes	2/2*	100%
Matshepo More	No	0/3*	NIL

* Please refer to notes under Board Committee meetings on page *82*.

Committee meetings

During the year under review, the Committee met four times in September 2018, November 2018, February 2019 and May 2019.

The Committee liaises closely with the Audit Committee and may invite any relevant persons to attend Committee meetings.

Roles and Responsibilities

The Committee's roles and responsibilities are set out in the Risk Committee Charter which has been approved by the Board. This Charter is available on the Company's website at:https://grit.group/governance/.

Key Responsibilities

- oversee the development and annual review of a policy and plan for risk management to recommend for approval to the Board;
- monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes;
- make recommendations to the Board concerning the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the Board;
- oversee that the risk management plan is widely disseminated throughout the Company and integrated in the day-to-day activities of the Company;
- ensure that risk management assessments are performed on a continuous basis;
- ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- ensure that management considers and implements appropriate risk responses;
- ensure that continuous risk monitoring by management takes place;
- liaise closely with the Audit Committee to exchange information relevant to risk;
- express the Committee's formal opinion to the Board on the effectiveness of the system and process of risk management; and
- review reporting concerning risk management that is to be included in the Integrated Annual Report for it being timely, comprehensive and relevant.

Key Activities during the year under review:

- routinely reviewed the Groups risk register;
- reviewed the Groups insurance policies and adequacy of insurance coverage;
- received regular IT updates on the various IT projects, i.e. enhancing the disaster recovery procedures;
- reviewed the Group's various IT policies;
- approved the treasury policy;
- reviewed covenant monitoring from the treasury department;
- reviewed and approved the Risk Management enhancement project;
- regularly reviewed the Groups Related Party Register;
- regularly reviewed the following registers for the Group:
  - Litigation register;
  - Warranties/Guarantees/Indemnity register; and
- reviewed the bi-annual Country risk reports prepared by JLL specifically for the Group based on the jurisdictions the Group operates in. The reports focus on:

Asset Specific Risk:

- tenancy risk
- financial risk
- policy risk
- competitive Risk

Real Estate Market Risk:

- supply and demand indicators
- price
- liquidity

Macro Risk:

- country economic overview
- domestic financial risk
- external risk
- domestic political risk & business sentiment

Enterprise Risk Management ("ERM") forms an integral part of the business and risks are considered in all decisions within the Group, both at Board and management level.

Risk tolerance

The Group's risk tolerance is set by the Board and is the level of risk that the Group is willing to accept in order to achieve its strategic objectives.

The overall risk tolerance is LOW.

When considering risk, the following main categories of risk are covered:

- strategic/external risk;
- compliance risk;
- people and culture risk
- information technology;
- operational risk; and
- financial risk

The Senior Management Team ("SMT"), in their task of implementing the Group's strategy, is responsible for:

- ensuring an effective system to manage risks; and
- implementing effective and efficient risk mitigations.

The SMT maintain a Group Wide Risk Register which is shared with the Committee on a quarterly basis. Refer to page [24 to 36] of the Integrated Annual Report for the principal risk and uncertainties. The key risks are well managed and monitored regularly as the risks could change with changes in the industry, economy and stakeholders, amongst others.

Risk management framework

The Risks Management Framework has been set out at pages 26 to 33 of this Integrated Annual Report.

Whistleblowing policy

As part of good corporate governance, a Whistleblowing policy has been implemented (a copy of this policy is available at https://grit.group/governance/, which sets out the whistleblowing rules and procedures.

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

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

Social & Ethics Committee Report

The Social & Ethics Committee ("Committee") was established to assist the Board with the oversight and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships.

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

Committee composition and meetings

Member	Independent	No. of meetings
Catherine McIlraith	Yes	4/4*
David Love	Yes	2/2*
Paul Huberman	Yes	2/2*
Bronwyn Corbett	No	2/2*
Peter Todd	Yes	4/4
Nomzamo Radebe	No	3/3*
Matshepo More	No	0/3*

** Refer to notes under Board Committee meetings on page 82.*

The Committee met four times during the year in September 2018, November 2018, February 2019 and May 2019.

Roles and responsibilities

The Committee is responsible for:

- advising and providing guidance on the effectiveness of management's efforts in respect of social, ethical and sustainable development, related matters;
- monitoring compliance with legislation;
- monitoring employment equity and fair labour practices;
- monitoring the Company's status as a good corporate citizen;
- reviewing the framework, policies and guidelines for safety, health, social investment, community development, environmental management, climate change and asset protection and security;
- reviewing and considering reports from operations in the Company covering sustainability matters and give input in respect of the Annual Integrated Report to focus on the impact of the Company in the economic, environmental and social sphere;
- ensuring facilitated participation, co-operation and consultation within the Company on safety, health, social investment, community development, environmental matters, climate change and asset protection with government, industry, national and international organisation and institutions;
- reviewing and monitoring the Company's stakeholder engagement plans, guidelines and practices;

- providing guidance in relation to the promotion of good sustainability practice such as environmental, BBBEE and stakeholder engagement policies;
- monitoring compliance with the Code of Ethics and Business Conduct Policy; and
- reviewing and monitoring the Company's stakeholder engagement plans, guidelines and practices.

Key activities during the year:

- organised bi-monthly breakfasts, the "Grit Women Property Network" whereby women invited to talk;
- monitored the Group's standing in terms of the goals and purposes with respect to human rights, labour, the environment, including donations to coral reef conservation, and anti-corruption;
- discussed the key elements of good corporate citizenship;
- gained comfort that the Group and its subsidiaries adhere to the relevant laws in all its jurisdictions;
- reviewed the Group's record of sponsorship, donations and charitable giving;
- satisfied itself that the Group's standing and commitment to the various elements of good corporate citizenship remained in place and was actively enforced;
- monitored the Group's activities in contributing to the development of communities;
- received regular reports on the Group's community investment initiatives;
- received regular reports on the Group's activities in respect of programmes offered to enhance its core values which included contributing to society and valuing diversity;
- monitored the Group's standing in terms of the goals and purposes of the 10 (ten) principles set out in the United Nations Global Compact Principles and the OECD recommendations regarding corruption;
- satisfied itself that the Group's core values had a positive impact on the success and wellbeing of local communities; and
- developed a Corporate Social Responsibility Report based on the Sustainable Development Goals recognised by the United Nations.

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

The Committee has further responsibility in terms of advising the Board on all relevant aspects that may have a significant impact on the long-term sustainability of the Company and which influence the Company's triple bottom line reporting.

Grit promotes the highest standards of ethical behaviour among all persons involved in the Group's operations in line with its adopted Code of Conduct (Ethics) for the Company.

Directors' Report

The Board present their Integrated Annual Report and audited financial statements for the year ended 30 June 2019. The Board assumes responsibility for leading and controlling the organisation and meeting all legal and regulatory requirements.

Strategic report

For the review of the business and its likely future developments, see the Strategic Reports on pages 4 to 71 of this Integrated Annual Report.

Dividends

The following dividends were declared during the 2019 financial period:

- distribution number 10 of US$5.25 cps for the six months ended December 2018;
- distribution number 11 of US$6.95 cps for the six months ended June 2019; and
- the full-year distribution will amount to US$12.20 cps. (2018: US$12.19 cps).

The Board confirms the use of distribution per listed security as the relevant measure of financial results for the purpose of trading statements.

Employees

The Board recognises the importance of attracting, developing and retaining the right people. In accordance with best practice, we have employment policies in place which provide equal opportunities for all employees. See the Stakeholder Engagement Report on pages 38 to 43.

Directors

The Directors of the Company who were in office during the year, and up to the date of the signing of the financial statements, are set out on pages 75 to 77. Each Director served throughout the year except for:

- David Love, who was appointed in December 2018 as an Independent Non-Executive Director; and
- Sir Samuel Jonah was appointed in February 2019 as an Independent Non-Executive.

Other changes that took place to the Board during the year under review were:

- Paul Huberman did not stand for re-election at the AGM on 29 November 2018 as Non-Executive Director;
- in April 2019, the PIC removed Matshepo More its nominee on the Grit Board; and
- Bright Laaka was appointed at the AGM on 29 November 2018, as the permanent alternate to Nomzamo Radebe.

The Executive Directors have service contracts with the Company. Copies of these service contracts are available to shareholders for inspection at the Company's registered office and at the Annual General Meeting (AGM). Details of the Directors' remuneration and service contracts are set out on pages 89 to 96.

Directors' interests in Grit shares

The interest of the Directors in the shares of the Company at 30 June 2019 was as follows:

DIRECTOR	Direct beneficial holding	Indirect beneficial holding	Total number of Shares held as at 30 June 2019	Direct beneficial holding	Indirect beneficial holding	Total number of Shares held as at 30 June 2018
Bronwyn Corbett	79 758	5 696 549	5 776 307	669 758	4 789 856	5 459 614
Leon van de Moortele	–	1 202 187	1 202 187	–	1 202 187	1 202 187
Nomzamo Radebe	–	3 875 000	3 875 000	–	3 875 000	3 875 000
Samuel Jonah	–	5 567 564	5 567 564	–		-
Bright Laaka	–	5 812 500	5 812 500	–		-
TOTAL	**79 758**	**22 153 800**	**22 233 558**	**669 758**	**9 867 043**	**10 536 801**

There have been no changes to the number of shares held by the Directors, both directly and indirectly, from the financial year-end date to the date of approval of the annual financial statements.

Directors' indemnity

Directors' and officers' liability insurance is maintained by the Company. The policy provides for the risks arising out of the acts or omissions of the Directors and Officers of the Grit Group. The cover does not provide insurance against fraudulent, malicious or wilful acts of omissions.

Share capital

During the year, 92 393 610 Ordinary Shares were issued at a price of US$1.43 per share as a result of the Company listing on the London Stock Exchange on 31 July 2018.

	Number of shares
Shares in issue at 30 June 2018	214 022 425
New issue	92 393 610
Total issued shares at 30 June 2019	**306 396 035**

Related Party Transactions

The Company has a Related Party Transactions Policy in place. Refer to note 34 in the annual financial statements.

Post Balance Sheet Events

- The Group has on 23 July the 2019 through its wholly-owned subsidiary Casamance Holdings Limited entered into a sale and purchase agreement relating to the shares of Société Immobiliére et de Gestion Hôteliére du cap Skirring ("SIGHC") with Club Med SAS. Under the terms of the Agreement, the Company will acquire 100% of the shares in SIGHC the owner of the property known as Club Med Cap Skirring, a 4-star trident hotel situated at the Club Med resort at Vacap Cap Skirring B.P 46 SN, Kabrousse 27009, Senegal and the rental enterprise conducted by SIGHC on the Property as a going concern, for a provisional purchase consideration of Euro 11.6 million. This was announced on 24 July 2019. The acquisition is still subject to the fulfilment of certain final conditions precedent to be met by no later than 20 December 2019. Club Med and Grit will additionally re-develop and expand the existing hotel at a development cost of EUR25 million capped at EUR28 million. This acquisition is expected to signal a strategic relationship between both companies for future similar transactions.
- The Mozambique debt refinance was approved by the Central Bank of Mozambique with Phase 1 being implemented by the Company in September 2019. The new single US$140 million syndicated facility led by Standard Bank South Africa was signed for four years at a rate of 3 Month Libor + 5%.
- On 17 September 2019, Delta Tete Limitada entered into a turnkey development agreement with Vale Dos Embondeiros Limitada for the delivery of 60 additional corporate accommodation units in the VDE accommodation compound, Mozambique, which have been leased to Vale for a period of five years, for a total fixed development cost of $10.0 million. Payments to be released on a draw down basis for delivery over the project in three phases on 1 September 2019, 31 October 2019 and 30 November 2019.
- Final dividend in respect of the year ended 30 June 2019 of US$6.95cps was declared bringing the total dividend paid and proposed in respect of the year under review to US$12.20cps (2018: US$12.19cps).
- On 11 September 2019, the Company distributed a circular to Shareholders and notice of general meeting:
  - Seeking authority from its shareholders to issue, subject to market conditions, up to 280 million ordinary no par value shares in the issued share capital of Grit ("Shares") in connection with a placing, offer for subscription and intermediaries offer of Shares ("Issue")
  - Grit is undertaking the proposed Issue to support its strategic objectives, including its growth aspirations, through the conversion of its current and future investment pipeline, which are valued at c.US$470 million, predominantly in the industrial, office, corporate accommodation and hospitality sectors. The Company also intends to reduce its bank debt in line with the Company's overall gearing target of between 35% to 40% loan to value
  - The Issue Price will not be less than the most recently published net asset value per Share in US$ at the time of the Issue, adjusted for any dividends declared at that date. There will be no dilutive effect on the net asset value per Share as a result of the Issue
- The Overdraft of $8.5 million with Bank ABC have been converted into a three-year term loan bearing interest of Libor plus 3.5% with a capital moratorium of 18 months.

Political Donations

No political donation has been made by the Company or its subsidiaries during the financial period (2018: nil).

Auditors

It will be proposed at the next AGM in November 2019 for the re-appointment of PwC Mauritius and PwC UK.

The Directors who held office at the date of approval of this Directors' Report confirm that:

- as far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of such information.

Going concern

The Directors have satisfied themselves that the Group and Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The Directors are of the opinion that the Group and Company have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going-concern basis in preparing the Group's financial statements.

Annual General Meeting (AGM)

The 2019 AGM of GRIT will be held at Grand Baie, Mauritius, on Friday, 29th November 2019, at 13h00 Mauritian time (11h00 South African time and 09h00 United Kingdom time). The Notice of Meeting together with explanatory notes is contained in the circular to shareholders that accompanies the Report and accounts.

The Strategic Report and Directors' Report have been approved by the Board of Directors and signed on its behalf by:

Bronwyn Corbett
Chief Executive Officer

Leon van de Moortele
Chief Financial Officer

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (IASB) and the Mauritius Companies Act 2001, for purposes of complying with the SEM Listings Rules and to enable the Company to meet its filing obligations regarding the financial statements Annual Report applicable to its listings in London and Johannesburg.

The Directors must not approve the Group financial statements unless they are satisfied that the Group financial statements give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are responsible for:

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable IFRSs as issued by the IASB have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001.

Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirms that to the best of their knowledge:

- they have complied with the above-mentioned requirements in preparing the Group financial statements; and
- the Group financial statements, which have been prepared in accordance with IFRSs, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

The Directors consider that the Integrated Annual 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.

The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The annual financial statements of the Company have been approved by the Board on 30 September 2019. Each of the Directors confirms that to the best of their knowledge that the Group financial statements, which have been prepared in accordance with IFRSs, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

On behalf of the Board

Corbett

Bronwyn Corbett
Chief Executive Officer

Leon van de Moortele
Chief Financial Officer

30 September 2019

Statement of Compliance

We, the Directors of Grit Real Estate Income Group Limited, confirm to the best of our knowledge that this Public Interest Entity has fully complied with all of its obligations and requirements under the:

- Code of Corporate Governance for Mauritius 2016 ("the Code") for the year ended 30 June 2019; and
- the King IV Report on Corporate Governance™ for South Africa, 2016 - A register summarising Grit's application of the principles of King IV is available at www.grit.group.

Peter Todd
Chairman

Bronwyn Corbett
Chief Executive Officer

30 September 2019

Certificate from the Company Secretary

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001 in terms of Section 166(d), for the year ended 30 June 2019.

Intercontinental Fund Services Limited
Company Secretary

30 September 2019

designed to perform

flexibility

Annual Financial Statements

Independent Auditor's Report

To the Shareholders of Grit Real Estate Income Group Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Grit Real Estate Income Group Limited (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act, 2001.

What we have audited

The Grit Real Estate Income Group Limited's accompanying consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 30 June 2019;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are Independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
The Group — Valuation of investment properties — $573.7 million (2018: $383.1 million) **See note 3 Investment properties** The Group holds significant investment properties which are fair valued each year under IAS 40 with the change in fair value being reflected in the income statement. The valuation of these properties is carried out for management by external experts. The nature of the valuation process relies on the application of assumptions which are inherently complex and consequently there is a significant risk over the valuation of investment properties.	Due to the nature of the risk and the amounts included in the financial statements, this is an area of focus for the audit team. The key procedures that we have followed are set out below – these are the same procedures that we have followed for auditing the valuations of the properties that are included within the associates and joint ventures as well as "controlled" properties. • We have received and read copies of all the external valuation reports. We have assessed the skills and experience of management's experts to ensure that they are appropriate; • We have utilised the skills and experiences of our Internal Valuation specialists throughout the process and they have attended the meetings as set out below; • During August and September 2019, we held discussions with management and held separate calls with each of the respective valuers to discuss the valuation process, the key assumptions and the rationale behind the most significant movements in the year. Where necessary we had follow-up calls with management and their external valuers to confirm/clarify information and assumptions; • We have assessed the appropriateness of the key assumptions used across the portfolio, corroborating yields, Estimated Rental Values and other assumptions to comparable information where available. In instances whereby comparable information has not been readily available, we have sought to understand the valuers rationale and experience in the local market and have recomputed their valuations based on discounted cash flow models factoring in the sensitivity to the overall valuation based on their assumptions; • Our internal valuation experts have then recomputed the valuation for each investment property based on the method employed by the external valuer to ascertain the reasonableness of the underlying valuation and performed separate sensitivity analysis where appropriate; • At the same time our audit teams have also vouched the other key inputs in the model such as current rents, expenses, existence of original title deeds; • Considered the disclosure in the accounts including critical accounting estimates; and • Discussed with the audit Committee the procedures that we carried out and our findings.
The Group – Acquisitions during the year **See note 3 Investment properties** During the year the Group acquired a number of properties, either outright control or as a joint venture. The size of the acquisitions as well as the complex nature of how some of these have been contracted means that we spent considerable time ensuring that the accounting for these was correct.	Our audit procedures for all acquisitions have included: • Obtaining, reading and ensuring that the sale and purchase agreement is consistent with the facts accounted for; • We have agreed amounts of money paid out to bank statements; • Obtained the original title deeds; • Assessed the accounting treatment for the acquisitions and specifically that the acquisitions are deemed an asset acquisition rather than a business combination given the nature of the acquisition; • Agreed the acquisition to the Board and investment Committee minutes; • Considered the parties involved in the transactions and whether they should have be described as a related party; • For CADS II acquisitions in Ghana, we ensured that it was appropriate that these were accounted for as associates under IAS 28; • For the Acacia Estate in Mozambique and 5th Avenue in Ghana, we ensured that it was appropriately recognised as investment property under IAS 40; and • For acquisition of additional 25% investment in the Mukuba mall in Zambia, making the mall a 75% held subsidiary, we ensured that is was appropriately recognised as investment property under IAS 40.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The Group and the Company – Disclosure of related party transactions

See note 34 Related parties

Due to the historic volume of related party transactions entered into by the Group and on the basis that the completeness of related party transactions was identified as an area of control risk as part of the London listing process we have performed specific procedures with respect to related party transactions.</td><td>Our audit procedures have included the following:
Reviewed the initial related party register supplied by management and challenged management on the completeness of the list and the procedures for ensuring completeness;
Selected a sample of expenses incurred by the Company, traced to vendor supporting documentation and then checked whether the vendor/Directors were a related party and therefore included on the register;
Selected a sample of tenants from the tenancy schedules of our significant component, Anfa Place and performed a search for Directors of the tenants which we have then cross referenced to the related party register to identify any common Directors;
Considered the top 20 shareholders throughout the year to ensure the significant shareholders have been included in the related party register;
Circulated a list of related parties to each of the component auditors which were required to confirm completeness of the list as well as ensure any related party transactions were disclosed;
Considered our knowledge of the entity and its transactions to consider if any related parties had been omitted;
Tested all cash transactions in excess of $1 million and assessed whether the transaction was with a related party;
We have assessed the Fairness Opinion in respect of the development agreement to be entered into between Grit Services Limited and Gateway Delta Development Holdings Limited which constitutes a small related party and considered whether the relationship is appropriately disclosed; and
Tested the shares issued during the year, as part of the LSE capital raise, to determine who the parties were that acquired shares and considered if these parties had entered into significant transactions with the Group.</td></tr>
<tr><td>The Group and the Company – Issue of shares on capital raise

See note 15a Ordinary share capital

On 31 July 2018, the Group listed on the London Stock Exchange and in doing so it raised a gross $132 million of new equity. Given the size of the raise relative to the Group size as well as the complexity (related party involvement, costs covered by shares rather than cash in some instances), we dedicated substantial resources to the audit of this area.</td><td>Our audit procedures included:
We obtained a list of those who subscribed for the shares and reconciled this to the financial statements;
We obtained a copy of the Prospectus from the capital raise and ensured that there was consistency between this and how the raise was accounted for in the financial statements;
We tested cash due to be received to bank statements. We noted that some of the cash receipts were obtained later than expected;
We discussed with management the reasons for the late receipt of the monies and undertook additional procedures to ensure that we understood the cash flows, the accounting and any disclosure requirements. These procedures included reviewing third party reporting and utilising our internal experts to assist, in particular to ensure that the Company had identified any related party transactions and that any such transactions were appropriately disclosed. We also discussed our findings with other advisers involved in the capital raise to ensure that we had a complete understanding;
Where costs were covered by the issue of shares rather than by cash to certain advisers we vouched the details back to supporting documentation and consulted internally with our technical specialists to ensure that the accounting treatment is correct; and
We communicated our approach and findings to the audit Committee.</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
The Group and the company – Going concern Going concern was not identified as a significant risk for the 2019 audit but given the level of work that we have carried out and the pervasive nature of going concern for the financial statements as a whole we have determined it appropriate to document a key audit matter. the business model for the group relies on periodically refinancing debt (some of which is in relation to collateralised specific property and some of which is for more general liquidity needs).	Our audit procedures include the following: • Obtained and read management's going concern assessment; • Challenged the assessment over some of the assumptions included for refinancing (specifically where refinancing was not legally committed) and obtained a revised model and paper from management reflecting the latest position with non-committed facilities for the next 12 months excluded; • Testing the integrity of the model by utilising internal experts on data/model integrity; • Testing the key inputs to the model by vouching back to supporting documentation such as rent rolls for the properties and expense expectations; • Consideration of the liquidity position and covenant headroom generated by the model and in particular the low points; • Consideration of the downside scenarios proposed by management; and • Review and consideration of the disclosure of going concern in the financial statements.
The Company – Fair valuation of investments in subsidiaries and impairment of loans receivable from related parties At 30 June 2019, investments in subsidiaries and loans receivable from related parties amounted to \$505 million (2018: \$385 million). Investments in subsidiaries are carried at fair value through profit or loss. Fair value is mainly determined by reference to the underlying fair value of the subsidiaries' net assets. Loans receivable from related parties are carried at amortised cost and assessed for impairment. The amounts are significant to the Company's financial statements.	Our audit procedures have included the following: • Verified the computation of the fair value for investment in subsidiaries. We have reviewed the net assets' values of each subsidiary and discussed the fair value with management where necessary; and • Assessed the loans receivables from related parties for impairment by assessing the counterparty's ability to repay and their net assets' positions.

Other Information

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

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition to the responsibilities described above and our work undertaken in the course of the audit, the Financial Reporting Act, 2004 requires us to report certain matters as described below.

Corporate Governance Report

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act, 2001

The Mauritian Companies Act, 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

a. we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor and business advisors of the Company and some of its subsidiaries;

b. we have obtained all the information and explanations we have required; and

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

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with section 205 of the Mauritian Companies Act, 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Oliver Rey, licensed by FRC

30 September 2019

Independent Auditors Report to the Directors of Grit Real Estate Income Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, GRIT Real Estate Income Group Limited's non-statutory group financial statements (the 'financial statements'):

- Give a true and fair view of the state of the group's affairs as at 30 June 2019 and of its profit and cash flows for the year then ended; and
- Have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

We have audited the financial statements, included within the Annual Report (the 'Annual Report'), which comprise: the Consolidated statement of financial position as at 30 June 2019; the Consolidated income statement; the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated statement of changes in equity for the year then ended; and the related notes to the financial statements, which include a description of the significant accounting policies.

We have not audited the separate financial statements of the Company, which comprise: the Separate statement of financial position as at 30 June 2019; the Separate income statement; the Separate statement of comprehensive income, the Separate statement of cash flows, and the Separate statement of changes in equity for the year then ended; and the related notes to the financial statements, which are presented alongside the group financial statements.

Basis for opinion

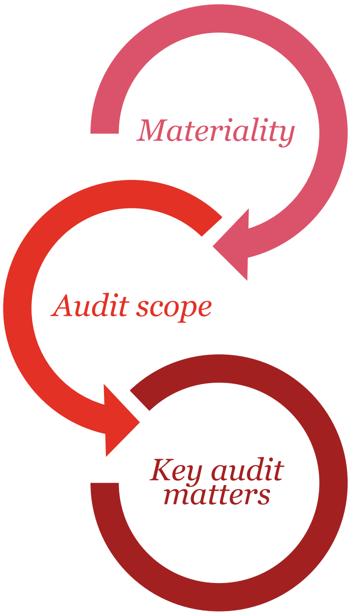
We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained Independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements

Our audit approach

Overview



- Overall group materiality for Investment properties of $8.5 million (2018: $6.5 million), based on 1% of total assets.
- Specific Group materiality: $1.6million (2018: $1.6million) applied to property and other income, administrative expenses, provisions and working capital balances.

- We performed audit work over the complete financial information for 1 significant components and 11 other components.
- We engaged local PwC offices in Mauritius, Morocco and Mozambique to assist with component audits. BDO in Zambia also carried out some work on a local component in Zambia.
- In addition, we conducted specific audit procedures on certain balances and transactions in respect of a number of other reporting entities, as well as performing procedures over group wide estimates, judgements and transactions centrally.
- The total coverage obtained from our work accounted for 91% of revenue and 90% of profit before tax.

- Valuation of Investment properties;
- Acquisitions during the year;
- Disclosure of related party transactions;
- Going Concern; and
- Issue of shares on capital raise.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment properties —$ 573.7million **(2018:$ 383.1million)** **See note 3 Investment properties** The Group holds significant investment properties which are fair valued each year under IAS 40 with the change in fair value being reflected in the income statement. The valuation of these properties is carried out for management by external experts. The nature of the valuation process relies on the application of assumptions which are inherently complex and consequently there is a significant risk over the valuation of investment properties.	Due to the nature of the risk and the amounts included in the financial statements this is an area of focus for the audit team. The key procedures that we have followed are set out below – these are the same procedures that we have followed for auditing the valuations of the properties that are included within the associates and joint ventures as well as 'controlled' properties. • We have received and read copies of all the external valuation reports. We have assessed the skills and experience of management's experts to ensure that they are appropriate; • We have utilised the skills and experiences of our Internal Valuation specialists throughout the process and they have attended the meetings as set out below; • During August and September 2019 we held discussions with management and held separate calls with each of the respective valuers to discuss the valuation process, the key assumptions and the rationale behind the most significant movements in the year. Where necessary we had follow up calls with management and their external valuers to confirm/clarify information and assumptions; • We have assessed the appropriateness of the key assumptions used across the portfolio, corroborating yields, Estimated Rental Values and other assumptions to comparable information where available. In instances whereby comparable information has not been readily available we have sought to understand the valuers rationale and experience in the local market and have recomputed their valuations based on discounted cash flow models factoring in the sensitivity to the overall valuation based on their assumptions; • Our internal valuation experts have then recomputed the valuation for each investment property based on the method employed by the external valuer to ascertain the reasonableness of the underlying valuation and performed separate sensitivity analysis where appropriate; then recomputed the valuation for each investment property based on the method employed by the external valuer to ascertain the reasonableness of the underlying valuation and performed separate sensitivity analysis where appropriate; • At the same time our audit teams have also vouched the other key inputs in the model such as current rents, expenses, existence of original title deeds; • Considered the disclosure in the accounts including critical accounting estimates; and • Discussed with the audit Committee the procedures that we carried out and our findings. From the work performed we consider overall that the properties have been valued on a reasonable basis and are not materially misstated using appropriate methodology.
Acquisitions during the year (Group) **See note 3 Investment properties** During the year the Group acquired a number of properties, either outright control or as a joint venture. The size of the acquisitions as well as the complex nature of how some of these have been contracted means that we spent considerable time ensuring that the accounting for these was correct.	Our audit procedures for all acquisitions have included: • Obtaining, reading and ensuring that the sale and purchase agreement is consistent with the facts accounted for; • We have agreed amounts of money paid out to bank statements; • Obtained the original title deeds; • Assessed the accounting treatment for the acquisitions and specifically that the acquisitions are deemed an asset acquisition rather than a business combination given the nature of the acquisition; • Agreed the acquisition to the Board and investment Committee minutes; • Considered the parties involved in the transactions and whether they should have be described as a related party; • For CADS II acquisitions in Ghana, we ensured that it was appropriate that these were accounted for as associates under IAS 28; • For the Acacia Estate in Mozambique and 5th Avenue in Ghana, we ensured that is was appropriately recognised as investment property under IAS 4; and • For acquisition of additional 25% investment in the Mukuba mall in Zambia, making the mall a 75% held subsidiary, we ensured that is was appropriately recognised as investment property under IAS 40. We are satisfied that the accounting for acquisitions during the year is in line with the accounting standards and disclosed appropriately in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Disclosure of related party transactions (Group) **See note 34 Related parties** Due to the historic volume of related party transactions entered into by the Group and on the basis that the completeness of related party transactions was identified as an area of control risk as part of the London listing process we have performed specific procedures with respect to related party transactions.	Our audit procedures have included the following: • Reviewed the initial related party register supplied by management and challenged management on the completeness of the list and the procedures for ensuring completeness; • Selected a sample of expenses incurred by the company, traced to vendor supporting documentation and then checked whether the vendor/Directors were a related party and therefore included on the register; • Selected a sample of tenants from the tenancy schedules of our significant component, Anfa Place and performed a search for Directors of the tenants which we have then cross referenced to the related party register to identify any common Directors; • Considered the top 20 shareholders throughout the year to ensure the significant shareholders have been included in the related party register; • Circulated a list of related parties to each of the component auditors which were required to confirm completeness of the list as well as ensure any related party transactions were disclosed; • Considered our knowledge of the entity and its transactions to consider if any related parties had been omitted; • Tested all cash transactions in excess of $1million and assessed whether the transaction was with a related party; • We have assessed the Fairness Opinion in respect of the development agreement to be entered into between Grit Services Limited and Gateway Delta Development Holdings Limited which constitutes a small related party and considered whether the relationship is appropriately disclosed; and • Tested the shares issued during the year, as part of the LSE capital raise, to determine who the parties were that acquired shares and considered if these parties had entered into significant transactions with the group. Following the procedures above management included some additional related parties. We are satisfied that appropriate procedures have been carried out to identify all related parties and that the disclosure of those transactions and balances in the financial statements is appropriate
Issue of shares on capital raise **See note 15a Ordinary share capital** On 31 July 2018, the Group listed on the London Stock Exchange and in doing so it raised a gross $132m of new equity. Given the size of the raise relative to the Group size as well as the complexity (related party involvement, costs covered by shares rather than cash in some instances) we dedicated substantial resources to the audit of this area.	Our audit procedures included: • We obtained a list of those who subscribed for the shares and reconciled this to the financial statements note 15a; • We obtained a copy of the Prospectus from the capital raise and ensured that there was consistency between this and how the raise was accounted for in the financial statements; • We tested cash due to be received to bank statements. We noted that some of the cash receipts were obtained later than expected; • We discussed with management the reasons for the late receipt of the monies and undertook additional procedures to ensure that we understood the cash flows, the accounting and any disclosure requirements. These procedures included reviewing third party reporting and utilising our internal experts to assist, in particular to ensure that the Company had identified any related party transactions and that any such transactions were appropriately disclosed. We also discussed our findings with other advisers involved in the capital raise to ensure that we had a complete understanding; • Where costs were covered by the issue of shares rather than by cash to certain advisers we vouched the details back to supporting documentation and consulted internally with our technical specialists to ensure that the accounting treatment is correct; and • We communicated our approach and findings to the Audit Committee. Following the substantial procedures above we are satisfied that the accounting and disclosure for the issue of shares on the capital raise is appropriate. Any transactions with related parties are appropriately disclosed.

Key audit matter	How our audit addressed the key audit matter
Going concern Going concern was not identified as a significant risk for the 2019 audit but given the level of work that we have carried out and the pervasive nature of Going Concern for the financial statements as a whole we have determined it appropriate to document a Key Audit Matter. The business model for the Group relies on periodically refinancing debt (some of which is in relation to and collateralises specific property and some which is for more general liquidity needs).	Our audit procedures include the following: • Obtained and read management's going concern assessment; • Challenged the assessment over some of the assumptions included for refinancing (specifically where refinancing was not legally committed) and obtained a revised model and paper from management reflecting the latest position with non committed facilities for the next twelve months excluded; • Testing the integrity of the model by utilising internal experts on data / model integrity; • Testing the key inputs to the model by vouching back to supporting documentation such as rent rolls for the properties and expense expectations; • Consideration of the liquidity position and covenant headroom generated by the model and in particular the low points; • Consideration of the downside scenarios proposed by management; and • Review and consideration of the disclosure of Going Concern in the financial statements. We refer you to 'Conclusions relating to going concern' in our opinion.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

The Group's properties are spread across 20 statutory entities with the Group financial statements being a consolidation of these entities, the Company and the Group's associates and joint ventures. The Group has one financially significant component, being Freedom Property Fund SARL, which is subject to a full scope audit by our component team in Morocco. Full scope audits were also performed on 11 other components of the Group due to the size of the components by our component teams in Mauritius, Mozambique and Zambia. The above gave us coverage of 91% of consolidated revenue, 90% coverage of consolidated profit before tax and 77% coverage of total assets for the Group.

The Group team's involvement comprised of conference calls, review of component auditor work papers, attendance at component audit clearance meetings and other forms of communication as considered necessary. In addition, senior members of the Group audit team performed site visits to the properties in Mauritius, Morocco and Mozambique. The Group engagement team directly performed the audit of the consolidation. This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	$8.5million (2018: $6.5million)
How we determined it	1% of total assets.
Rationale for benchmark applied	The key driver of the business and determinant of the Group's value is direct property investments. Due to this, the key area of focus in the audit is the valuation of investment properties. On this basis, we set an overall Group materiality level based on total assets. In addition, a number of key performance indicators of the Group are driven by income statement items and we therefore also applied a lower specific materiality for testing property and other income, administrative expenses, provisions and working capital balances.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between $1.0million and $4.6million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $0.4million (2018: $0.3million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.
- We have nothing to report in respect of the above matters.
- However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

- The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of director's responsibilities set out on page 110, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditors responsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the parent company's Directors as a body for in order to enable the company to meet its filing obligations regarding the annual report applicable to its listings in London and Johannesburg in accordance with our engagement letter dated 12 April 2019 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the parent company, save where expressly agreed by our prior consent in writing.

Partner responsible for the audit

The engagement partner on the audit resulting in this Independent auditors' report is Darryl Phillips.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
30 September 2019

Consolidated and separate statements of financial position

As at 30 June 2019

	Notes	GROUP 30 June 2019 $'000	GROUP 30 June 2018 $'000	COMPANY 30 June 2019 $'000	COMPANY 30 June 2018 $'000
Assets					
Non-current assets					
Investment properties	3	**573 664**	383 132	**–**	–
Deposits paid on investment properties	3	**8 500**	11 117	**–**	–
Property, plant and equipment	5	**2 158**	1 749	**1 406**	1 372
Intangible assets	6	**581**	485	**7**	–
Other investments	7	**3 024**	4 154	**–**	1 063
Investments in associates and joint ventures	8	**150 605**	165 311	**6 449**	–
Investments in subsidiaries	9	**–**	–	**129 152**	79 766
Related party loans receivable	10	**25 320**	802	**337 721**	300 027
Other loans receivable	11	**29 226**	42 863	**–**	800
Deferred tax	12	**20 484**	8 999	**–**	–
Total non-current assets		**813 562**	618 612	**474 735**	383 028
Current assets					
Trade and other receivables	13	**34 293**	29 786	**2 313**	3 906
Current tax refundable		**693**	–	**–**	–
Related party loans receivable	10	**166**	77	**38 126**	4 766
Cash and cash equivalents	14	**15 164**	3 086	**230**	108
Total current assets		**50 316**	32 949	**40 669**	8 780
Total assets		**863 878**	651 561	**515 404**	391 808
Equity and liabilities					
Total equity attributable to ordinary shareholders					
Ordinary share capital	15a	**443 259**	328 394	**443 259**	328 394
Treasury shares reserve	15b	**(18 406)**	(14 811)	**–**	–
Foreign currency translation reserve		**(36)**	1 780	**53**	53
(Accumulated losses)/Retained earnings		**(34 868)**	(35 980)	**41 490**	12 952
Equity attributable to owners of the Company		**389 949**	279 383	**484 802**	341 399
Non-Controlling interests§		**4 581**	(3 940)	**–**	–
Total equity		**394 530**	275 443	**484 802**	341 399
Liabilities					
Non-current liabilities					
Redeemable preference shares	16	**12 840**	12 840	**–**	–
Proportional shareholder loans	17	**9 615**	–	**–**	–
Interest-bearing borrowings	18	**163 738**	207 106	**2 422**	486
Obligations under finance leases	19	**126**	124	**–**	–
Related party loans payable	10	**–**	–	**–**	2 316
Deferred tax liability	12	**44 410**	20 791	**–**	–
Total non-current liabilities		**230 729**	240 861	**2 422**	2 802
Current liabilities					
Interest-bearing borrowings	18	**182 359**	99 038	**11 540**	37 281
Obligations under finance leases	19	**46**	51	**–**	–
Trade and other payables	20	**31 606**	26 151	**1 389**	1 757
Current tax payable		**924**	969	**288**	75
Derivative financial instruments	21	**43**	22	**–**	–
Related party loans payable	10	**14 507**	–	**6 167**	–
Other financial liability	22	**644**	128	**306**	128
Bank overdrafts	14	**8 490**	8 898	**8 490**	8 366
Total current liabilities		**238 619**	135 257	**28 180**	47 607
Total liabilities		**469 348**	376 118	**30 602**	50 409
Total equity and liabilities		**863 878**	651 561	**515 404**	391 808

These financial statements on pages 126 to 231 were approved for issue by the Board of Directors and authorised for issue on 30 September 2019.

Bronwyn Corbett

Leon van de Moortele

The notes on pages 132 to 231 form an integral part of the financial statements.

Consolidated and separate income statements

For the year ended 30 June 2019

	Notes	GROUP 30 June 2019 $'000	GROUP 30 June 2018 $'000	COMPANY 30 June 2019 $'000	COMPANY 30 June 2018 $'000
Gross rental income	23	**43 558**	32 128	**–**	–
Straight-line rental income accrual	4	**(824)**	1 110	**–**	–
Revenue		**42 734**	33 238	**–**	–
Property operating expenses		**(10 416)**	(7 585)	**–**	–
Net property income		**32 318**	25 653	**–**	–
Other income		**274**	9	**1 852**	1 461
Administrative expenses (including corporate structuring costs)		**(15 271)**	(14 653)	**(5 856)**	(6 273)
Profit/(loss) from operations	24	**17 321**	11 009	**(4 004)**	(4 812)
Fair value adjustment on investment properties		**15 637**	5 073	**–**	–
Contractual receipts from vendors of investment properties		**5 726**	8 689	**–**	–
Total fair value adjustment on investment properties	3	**21 363**	13 762	**–**	–
Fair value adjustment on other investments	7	**(795)**	(757)	**(727)**	–
Fair value adjustment on other financial liability	22	**(516)**	(128)	**(178)**	(128)
Fair value adjustment on derivative financial instruments		**(6)**	25	**–**	–
Fair value adjustment on investment in subsidiary	9	**–**	–	**49 386**	34 768
Share-based payment expense		**(156)**	(282)	**(156)**	(282)
Share of profits from associates and joint ventures	8	**20 553**	21 028	**–**	–
Impairment of loans		**(1 051)**	–	**(4)**	–
Net impairment (charge)/credit on financial assets	25	**(5)**	–	**74**	–
Foreign currency (losses)/gains		**(1 395)**	1 125	**1 282**	533
Profit before interest and taxation		**55 313**	45 782	**45 673**	30 079
Interest income	26	**7 896**	4 375	**13 810**	8 581
Finance costs	27	**(23 722)**	(19 660)	**(2 295)**	(2 460)
Profit for the year before taxation		**39 487**	30 497	**57 188**	36 200
Taxation	28	**(13 417)**	(4 752)	**(290)**	(75)
Profit for the year after taxation		**26 070**	25 745	**56 898**	36 125
Profit/(loss) attributable to:					
Equity shareholders		**28 035**	28 562	**56 898**	36 125
Non-controlling interests		**(1 965)**	(2 817)	**–**	–
Profit for the year		**26 070**	25 745	**56 898**	36 125
Basic and diluted earnings per ordinary share (cents)*	29	**9.68**	14.20	**19.06**	17.26

**The Company does not have any dilutionary instruments in issue.*

The notes on pages 132 to 231 form an integral part of these financial statements.

Consolidated and separate statements of comprehensive income

For the year ended 30 June 2019

		GROUP		COMPANY	
	Notes	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Profit for the year		**26 070**	25 745	**56 898**	36 125
Retirement benefit obligation		**(1)**	–	**–**	–
Loss on translation of functional currency		**(1 816)**	(1 495)	**–**	–
Other comprehensive expense that will not be reclassified to profit or loss		**(1 817)**	(1 495)	**–**	–
Total comprehensive income relating to the year		**24 253**	24 250	**56 898**	36 125
Attributable to:					
Equity shareholders		**26 218**	27 067	**56 898**	36 125
Non-controlling interests		**(1 965)**	(2 817)	–	–
		24 253	24 250	**56 898**	36 125

The notes on pages 132 to 231 form an integral part of the financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2019

	Notes	Ordinary share capital $'000	Treasury shares reserve $'000	Foreign currency translation reserve $'000	Antecedent dividend reserve $'000	Accumu-lated losses $'000	Non-controlling interest $'000	Total equity $'000
GROUP								
Balance as at 1 July 2017		319 979	(15 031)	3 275	1 261	(51 177)	(1 123)	257 184
Profit/(Loss) for the year		–	–	–	–	28 562	(2 817)	25 745
Other comprehensive expense for the year		–	–	(1 495)	–	–	–	(1 495)
Total comprehensive income/(expense)		–	–	(1 495)	–	28 562	(2 817)	24 250
Share based payments		–	–	–	–	282	–	282
Ordinary dividends paid	31	–	–	–	(1 261)	(13 647)	–	(14 908)
Treasury shares		–	220	–	–	–	–	220
Ordinary shares issued	15a	8 500	–	–	–	–	–	8 500
Share buy back	15a	(85)	–	–	–	–	–	(85)
Balance as at 30 June 2018		328 394	(14 811)	1 780	–	(35 980)	(3 940)	275 443
Balance as at 1 July 2018		**328 394**	**(14 811)**	**1 780**	**–**	**(35 980)**	**(3 940)**	**275 443**
Adoption of IFRS 9	42	**–**	**–**	**–**	**–**	**(416)**	**–**	**(416)**
Restated total equity at the beginning of the financial year		**328 394**	**(14 811)**	**1 780**	**–**	**(36 396)**	**(3 940)**	**275 027**
Profit/(Loss) for the year		**–**	**–**	**–**	**–**	**28 035**	**(1 965)**	**26 070**
Other comprehensive expense for the year		**–**	**–**	**(1 816)**	**–**	**(1)**	**–**	**(1 817)**
Total comprehensive income/(expense)		**–**	**–**	**(1 816)**	**–**	**28 034**	**(1 965)**	**24 253**
Share based payments		**–**	**–**	**–**	**–**	**156**	**–**	**156**
Ordinary dividends paid	31	**–**	**–**	**–**	**(6 581)**	**(26 662)**	**–**	**(33 243)**
Treasury shares	15b	**–**	**(3 595)**	**–**	**–**	**–**	**–**	**(3 595)**
Antecedent dividend reserve	15a	**(6 581)**	**–**	**–**	**6 581**	**–**	**–**	**–**
Ordinary shares issued	15a	**132 095**	**–**	**–**	**–**	**–**	**–**	**132 095**
Share issue expenses	15a	**(10 649)**	**–**	**–**	**–**	**–**	**–**	**(10 649)**
Non-controlling interest on acquisition of subsidiary		**–**	**–**	**–**	**–**	**–**	**10 486**	**10 486**
Balance as at 30 June 2019		**443 259**	**(18 406)**	**(36)**	**–**	**(34 868)**	**4 581**	**394 530**

The notes on pages 132 to 231 form an integral part of the financial statements.

Separate statement of changes in equity

For the year ended 30 June 2019

	Notes	Ordinary share capital $'000	Foreign currency translation reserve $'000	Antecedent dividend reserve $'000	(Accumulated losses)/ retained earnings $'000	Total equity $'000
COMPANY						
Balance as at 1 July 2017		319 979	53	1 261	(9 182)	312 111
Profit for the year		–	–	–	36 125	36 125
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	36 125	36 125
Share based payments		–	–	–	282	282
Ordinary dividends paid		–	–	(1 261)	(14 273)	(15 534)
Ordinary shares issued	15a	8 500	–	–	–	8 500
Share buy back	15a	(85)	–	–	–	(85)
Balance as at 30 June 2018		328 394	53	–	12 952	341 399
Balance as at 1 July 2018		**328 394**	**53**	**–**	**12 952**	**341 399**
Adoption of IFRS 9	42	**–**	**–**	**–**	**(724)**	**(724)**
Restated total equity at the beginning of the financial year		**328 394**	**53**	**–**	**12 228**	**340 675**
Profit for the year		**–**	**–**	**–**	**56 898**	**56 898**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**
Total comprehensive income		**–**	**–**	**–**	**56 898**	**56 898**
Share based payments		**–**	**–**	**–**	**156**	**156**
Ordinary dividends paid	31	**–**	**–**	**(6 581)**	**(27 792)**	**(34 373)**
Antecedent dividend reserve	15a	**(6 581)**	**–**	**6 581**	**–**	**–**
Ordinary shares issued	15a	**132 095**	**–**	**–**	**–**	**132 095**
Shares issue expenses		**(10 649)**	**–**	**–**	**–**	**(10 649)**
Balance as at 30 June 2019		**443 259**	**53**	**–**	**41 490**	**484 802**

The notes on pages 132 to 231 form an integral part of the financial statements.

Consolidated and separate statements of cash flows

For the year ended 30 June 2019

		GROUP		COMPANY	
	Notes	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Cash generated from/(utilised in) operations					
Profit for the year before taxation		39 487	30 497	57 188	36 200
Adjusted for:					
Depreciation and amortisation	5 & 6	392	272	91	51
Interest income	26	(7 896)	(4 375)	(13 810)	(8 581)
Share of profits from associates and joint ventures	8	(20 553)	(21 028)	–	–
Finance costs	27	23 722	19 660	2 295	2 460
Allowance for credit losses	25	5	(602)	(74)	–
Bad debt provision	13	1 162	–	–	–
Impairment of loans		1 051	–	4	–
Foreign currency losses/(gains)		1 156	(897)	–	(784)
Straight-line rental income accrual	4	824	(1 110)	–	–
Share-based payment expense		156	282	156	282
Fair value adjustment on investment properties	3	(21 363)	(13 761)	–	–
Fair value adjustment on other investments	7	795	757	727	–
Fair value adjustment on other financial liability	22	516	128	178	128
Fair value adjustment on derivative financial instruments		6	(25)	–	–
Fair value adjustment on investment in subsidiary	9	–	–	(49 386)	(34 768)
		19 460	9 798	(2 631)	(5 012)
Changes to working capital					
Movement in trade and other receivables		(4 916)	(5 757)	1 593	(2 724)
Movement on deposits paid on investment properties		2 617	(11 117)	–	–
Movement in trade and other payables		5 994	195	(368)	(2 957)
Cash generated from/(utilised in) operations	30	23 155	(6 881)	(1 406)	(10 693)
Taxation paid		(897)	(111)	(79)	–
Net cash generated from/(utilised in) operating activities		22 258	(6 992)	(1 485)	(10 693)
Acquisition of investment properties		(107 587)	(37 083)	–	–
Acquisition of property, plant and equipment	5	(666)	(685)	(115)	(599)
Acquisition of intangible assets	6	(230)	–	(17)	–
Acquisition of other investments		–	(3 848)	–	(1 063)
Acquisition of associates and joint ventures		(14 053)	(10 109)	(6 113)	–
Dividends and interest received from associates and joint ventures	8	8 732	7 470	–	–
Interest received		5 415	4 375	13 810	8 581
Proceeds from disposal of property, plant and equipment		–	4	–	–
Related party loans (advanced)		(19 855)	–	(67 855)	(26 585)
Related party loans received		14 416	67	–	–
Proportional shareholder loans received		423	–	–	–
Other loans (advanced)/repaid		–	(19 532)	800	(800)
Net cash utilised in investing activities		(113 405)	(59 341)	(59 490)	(20 466)
Proceeds from the issue of ordinary shares	15	126 124	–	126 124	–
Share buy back		–	(85)	–	(85)
Purchase of own shares	15b	(3 595)	–	–	–
Share issue expenses	15	(4 678)	–	(4 678)	–
Ordinary dividends paid	31	(33 147)	(14 907)	(34 373)	(15 533)
Proceeds from interest-bearing borrowings	18	147 275	145 406	30 815	57 116
Settlement of interest-bearing borrowings	18	(104 908)	(74 945)	(54 425)	(37 324)
Finance costs paid		(23 674)	(18 909)	(2 490)	(2 017)
Settlement of obligations under finance leases		(3)	(40)	–	–
Net cash generated from financing activities		103 394	36 520	60 973	2 157
Net movement in cash and cash equivalents		12 247	(29 813)	(2)	(29 002)
Cash at the beginning of the year		(5 812)	24 230	(8 258)	20 744
Effect of foreign exchange rates		239	(229)	–	–
Total cash and cash equivalents at the end of the year	14	6 674	(5 812)	(8 260)	(8 258)

The notes on pages 132 to 231 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

General information

Grit Real Estate Income Group Limited (the "Company"; the "Parent") and its subsidiaries (together the "Grit Group" or "the Group") is a real estate company focused on real estate investment assets in pre-selected African countries (excluding South Africa). The Company is a public company incorporated and domiciled in Mauritius. The address of its registered office is 3rd Floor, La Croisette Shopping Mall, Grand Baie, Mauritius. The Company currently holds primary listings on both the Main Market of the London Stock Exchange (LSE) and on the Main Board of the Johannesburg Stock Exchange (JSE), while its listing on the Official Market of the Stock Exchange of Mauritius Ltd (SEM) is termed as a secondary listing. Grit Real Estate Income Group Limited is the ultimate holding company of the Group.

1. Summary of significant accounting policies

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

1.1 Basis of preparation and measurement

The financial statements include the consolidated financial statements of the parent company and its subsidiaries ("**the Group**").

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council, the JSE, LSE and SEM Listings Requirements; and, the requirements of the Mauritian Companies Act 2001. The financial statements have been prepared on the going-concern basis and were approved for issue by the Board on 30 September 2019.

The financial statements have been prepared under the historical cost basis, except for investment properties and certain financial instruments that are measured at fair value through profit or loss and which are stated at fair value.

Going concern

The Directors have satisfied themselves that Group and Company has access to sufficient cash and borrowing facilities to meet its foreseeable cash requirements and that it is appropriate to adopt the going-concern basis in preparing the Group's financial statements. However, should for whatever reason some of the refinancing is not available the Group will need to consider its outgoing cash position which could include a reduction of dividends paid and/or reassessments of the extent of planned capital projects.

Changes in accounting policies and comparability

The accounting policies have been applied consistently to all years presented unless otherwise stated below. Where necessary, comparative figures have been amended to be consistent with changes in presentation in the later years.

IFRS 9 Financial Instruments

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy for financial instruments (application of IAS 39).

As a result of adoption of IFRS 9, the Group adopted certain consequential amendments to IAS 1 Presentation of Financial Statements, which requires the disclosure of interest revenue on the effective interest rate method, as well as impairment losses on financial assets held at amortised cost. In addition the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures, which were applied in the 2018 financial year. Comparative disclosures have not been restated.

IFRS 15 Revenue from contracts with customers

IFRS 15 established a comprehensive framework for determining and reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It replaces all existing revenue standards and their related interpretations in IFRS and applies to all contracts with customers except for contracts that are within the scope of other standards on leases, insurance contracts and financial instruments and therefore does not impact the majority of the Group's revenue.

The standard outlines the principles that must be applied to measure and recognise revenue with the core principle being that revenue should be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for fulfilling its performance obligations to a customer.

The principles in IFRS 15 must be applied using the following five-step model:

(i) Identify the contract(s) with a customer
(ii) Identify the performance obligations in the contract
(iii) Determine the transaction price
(iv) Allocate the transaction price to the performance obligations in the contract
(v) Recognise revenue when or as the entity satisfies its performance obligations

The Group has adopted IFRS 15 without restating the information presented for 2018. Apart from providing more qualitative disclosures on the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group. As at the date of initial application, no adjustments were required to the Group's performance or financial position.

Functional and presentation currency

The consolidated financial statements are prepared and are presented in USD ($) which is also the functional and presentational currency of the company. Amounts are rounded to the nearest thousand, unless otherwise stated. Some of the underlying subsidiaries and associates have different functional currencies other than the USD ($) which is predominantly determined by 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 this information provides useful insight to users of the financial statements and assists in reconciling the IFRS information to industry-wide EPRA metrics as discussed further in note 44.

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.

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 made are:

Unconsolidated structured entity

Drive in Trading (DiT), a B-BBEE consortium, secured a facility of $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 $35 million. The terms of the CRO obligate PIC to acquire the loan granted to DiT should DiT default under the BoAML facility.

1. Summary of significant accounting policies (continued)

1.3 Critical judgements and estimates (continued)

Judgements (continued)

In order to facilitate the above, the Group agreed to de-risk 50% of PIC's $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 $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 not to consolidate DiT but disclose it as an unconsolidated structured entity due to DiT being a related party. Refer to Note 34d for disclosure of the transaction.

Freedom Asset Management (FAM) as a subsidiary

The Group has considered Freedom Asset Management (FAM) to be its subsidiary for consolidation purposes due to the Group's implied control of FAM, as the Group has the ability to control the variability of returns 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 Delta Development Holdings Ltd (GDDH) as an associate

The Group has considered Gateway Delta Development Holdings Ltd (GDDH) to be its associate for consolidation purposes based due to the Group's significant influence of GDDH, as the Group has a direct and indirect ability to appoint some members to the Board. The Group owns 19.98% of GDDH and benefit from profits of GDDH. The Group also has significant influence to participate in the financial and operating policy decisions of the GDDH but do not control or jointly control this policy as the CEO of the Group is also on the investment Committee of GDDH and has a close working relationship and history with Mr Pearson (MD of GDDH). This view has changed in this year as it was classified as other investments in the previous financial year.

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.

Otherwise corporate acquisitions are accounted for as business combinations. For business acquisitions made during the year, refer to note 32.

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 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, which has been assessed as insignificant as at 30 June 2019 and 30 June 2018. Refer to note 34d for the value of the obligation.

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. For further details of the valuation method, judgements and assumptions made, see note 3.

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.

1.4 Consolidation

Basis of consolidation

The financial statements incorporate the financial information of the Company and all entities which are controlled by the Group.

The Group has control of an investee when it has power over the investee, it is exposed to or has rights to variable returns from involvement with the investee and it has the ability to use its power over the investee to affect the amount of the investor's returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Group has the practical ability to direct the relevant activities of an investee without holding the majority of the voting rights. In determining whether *de-facto* control exists the Group considers all relevant facts and circumstances, including:

- The size of the Group's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by an entity in the Group and by other parties.
- Other contractual arrangements entered into between the Group and the investee.
- Historic patterns in the direction of the investee's relevant activities.

The results of subsidiaries are included in the financial statements from the effective date of their acquisition to the

1. Summary of significant accounting policies (continued)

1.4 Consolidation (continued)

Basis of consolidation (continued)

effective date of their disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for a non-controlling interest.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary, both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in the non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets acquired, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest rate and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of any contingent consideration are not adjusted against goodwill, unless they are valid measurement period adjustments. Instead they will be recognised through profit and loss.

The acquirer's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 "Business combinations" are recognised at their fair values at acquisition date, except for non-current assets (or a disposal group) that are classified as held-for-sale in accordance with IFRS 5 "Non-current assets held-for-sale and discontinued operations", which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of an acquiree where there is a present obligation at the relevant acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for the Group's accounting purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill (gain on bargain purchase) is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus any non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. Where the net recognised amount of the identifiable assets acquired and liabilities assumed exceeds the fair value of the consideration transferred (including the recognised amount of any non-controlling interest in the acquiree), this excess is recognised immediately in profit or loss.

Any goodwill arising is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on the acquisition of foreign entities is considered an asset of the relevant foreign entity. In such cases the goodwill would be translated to the functional currency of the Group at the end of each reporting year with any adjustment recognised in equity through other comprehensive income.

Investment in subsidiaries

Group Annual Financial Statements

The Group Annual Financial Statements include those of the holding company and its subsidiaries. The results of the subsidiary are included from the date control of the subsidiary is obtained (i.e. effective date of acquisition) until the date that control of the subsidiary is lost (i.e. disposal date). All intercompany transactions and balances are eliminated on consolidation.

Company Annual Financial Statements

In the Company's separate Annual Financial Statements, investment in subsidiaries are carried at fair value through profit and loss.

Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. Fair values are determined by reference to the underlying fair value of the subsidiaries' net assets.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided on such intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at the end of each reporting year.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	**Average useful life**
Computer software	4 years
Right of use of land	15 years

Right of use of land

Land held under an operating lease is accounted for as an operating lease. Upfront payments for operating leases are capitalised as non-current assets and carried at cost less amortisation. These non-current assets are not revalued. Amortisation is calculated on a straight-line basis over the lease periods.

Goodwill

Any goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

1. Summary of significant accounting policies (continued)

1.6 Investment properties

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the Group, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Investment properties are those which are held either to earn rental income or for capital appreciation or for both. Investment properties are subsequently carried at fair value. External, Independent valuation companies, with professionally qualified valuers and recent experience in the locations and categories of properties being valued, value the Group's investment property portfolios on at least a bi-annual basis. If an investment property is not externally valued at a reporting date then a Directors' valuation is undertaken. The fair values are based on market values, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuations are prepared by considering comparable market transactions for sales and letting and having regard for the current leases in place. In the case of lettings this includes considering the aggregate of the net annual market rents receivable from the properties and where relevant, associated costs. A yield which reflects the risks inherent in the net cash flows is applied to the net annual rentals to arrive at the property valuation.

Any gain or loss arising from a change in fair value of an investment property is recognised in profit or loss.

Under the revised IAS 40 "Investment Property", property that is under construction or development for future use as investment property is within the scope of IAS 40. As the fair value model is applied, such property is measured at fair value. However, where the fair value of investment property under redevelopment is not reliably measurable, the property would be measured at cost until the fair value of the investment property under redevelopment is complete.

1.7 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost and subsequently at cost less accumulated depreciation and any impairment losses.

Item of property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual values.

Leasehold improvements are depreciated over the shorter of the useful life of the asset or the lease term.

Item	**Average useful life**
Leasehold improvements	3 years
Furniture and fittings	6 years
Computer equipment	3 years
Office equipment	8 years
Office buildings	20 years
Plant and machinery	4 years
Motor vehicles	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The depreciation charge for each year is recognised in profit and loss.

The carrying amount of an item of property, plant and equipment is derecognised on disposal; or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from de-recognition of an item of property, plant and equipment is included in profit and loss when the item is derecognised. The gain or loss arising from de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Where the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its recoverable amount.

1.8 Financial instruments – recognition, classification and measurement

IFRS 9 deals with the classification, measurement and recognition of financial assets and liabilities and replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement.

The adoption of IFRS 9 has led to no changes in the carrying amounts of financial instruments, although there has been some change in classification and presentation except for the provision of expected credit losses. (Refer note 1.1 changes in accounting policy and note 42).

Policy applicable prior to 1 July 2018

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss – designated;
- Loans and receivables;
- Financial liabilities measured at amortised cost;
- Available for sale financial assets.

Classification depends on the purpose for which the financial instruments were obtained and takes place at initial recognition. Classification is re-assessed at the end of each reporting year, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Policy applicable as from 1 July 2018

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Recognition, measurement and derecognition

Non-derivative financial instruments comprise investment in equity securities, trade and other receivables, cash and cash equivalents, loans and other borrowings and trade and other payables.

All non-derivative financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the relevant contractual arrangement.

Subsequent measurement

Subsequent to initial recognition, non-derivative financial assets are measured as stated below.

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the relevant year.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

1. Summary of significant accounting policies (continued)

1.8 Financial instruments – recognition, classification and measurement (continued)

Policy applicable as from 1 July 2018 *(continued)*

Subsequent measurement (continued)

Dividend income is recognised in profit or loss as part of other income when the Group's right to receive payment is established.

Related party loans receivables, other loans receivable, Trade and other receivables and cash and cash equivalents (previously grouped as Loans and receivables under IAS 39 requirements) are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Investments at fair value through profit or loss

Policy applicable prior to 1 July 2018

An instrument is classified at fair value through profit or loss if it is held for trading or if it is designated as such upon initial recognition. Financial instruments in the form of other investments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value.

Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Policy applicable as from 1 July 2018

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses".

Trade and other receivables

Policy applicable prior to 1 July 2018

Trade receivables and other receivables, including loans receivable, are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that an asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that a trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Unbilled income based on contractual amounts due within the year which have not been invoiced are included within trade and other receivables as income accrued.

The Group's trade and other receivables are classified as loans and receivables.

Policy applicable as from 1 July 2018

Trade and other receivables including related party loans and other loan receivables that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired.

Unbilled income based on contractual amounts due within the year which have not been invoiced are included within trade and other receivables as income accrued.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with financial institutions and other short-term liquid investments that are readily convertible to a known amount of cash. These are initially recorded at fair value and subsequently measured at amortised cost. Cash and cash equivalents are classified as loans and receivables.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost. Any amounts received from tenants that relate to periods after the financial year-end are recognised as deferred income and included under trade and other payables.

Bank overdraft and borrowings

Bank overdraft and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Preference share capital

Preference shares, which are redeemable through a put option, are classified as liabilities. Dividends on these preference shares are recognised in profit or loss as finance costs.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (including unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent comparable arm's-length transactions, reference to valuations of other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

Policy applicable prior to 1 July 2018

At each reporting date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Policy applicable as from 1 July 2018

The Group assesses on a forward-looking basis the Expected Credit Losses (ECL) associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The ECL model separates the assessment for impairment requirements into three stages:

1. On origination of the financial instrument, 12-month ECL's are recognised.
2. If the credit risk increases significantly and resulting credit quality is not considered low risk, full lifetime ECL's are recognised.
3. If the credit risk increases and the asset is considered impaired, full lifetime ECL's are recognised, as in stage 2.

1. Summary of significant accounting policies (continued)

1.8 Financial instruments – recognition, classification and measurement (continued)

Policy applicable as from 1 July 2018 *(continued)*

An impairment loss is calculated as the difference between the asset's carrying value and the present value of the estimated future cash inflows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. Impairment losses have been recognised on inter-company liabilities as this is payable on demand with no interest.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are invariably charged to profit or loss.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as income and the contractual amounts received are recognised as an operating lease asset. This asset is not discounted.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income from such operating leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the year they are incurred.

1.10 Income tax

Current tax assets and liabilities

Current tax for current and prior years is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior years exceeds the amount due for those years, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior years are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the relevant reporting year. Current tax payable also includes any tax liability arising from the declaration of dividends and payment of withholding taxes.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from temporary differences related to differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that a taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when temporary differences relate to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised for the carry-forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the relevant reporting year. For investment properties that are measured at fair value the presumption that the carrying amount of the investment properties will be recovered through sale has not been rebutted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the eventual current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, where they intend to settle the eventual current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the relevant year, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different year, in other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different year, to other comprehensive income.

1.11 Share capital

Ordinary share capital

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

Treasury shares

The consideration paid for the purchase of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "Treasury shares reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares would be credited to retained earnings.

1. Summary of significant accounting policies (continued)

1.12 Revenue and other income

Rental income

Revenue from the letting of investment property comprises gross rental income, retail parking income and recoveries of operating costs, net of value added tax. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Recoveries of costs from lessees, are separately disclosed under revenue in the "Recoverable property expenses" line and the associated costs are disclosed under operating expenditure. Rental income from lease agreements is not within the scope of IFRS 15.

Interest is recognised, in profit or loss, using the effective interest rate method.

Revenue from contracts with customers arises from transactions not associated with financial instruments, or investment properties. Revenue is recognised either when the performance obligation has been satisfied ("point in time") or as control of the goods or service is transferred to the customer ("over time"). This requires an assessment of the Group's performance obligations and of when control is transferred to the customer. When cash is received in advance of revenue being recognised, this is deferred on balance sheet as deferred income. When revenue is recognised in advance of cash being received, this is held on balance sheet as accrued income.

For each, revenue is measured based on the consideration specified in contracts with customers. Such amounts are only included based on the expected value or most likely outcome method, and only to the extent that it is highly probable that no significant revenue reversal will occur. In assessing whether a significant reversal will occur, the Group considers both the likelihood and the magnitude of the potential revenue reversal.

The Group has applied IFRS 15 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18, IAS 11 and related interpretations.

Details related to the nature and measurement of revenue are set out below:

Revenue	Types	Description	Nature, timing of satisfaction of performance obligations and measurements
Contractual rental income – IAS 17	Rental – Office Commercial Rental – Retail Storage Rent Antennae Rental Rental – Office Gov Other Rental – Industrial	This is any income for the transferred right to use the asset.	Recognised over the period for which the right of use of assets is utilised, in accordance with the substance of the relevant agreement.
Retail parking income – IAS 17	Parking Rental – Lease Rental Parking – Basement Rental Parking – shade Parking Rental – Open	This is any income for the transferred right to use the asset.	Recognised over the period for which the right of use of assets is utilised, in accordance with the substance of the relevant agreement.
Recoverable property expenses – IFRS 15	Repairs and maintenance Electricity Cleaning Security Other Service Contracts Refuse and Waste Water Generator and Diesel Syndic Fees Marketing	Depending on the type of the lease contract, these can be either explicitly stated or implied in the lease contract that they are borne by the lessee.	Utility recoveries are recognised over the year for which the services are rendered and match the expenses.

Other income

Interest earned on cash invested with financial institutions is recognised as it accrues using the effective interest method.

Dividend income is recognised, in profit or loss, when the Group's right to receive payment has been established.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the year in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Long-term employee benefits – share based payments

Where equity settled share awards are made to Executive Directors, senior managers or certain other key employees, the fair value of the awards at the date of grant is charged to profit and loss over the full vesting period.

1.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions in Group entities

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the relevant reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the relevant year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate ruling at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations inclusion in the consolidation

Items included in each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (their functional currency). The results and financial position of all the Group entities that have a functional currency different from that of the presentation currency of the Company are translated into the presentation currency of the Company as follows:

- assets and liabilities are translated at the exchange rate ruling at the relevant reporting date;
- income and expenses are translated at the average exchange rates for each year; and
- Any resulting exchange differences are recognised in other comprehensive income and are accumulated in the foreign currency translation reserve, a separate component of equity, until such time as the relevant foreign entity is disposed of at which time such translation differences are recognised in profit or loss.

1. Summary of significant accounting policies (continued)

1.16 Earnings per ordinary share and diluted earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the profit or loss by the weighted average number of ordinary shares outstanding during the relevant reporting period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Adjustments made in arriving at headline earnings per ordinary share are described in note 43.

1.17 Ordinary dividend distributions and the antecedent dividend reserve

1.17a *Ordinary dividend distributions*

Ordinary dividends are recognised when they become legally payable. For all dividends this is when declared by the Directors.

A dividend distribution to ordinary shareholders is accordingly recognised as a liability in the financial statements in the year in which the dividend is declared.

A "clean-out" dividend is an ordinary dividend that is paid to existing ordinary shareholders prior to a new issue of ordinary shares, for the purpose of limiting the quantum of the antecedent dividend (see below).

1.17b *Antecedent portion of ordinary dividends*

Not distributing the antecedent portion of ordinary dividends would result in existing ordinary shareholders' interests being diluted. This can arise due to the payment of a ordinary dividend based on a greater number of ordinary shares in issue, without having had the benefit of the cash flow from the new issues of ordinary shares (or the risks and rewards of ownership of any investment property purchased with the proceeds of the issue of new shares) in the financial year to which the dividend relates. Such distributions are made out of the antecedent dividend reserve.

1.18 Provisions

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

The amount recognised as a provision in each instance would be the Directors best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation.

1.19 Contingent liabilities

The Company and its subsidiaries are party to cross guarantees securing certain bank loans. At 30 June 2019 and 30 June 2018, there was no liability that could arise for the Company from the cross guarantees. Where the Company enters into financial guarantee contracts and guarantees the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time that it becomes probable that the Company will be required to make a payment under the guarantee.

1.20 Investment in associates

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding giving between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method.

The Group's investments in associates include any goodwill (net of any accumulated impairment loss) identified on acquisition. They are initially recognised at cost. This is subsequently adjusted for post-acquisition changes in the Group's share of the net assets of each associate, less any impairment in the value of individual investments.

Any excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

In circumstances where the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred a legal or constructive obligation or made payments on behalf of the associate.

The results of associated companies acquired or disposed of during a year are included in the statement of comprehensive income from the date of their acquisition up to the date of their disposal.

Unrealised profits are eliminated to the extent of the Group's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Where necessary, appropriate adjustments are made to the financial statements of associates to bring their accounting policies in line with those adopted by the Group.

1.21 Investment in joint ventures

A joint venture is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding giving between 20% and 50% of the voting rights. The company has joint control of the entity and have joint rights to the net assets of the arrangement. Investments in joint ventures are accounted for under the equity method.

The Group's investments in joint ventures include any goodwill (net of any accumulated impairment loss) identified on acquisition. They are initially recognised at cost. This is subsequently adjusted for post-acquisition changes in the Group's share of the net assets of each joint venture, less any impairment in the value of individual investments.

Any excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the joint venture's profit or loss.

In circumstances where the Group's share of losses exceeds its interest in a joint venture, the Group discontinues recognising further losses, unless it has incurred a legal or constructive obligation or made payments on behalf of the joint venture.

The results of joint ventured companies acquired or disposed of during a year are included in the statement of comprehensive income from the date of their acquisition up to the date of their disposal.

Unrealised profits are eliminated to the extent of the Group's interests in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Where necessary, appropriate adjustments are made to the financial statements of joint ventures to bring their accounting policies in line with those adopted by the Group.

2. New standards and interpretations

2.1 Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, interpretations and amendments to existing standards have been published that are applicable for future accounting years that have not been adopted early by the group. These standards and interpretations will be applied in the first year that they are applicable to Grit.

Topic	Summary of requirements	Impact
IFRS 16 *Leases* (1 January 2019)	IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases – incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease.	
	Lessee accounting IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. IFRS 16 can be applied using either a retrospective approach or a modified retrospective approach with optional practical expedients for lessees. The lessee will have to apply any elections consistently to all of its leases. When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition.	As at the reporting date, the group has non-cancellable operating lease commitments of \$1.3 million. Of these commitments, approximately \$0.2 million relate to short-term leases which will be recognised on a straight-line basis as expense in profit or loss. The group expects that net profit after tax will decrease by approximately \$0.1 million for 2019 as a result of adopting the new rules.
	Lessor accounting IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided about a lessor's risk exposure, particularly to residual value risk.	This standard does not substantially affect the accounting for rental income earned by the Group as lessor. The main impact of the standard is the removal of the distinction between operating and finance leases for lessees, which will result in almost all leases being recognised on the balance sheet.
Annual improvements 2017 (1 January 2019)	The annual improvements deals with additional guidance for applying the acquisition method to particular types of business combinations (IFRS 3 Business combinations), accounting for acquisitions of interests in joint operations (IFRS 11 Joint arrangements), income tax consequences of payments on financial instruments classified as equity (IAS 12 Income taxes), and borrowing costs eligible for capitalisation (IAS 23 Borrowing costs).	The Group is currently in the process of evaluating the detailed requirements of the improvements to assess the impact on the financial statements.

2.2 Standards, interpretations and amendments to published standards that are effective and applicable to the group

The Group has adopted the following new standards, interpretations and amendments to existing standards for the first time for the financial year ended 30 June 2019. The nature and effect of the changes are as follows:

Topic	Summary of requirements	Impact
Amendments to IAS 7 *Disclosure initiative* (1 January 2017)	The amendments introduce new disclosure for changes in liabilities arising from financing activities, by providing a reconciliation between the opening and closing balances.	Impact not material. Net debt reconciliation has already been presented in the current financial statements.
Amendments to IAS 12 *Recognition of deferred tax assets for unrealised losses* (1 January 2017)	The amendments clarify the requirements for recognition of deferred tax assets arising from unrealised losses on debt instruments measured at fair value.	Impact not material. Deferred tax assets have already been accounted for in line with the amendment.
Annual improvements 2016 (1 January 2017)	This amendment clarifies that disclosure requirements for interests in other entities also apply to interests that are classified as held-for-sale or distribution.	Impact not material. The Group has been disclosing for entities held-for-sale in accordance with this clarification in the past.
IFRIC 23 Uncertainty over Income Tax Treatments (1 January 2019)	IFRIC 23 clarifies that where it is unclear how tax law applies to a particular transaction or circumstance, an entity will have to assess whether it is probable that the tax authority will accept the entity's chosen tax treatment. Where it is probable that the tax authority may not accept the chosen tax treatment, disclosure about judgements made, assumptions and other estimates used; and the potential impact of uncertainties that are not reflected may be required. The interpretation also requires the entity to reassess the judgements and estimates applied if the facts and circumstances change.	The Group will be assessing the impact of this interpretation prospectively during the 2020 reporting year.
Definition of a Business (Amendments to IFRS 3)	Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3. In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments: • Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs. • Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and • Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period	The Group is currently in the process of evaluating the detailed requirements of the improvements to assess the impact on the financial statements.

	Notes	GROUP 30 June 2019 $'000	GROUP 30 June 2018 $'000	COMPANY 30 June 2019 $'000	COMPANY 30 June 2018 $'000
3. Investment properties					
Net carrying value of properties		**573 664**	383 132	**–**	–
Movement for the year excluding straight-line rental income accrual					
Investment property at the beginning of the year		**376 723**	302 495	**–**	–
Acquisitions of investment properties		**94 254**	64 976	**–**	–
Transfer from joint venture [1]		**75 400**	–	**–**	–
Transaction costs capitalised		**–**	1 235	**–**	–
Other capital expenditure and construction		**8 484**	–	**–**	–
Foreign currency translation differences		**(2 767)**	2 944	**–**	–
Revaluation of properties at end of year		**21 363**	13 762	**–**	–
Contractual receipts from vendors of investment properties (reduction in purchase price)		**(5 726)**	(8 689)	**–**	–
As at 30 June		**567 731**	376 723	**–**	–
Reconciliation to consolidated statement of financial position and valuations					
Investment properties carrying amount per above		**567 731**	376 722	**–**	–
Straight-line rental income accrual	4	**5 933**	6 410	**–**	–
Investment properties		**573 664**	383 132	**–**	–
Reconciliation to Property Valuation					
Investment Property (disclosed on balance sheet)		**573 664**	383 132	**–**	–
Lease incentives (disclosed under Current Assets)	13	**2 505**	–	**–**	–
Right of use of land (disclosed under intangible assets)		**478**	–	**–**	–
Furniture and Fittings (disclosed under Property, plant and equipment)		**209**	–	**–**	–
Total valuation of investment properties directly held by the Group		**576 856**	383 132	**–**	–

[1] *Consolidation of Mukuba Mall Limited*

As at December 2018, the Group concluded an agreement with the shareholders of Paxton Investments Limited that held 25.00% of Mukuba Mall Limited (a company the group previously held an effective 50.00% interest in Mukuba Mall Limited). The company concluded an offer to purchase an additional 25.00% stake in Mukuba Mall Limited. As part of the agreement, the vendor was prohibited in making any decisions or utilising their voting rights between the date of offer and the date of the sale without the approval of the group. It was determined that this conferred control of the entity to the group and was therefore consolidated from 31 December 2018. There was no profit or loss on the date of consolidation as the transfer of control was based on net asset value.

Investment property pledged as security

Certain of the Group's investment property has been pledged as security for interest-bearing borrowings (note 18) as follows:

- Mozambican investment properties with a market value of \$287.9 million (2018: \$198.0 million) are mortgaged to Standard Bank of Mozambique to secure debt facilities amounting to \$10.5 million (2018: \$10.4 million), Standard Bank of South Africa to secure debt facilities amounting to \$77.2 million (2018: \$50.0 million), Standard Bank Mauritius \$10.1 million (2018: \$11.0 million) and Banco Unico of Mozambique to secure debt facilities amounting to \$2.7 million (2018: \$2.9 million) and Bank of China to secure debt facilities amounting to \$13.3 million (2018: \$13.3 million).
- Moroccan investment properties with a market value of \$106.7 million (2018: \$92.6 million) are mortgaged to Investec Bank South Africa to secure debt facilities amounting to \$45.1 million (2018: \$48.5 million).
- Mauritian investment properties with a market value of \$68.4 million (2018: \$63.7 million) are mortgaged to Barclays Bank of Mauritius to secure debt facilities amounting to \$7.2 million (2018: \$7.4 million) and State Bank of Mauritius to secure debt facilities amounting to \$25.4 million (2018: \$26.0 million).
- Kenyan investment properties with a market value of \$23.4 million (2018: \$18.8 million) are mortgaged to Bank of China to secure debt facilities amounting to \$8.5 million (2018: \$8.5 million).
- Zambian investment properties with a market value of \$69.1 million (2018: \$ nil) are mortgaged to Bank of China to secure debt facilities amounting to \$29.0 million (2018: \$ nil).
- Ghanaian investment properties with a market value of \$21.9 million as at 30 June 2019 (30 June 2018: \$ nil) are mortgaged to Barclays Bank Ghana Limited to secure debt facilities amounting to \$9.0 million (30 June 2018: \$ nil).

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 2019 by Knight Frank Chartered Surveyors and REC Chartered Surveyors (2018: Jones Lang LaSalle Proprietary Limited (JLL), Chartered Surveyors) using the discounted cash flow method (2018: income capitalisation (yield) or the discounted cash flow method). The remaining Mozambican properties were valued by REC Chartered Surveyors at 30 June 2019 using the discounted cash flow method.

The Moroccan investment property was Independently valued at 30 June 2019 by Knight Frank Chartered Surveyors (2018: Knight Frank Chartered Surveyors), using the discounted cash flow method.

The Zambian investment properties held by joint ventures were Independently valued at 30 June 2019 by Knight Frank Chartered Surveyors (2018: Broll Valuation and Advisory Services (Pty) Ltd, Chartered Surveyors), using the discounted cash flow method.

The Kenyan investment properties held by the Group and its associates were Independently valued at 30 June 2019 by Knight Frank Chartered Surveyors (2018: Broll Valuation and Advisory Services (Pty) Ltd, Chartered Surveyors), using the discounted cash flow method.

The Mauritian investment properties held by the Group and its associates were Independently valued at 30 June 2019 by Knight Frank Chartered Surveyors (2018: Broll Indian Ocean (Pty) Ltd, Chartered Surveyors), using the discounted cash flow method.

The Ghanaian investment properties held by the Group, its associate and joint venture were Independently valued at 30 June 2019 by Knight Frank Chartered Surveyors (2018: Broll Valuation and Advisory Services (Pty) Ltd, Chartered Surveyors), using the discounted cash flow method.

3. Investment properties (continued)

Summary of valuations by reporting date	Most recent Independent valuation date	Valuer (for the most recent valuation)	Country	30 June 2019 $'000	30 June 2018 $'000
Commodity House Phase I building	30-Jun-19	REC	Mozambique	**46 236**	43 190
Commodity House Phase II building	30-Jun-19	Knight Frank	Mozambique	**17 200**	17 270
Hollard Building	30-Jun-19	Knight Frank	Mozambique	**20 800**	19 600
Vodacom Building	30-Jun-19	Knight Frank	Mozambique	**48 101**	45 900
Zimpeto Square	30-Jun-19	REC	Mozambique	**7 616**	9 200
Bollore Warehouse	30-Jun-19	Knight Frank	Mozambique	**6 800**	6 500
Barclays House	30-Jun-19	Knight Frank	Mauritius	**14 312**	14 840
Anfa Place Mall	30-Jun-19	Knight Frank	Morocco	**106 145**	92 632
Tamassa Resort	30-Jun-19	Knight Frank	Mauritius	**54 100**	48 900
Vale Housing Compound	30-Jun-19	Knight Frank	Mozambique	**49 900**	37 300
Imperial Distribution Centre	30-Jun-19	Knight Frank	Kenya	**20 200**	18 780
Mara Viwandani	30-Jun-19	Knight Frank	Kenya	**3 250**	3 420
Mall de Tete	30-Jun-19	REC	Mozambique	**25 416**	25 600
Acacia Estate	30-Jun-19	Knight Frank	Mozambique	**65 800**	–
5th Avenue Building	30-Jun-19	Knight Frank	Ghana	**21 880**	–
Mukuba Mall [1]	30-Jun-19	Knight Frank	Zambia	**69 100**	–
Total valuation of investment properties directly held by the Group				**576 856**	383 132
Total carrying value of investment properties per the consolidated statement of financial position				**576 856**	383 132
Deposits paid on Imperial Distribution Centre Phase 2				**5 500**	–
Deposits paid on VALE Housing Compound				**–**	4 117
Deposits paid on CADS II				**–**	2 000
Deposits paid on Capital Place Limited				**3 000**	5 000
Total deposits paid on investment properties				**8 500**	11 117
Total carrying value of investment properties including deposits paid				**585 356**	394 249
Investment properties held within associates and joint ventures (note 8) – Group share					
Buffalo Mall Naivasha Limited (50%)	30-Jun-19	Knight Frank	Kenya	**5 449**	5 200
Mukuba Mall Limited (50%) [1]	30-Jun-19	Knight Frank	Zambia	**–**	38 450
Kafubu Mall Limited (50%)	30-Jun-19	Knight Frank	Zambia	**12 300**	13 000
CADS Developers Limited (50%)	30-Jun-19	Knight Frank	Ghana	**18 230**	–
Cosmopolitan Shopping Centre Limited (50%)	30-Jun-19	Knight Frank	Zambia	**37 350**	40 500
Beachcomber Hospitality (44.42%)	30-Jun-19	Knight Frank	Mauritius	**98 736**	91 903
Capital Place Limited (47.5%)	30-Jun-19	Knight Frank	Ghana	**11 714**	12 217
Total of investment properties acquired through associates and joint ventures				**183 779**	201 270
Total portfolio				**769 135**	595 519

[1] *The indirect shareholding in Mukuba Mall has subsequently increased to 75.00% in the current year (from 50.00% in 2018) and has been treated as a subsidiary (2018: joint venture).*

As indicated above, all of the valuations were performed using the discounted cash flow method. These methodologies are based on open market 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 2019 ranged between 7.00% and 10.00%.

The discount rates applied to the Group valuations that were performed at 30 June 2018 using the discounted cash flow method ranged between 8.50% and 12.25%. Other significant inputs factored into account in the valuations were: vacancy rates based on current and expected future market conditions; terminal value taking into account rental, maintenance projections and vacancy expectations; and additional inputs, where applicable.

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 includes the right of use of land, lease incentives and certain furniture and fittings. In the prior year this was not part of the valuation.

In the 2018 financial year Buffalo Mall Naivasha Limited included a Broll South Africa valuation of $4.7 million and a company adjustment of $540 thousand.

There has been no material changes to the information used and assumptions applied by the registered valuer.

The fair value adjustments on investment property are included in the income statement.

The Directors consider that the deposit payments and capital expenditure which are carried at cost approximate their fair value at the relevant reporting date.

Fair value definition and hierarchy
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The three levels are explained in note 38.

All of the Group's investment properties are level 3 in all years.

Inter-relationships between key observable inputs and fair value for level 3 valuations.
All other factors remaining constant, an increase in rental income would increase a valuation whilst increases in nominal equivalent yield and discount rate would result in a fall in value and vice versa. However, there are inter-relationships between unobservable inputs as they are determined by market conditions. Corresponding movements in more than one unobservable inputs may have a complementary effect on a valuation whereas unobservable inputs moving in opposite directions may compensate each other. For example, where market rents and nominal equivalent yields increase simultaneously, the overall impact on a valuation may be minimal.

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
4. Straight-line rental income accrual				
Reconciliation to amounts included in investment properties (note 3)				
Balance at the beginning of the year	**6 410**	5 300	**–**	–
Additions to straight line rental income accrual	**347**	–	**–**	–
Movement for the year	**(824)**	1 110	**–**	–
As at 30 June	**5 933**	6 410	**–**	–

5. Property, plant and equipment

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Computer equipment	**139**	139	**22**	16
Cost	**387**	248	**33**	17
Accumulated depreciation	**(248)**	(109)	**(11)**	(1)
Furniture and fittings	**287**	9	**1**	1
Cost	**384**	135	**1**	1
Accumulated depreciation	**(97)**	(126)	**–**	–
Office buildings[2]	**1 423**	1 353	**1 381**	1 354
Cost	**1 573**	1 432	**1 531**	1 432
Accumulated depreciation	**(150)**	(79)	**(150)**	(78)
Office equipment	**18**	16	**2**	2
Cost	**22**	18	**2**	2
Accumulated depreciation	**(4)**	(2)	**–**	–
Plant and machinery	**44**	45	**–**	–
Cost	**131**	131	**–**	–
Accumulated depreciation	**(87)**	(86)	**–**	–
Motor vehicles[1]	**247**	187	**–**	–
Cost	**418**	285	**–**	–
Accumulated depreciation	**(171)**	(98)	**–**	–
Total property, plant and equipment	**2 158**	1 749	**1 406**	1 372
Movement for the year				
Balance at the beginning of the year	**1 749**	1 290	**1 372**	825
Gross carrying amount	**2 249**	1 568	**1 453**	854
Accumulated depreciation	**(500)**	(278)	**(81)**	(29)
Acquisitions	**666**	685	**115**	599
Computer equipment	**139**	40	**16**	17
Furniture and fittings	**249**	50	**–**	1
Office buildings	**141**	581	**99**	581
Office equipment	**4**	14	**–**	–
Plant and machinery	**–**	–	**–**	–
Motor vehicles	**133**	–	**–**	–
Disposals				
Motor vehicles	**–**	(4)	**–**	–
Depreciation	**(257)**	(221)	**(81)**	(51)
Computer equipment	**(139)**	(51)	**(10)**	(1)
Furniture and fittings[3]	**29**	(55)	**–**	–
Office buildings	**(71)**	(50)	**(71)**	(50)
Office equipment	**(2)**	(2)	**–**	–
Plant and machinery	**(1)**	(10)	**–**	–
Motor vehicles	**(73)**	(53)	**–**	–
As at 30 June	**2 158**	1 749	**1 406**	1 372

[1] Motor vehicles with a cost of $0.3 million (2018: $0.3 million) are held as security in relation to finance leases amounting to $0.2 million (30 June 2018: $0.2 million).
[2] Office buildings comprise of the operating offices of the Group situated on the 3rd Floor, La Croisette Shopping Centre, Grand Baie in Mauritius. The property is held as security by way of a first ranked mortgage bond in favour of Investec Bank (Mauritius) Limited amounting to $0.4 million (30 June 2018: $0.7 million).
[3] This includes the impact of reclassifications and assets written off.

6. Intangible assets

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Computer software	**103**	(23)	**7**	–
Cost	**173**	49	**17**	–
Foreign currency translation differences	**–**	(53)	**–**	–
Accumulated amortisation	**(70)**	(19)	**(10)**	–
Right of use of land	**478**	508	**–**	–
Cost	**630**	563	**–**	–
Foreign currency translation differences	**–**	14	**–**	–
Accumulated amortisation	**(152)**	(69)	**–**	–
Total intangible assets	**581**	485	**7**	–
Movement for the year				
Balance at the beginning of the year	**485**	592	**–**	–
Acquisitions	**230**	–	**17**	–
Computer software	**177**	–	**17**	–
Right of use of land	**53**	–	**–**	–
Foreign currency translation differences	**–**	(56)	**–**	–
Computer software	**–**	(53)	**–**	–
Right of use of land	**–**	(3)	**–**	–
Amortisation and impairment	**(134)**	(51)	**(10)**	–
Computer software	**(51)**	(8)	**(10)**	–
Right of use of land	**(83)**	(43)	**–**	–
As at 30 June	**581**	485	**7**	–

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
7. Other investments				
Balance at the beginning of the year	**4 154**	–	**1 063**	–
Additions	**–**	4 911	**–**	1 063
Reclassification to Investments in Associates	**(335)**	–	**(336)**	–
Fair value adjustments recognised in profit or loss	**(795)**	(757)	**(727)**	–
As at 30 June	**3 024**	4 154	**–**	1 063

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Fair value hierarchy at 30 June 2018				
Investment in Letlole La Rona	3 091	–	–	3 091
Investment in Gateway Delta Developments Holdings Limited	–	–	1 063	1 063
Fair value hierarchy at 30 June 2019				
Investment in Letlole La Rona	**3 024**	**–**	**–**	**3 024**

Level 1 investment comprise of listed equity investment valued at market prices. If all significant inputs required to fair value an investment are observable, the investment is included in level 2. If one or more of the significant inputs are not based on observable market data, the investment is included in level 3.

Listed investments

The Group acquired 17,500,000 shares, representing 6.25% of the issued equity capital, in the listed company Letlole La Rona for $3.9 million in the year ended 30 June 2018. This company is incorporated in Botswana and listed on the Botswana Stock Exchange.

Unlisted investments

The Group invested $1.0 million in an unlisted development company, Gateway Developments Holdings Limited, incorporated in Mauritius, in the period ended 31 January as part of its strategy to secure future investment pipeline on the African continent.

In the current year this investment has been reclassified to an associate for consolidation purposes due to the Group's significant influence of the investment, as the Group has a direct and indirect ability to appoint some members to the Board. The Group owns 19.98% of the investment and do benefit from profits of the investment.

In the prior year the Directors were satisfied that this level 3 investment is carried at fair value at 30 June 2018 after considering the future cash flows associated with the business.

8. Investments in associates and joint ventures [2]

The following entities have been accounted for as associates in the current and comparative consolidated financial statements using the equity method:

	Country of incorporation and operation	% held	GROUP 30 June 2019 $'000	GROUP 30 June 2018 $'000	COMPANY 30 June 2019 $'000	COMPANY 30 June 2018 $'000
Name of joint venture						
Mukuba Mall Limited	Zambia	50.00% [4]	**–**	38 355	**–**	–
Kafubu Mall Limited	Zambia	50.00% [5]	**12 089**	12 746	**–**	–
Cosmopolitan Shopping Centre Limited	Zambia	50.00% [5]	**37 301**	40 526	**–**	–
CADS Developers Limited	Ghana	50.00%	**11 366**	–	**–**	–
Carrying value of joint ventures			**60 756**	91 627	**–**	–
Name of associate						
Buffalo Mall Naivasha Limited	Kenya	50.00% [3]	**3 610**	3 294	**–**	–
Gateway Delta Development Holdings Limited	Mauritius	19.98%	**6 925**	–	**6 449**	–
Capital Place Limited	Ghana	47.50% [3]	**8 687**	7 960	**–**	–
Beachcomber Hospitality Investments Limited[1]	Mauritius	44.42% [3]	**70 627**	62 430	**–**	–
Carrying value of associates			**89 849**	73 684	**6 449**	–
Joint Ventures			**60 756**	91 627	**–**	–
Associates			**89 849**	73 684	**6 449**	–
Total carrying value of associates and joint ventures			**150 605**	165 311	**6 449**	–

[1] The carrying value at 30 June 2019 includes an unsecured loan of $46.6 million (30 June 2018: $46.6 million), from the Group to the associate, which bears interest at 6.25% (30 June 2018: 6.25%).
[2] All investments in associates and joint ventures are private entities and do not have quoted prices available
[3] The percentage of ownership interest for 2019 did not change.
[4] An additional 25.00% of Mukuba Mall Limited has been obtained reclassifying the investment from a joint venture to subsidiary
[5] The joint ventures have been incorrectly classified as associates in the prior year and has been restated in the current year.

Secured investments:

Zambian investment properties held by joint ventures have a market value of $90.3 million as at 30 June 2019 (30 June 2018: $183.9 million). The properties in the investee entities are fully mortgaged to Bank of China to secure debt facilities amounting to $47.4 million as at that date (30 June 2018: $76.4 million).

Mauritian investment properties held by an associate have a market value of $222.2 million as at 30 June 2019 (30 June 2018: $206.7 million). The property in the investee entity is mortgaged in equal proportions to SBM Bank (Mauritius) Limited, Investec Bank (Mauritius) Limited and the Mauritius Commercial Bank Limited to secure debt facilities amounting to $56.8 million (30 June 2018: $62.2 million).

Kenyan investment property held by an associate has a market value of $10.9 million as at 30 June 2019 (30 June 2018: $10.4 million). The property in the investee entity is fully mortgaged to HFCK Bank Limited to secure debt facilities amounting to $4.4 million (30 June 2018: $4.4 million).

Ghanaian investment property held by an associate has a market value of $36.5 million as at 30 June 2019 (30 June 2018: $ nil). The property in the investee entity is fully mortgaged to Barclays Bank Ghana Limited to secure debt facilities amounting to $15.1 million (30 June 2018: $ nil).

8. Investments in associates and joint ventures (continued)

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.

	Mukuba Mall Limited $'000	Kafubu Mall Limited $'000	Beach-comber Hospitality Investments Limited $'000	Capital Place Limited $'000	Gateway Delta Develop-ment Holdings Limited $'000	CADS Developers Limited $'000	Cosmo-politan Shopping Centre Limited $'000	Buffalo Mall Naivasha Limited $'000	Total $'000
As at 30 June 2019									
Statement of financial position									
Non-current assets	–	24 600	222 264	24 671	11 760	36 460	74 720	10 904	405 379
Current assets	–	117	–	1 072	37 739	4 863	252	774	44 817
	–	24 717	222 264	25 743	49 499	41 323	74 972	11 678	450 196
Non-current liabilities	–	368	59 037	7 535	14	15 045	–	4 316	86 315
Current liabilities	–	171	4 238	(81)	14 826	3 546	370	142	23 212
	–	539	63 275	7 454	14 840	18 591	370	4 458	109 527
Net asset value	–	24 178	158 989	18 289	34 659	22 732	74 602	7 220	340 669
Percentage held by Group	–	50.0%	44.4%	47.5%	20.0%	50.0%	50.0%	50.0%	
Net Asset Value attributable to the Group	–	12 089	70 627	8 687	6 925	11 366	37 301	3 610	150 605
For the year to 30 June 2019									
Total comprehensive income									
Revenue	1 561	1 143	6 890	1 135	54	1 271	3 133	534	15 721
Fair value movement in investment properties	(750)	2 328	8 685	(504)	(23)	87	(3 150)	248	6 921
Profit/(loss) for the year	564	1 465	14 178	2 916	848	866	(602)	318	20 553
Total comprehensive income/ (expense)	564	231	12 608	2 916	848	866	(602)	318	17 749
Dividends received from associates and joint ventures	1 233	465	1 692	–	–	–	2 623	–	6 013

	Mukuba Mall Limited $'000	Kafubu Mall Limited $'000	Beach-comber Hospitality Investments Limited $'000	Capital Place Limited $'000	Gateway Delta Develop-ment Holdings Limited $'000	CADS Developers Limited $'000	Cosmo-politan Shopping Centre Limited $'000	Buffalo Mall Naivasha Limited $'000	Total $'000
Reconciliation to carrying value in associates and joint ventures									
Balance at the beginning of the year	38 355	12 746	62 430	7 960	–	–	40 526	3 294	165 311
Acquired during the year (see below)	–	–	–	–	6 449	10 500	–	–	16 949
Profit/(losses) from associates and joint ventures	564	1 465	14 178	2 916	848	866	(602)	318	20 553
– Revenue	1 561	1 143	6 890	1 135	54	1 271	3 133	534	15 721
– Property operating expenses	(130)	(223)	(25)	(234)	–	–	(534)	(190)	(1 336)
– Admin expenses and recoveries	(117)	(20)	260	2 103	848	(3)	20	(28)	3 063
– Fair value adjustment on other investments	–	–	–	–	140	–	–	–	140
– Unrealised foreign exchange gains/(losses)	–	(1 734)	2	(1)	–	(1)	(74)	(11)	(1 819)
– Finance Charges	–	(7)	(1 041)	(342)	(160)	(488)	3	(235)	(2 270)
– Fair value movement on Investment Property	(750)	2 328	8 685	(504)	(23)	87	(3 150)	248	6 921
– Current tax	–	(22)	90	–	(11)	–	–	–	57
– Deferred tax	–	–	(683)	759	–	–	–	–	76
Dividends received and interest received	(1 233)	(465)	(4 411)	–	–	–	(2 623)	–	(8 732)
Repayment of proportionate shareholders loan	–	(423)	–	–	–	–	–	–	(423)
Purchase price adjustment	–	–	–	(2 189)	–	–	–	–	(2 189)
Consolidation elimination	–	–	–	–	(372)	–	–	–	(372)
Foreign currency translation differences	–	(1 234)	(1 570)	–	–	–	–	–	(2 804)
Reclassified to subsidiaries	(37 686)	–	–	–	–	–	–	(2)	(37 688)
Carrying value of associates and joint ventures	**–**	**12 089**	**70 627**	**8 687**	**6 925**	**11 366**	**37 301**	**3 610**	**150 605**

Investment in the year ended 30 June 2019

Grit Real Estate Income Group Limited, the ultimate holding company incorporated in Mauritius, owns 19.98% of the share capital of Gateway Delta Development Holdings Limited (GDDH), a company incorporated in Mauritius. This investment has been reclassified to an associate for consolidation purposes due to the Group's significant influence of the investment, as the Group has a direct and indirect ability to appoint some members to the Board. The group also has significant influence to participate in the financial and operating policy decisions of the GDDH but do not control or jointly control this policy as the CEO of the Group is also on the investment Committee of GDDH and has a close working relationship and history with Mr Pearson (MD of GDDH). GDDH has been treated as an associate.

The Group acquired a 50.00% interest in CADS Developers Limited on 31 December 2018 for a net purchase consideration of $10.5 million. Grit Accra Limited, a company incorporated in Mauritius, is 100% owned by the Group and owns 50.00% of the share capital of CADS Developers Limited, a company incorporated in Ghana.

8. Investments in associates and joint ventures (continued)

	Mukuba Mall Limited $'000	Kafubu Mall Limited $'000	Beachcomber Hospitality Investments Limited $'000	Capital Place Limited $'000	Cosmo-politan Shopping Centre Limited $'000	Buffalo Mall Naivasha Limited $'000	Total $'000
As at 30 June 2018							
Statement of financial position							
Non-current assets	76 900	26 000	206 683	25 738	81 034	10 408	426 763
Current assets	283	139	1 590	2 192	451	522	5 177
	77 183	26 139	208 273	27 930	81 485	10 930	431 940
Non-current liabilities	–	479	59 854	9 265	–	4 480	74 079
Current liabilities	470	169	7 873	1 907	432	(137)	10 715
	470	648	67 727	11 172	432	4 344	84 794
Net asset value	76 713	25 491	140 546	16 758	81 053	6 586	347 147
For the year to 30 June 2018							
Total comprehensive income							
Revenue	5 899	2 280	11 031	–	6 191	1 029	26 430
Fair value movement in investment properties	12 735	3 753	5 598	–	10 313	(4 183)	28 216
Profit/(loss) for the year	14 319	5 141	6 440	–	12 186	(5 770)	32 316
Total comprehensive income	14 319	4 373	4 947	–	12 186	(5 770)	30 055
Dividends received from associates and joint ventures	2 593	869	1 429	–	2 577	–	7 470
Reconciliation to carrying value in associates and joint ventures							
Balance at the beginning of the year	34 770	11 788	–	–	38 330	4 128	89 016
Acquired during the year (see below and note 32)	–	–	57 052	7 877	–	(898)	64 031
Profit from associates and joint ventures	6 180	2 875	7 053	83	4 773	64	21 028
– Operating profit	2 613	1 974	4 633	83	2 653	214	12 170
– Fair value movement in property	3 567	901	2 420	–	2 120	(150)	8 858
Dividends received	(2 593)	(869)	(1 429)	–	(2 577)	–	(7 470)
Foreign currency translation differences	–	(1 048)	(246)	–	–	–	(1 293)
Carrying value of associates and joint ventures	38 355	12 746	62 430	7 960	40 526	3 294	165 311

Investment in the year ended 30 June 2018

The Group acquired a 44.40% interest in Beachcomber Hospitality Investments Limited on 10 August 2017 for a net purchase consideration of $57.1 million comprising an equity investment of $14.8 million and a shareholder loan of $42.3 million. Leisure Property Northern (Mauritius) Limited, a company incorporated in Mauritius, is 100% owned by the Group and owns 44.4% of the share capital of Beachcomber Hospitality Investments Limited which is also a Mauritian incorporated company and the owner of the Cannonier, Victoria and Mauricia hotels.

The Group acquired a 47.50% interest in Capital Place Limited on 10 May 2018 for a net purchase consideration of $7.9 million. Grit Accra Limited, a company incorporated in Mauritius, is 100% owned by the Group and owns 47.50% of the share capital of Capital Place Limited, a company incorporated in Ghana.

9. Investments in subsidiaries

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Name of company				
Grit Services Limited[1]	–	–	129 152	79 766
	–	–	129 152	79 766
Movement for the year	–	–		
Balance at the beginning of the year	–	–	79 766	44 998
Fair value through profit and loss	–	–	49 386	34 768
As at 30 June	–	–	129 152	79 766

[1] *During the year the name of Delta International Mauritius Limited changed to Grit Services Limited.*

The fair value of the investment in subsidiaries is determined by the Board of Directors on the underlying fair value of the subsidiaries' net assets.

9. Investments in subsidiaries (continued)

The principal subsidiaries of the Company at year end, all of which have been included in the financial statements, as appropriate, are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by the Group	
		As at 30 June 2019	As at 30 June 2018
Grit Services Limited (Direct holding)[1]	Mauritius	**100%**	100%
Delta International Bahrain SPC (Indirect holding)	Bahrain	**100%**	100%
DIF 1 Co Limited (Indirect holding)	Mauritius	**100%**	100%
HM&K Properties Limited (Indirect holding)	Mauritius	**100%**	100%
CD Properties Limited (Indirect holding)	Mauritius	**100%**	100%
Gateway Properties Limitada (Indirect holding)	Mozambique	**100%**	100%
GMS Mauritius Limited (Indirect holding)	Mauritius	**100%**	100%
Zimpeto Imobiliaria Limitada (Indirect holding)	Mozambique	**100%**	100%
Zambian Property Holdings Limited (Indirect holding)	Mauritius	**100%**	100%
Kitwe Mukuba Investments Limited (Indirect holding)	Mauritius	**100%**	100%
Lusaka Cosmopolitan Investments Limited (Indirect holding)	Mauritius	**100%**	100%
Ndola Kafubu Investments Limited (Indirect holding)	Mauritius	**100%**	100%
BME Kenya Investments Limited (Indirect holding)	Mauritius	**100%**	100%
IWH Kenya Investments Limited (Indirect holding)	Mauritius	**100%**	100%
IDC Kenya Investments Limited (Indirect holding)	Mauritius	**100%**	100%
THM Kenya Investments Limited (Indirect holding)	Mauritius	**100%**	100%
Mara Viwandani Limited (Indirect holding)	Kenya	**100%**	100%
Warehousely Limited (Indirect holding)	Kenya	**100%**	100%
BH Property Investments Limited (Indirect holding)	Mauritius	**100%**	100%
Abland Diversified Holdings Limited (Indirect holding)	Mauritius	**100%**	100%
Sal Investment Holdings Limited (Indirect holding)	Mauritius	**100%**	100%
S&C Imobiliaria Limitada (Indirect holding)	Mozambique	**100%**	100%
Commotor Limitada (Indirect holding)	Mozambique	**100%**	100%
Freedom Property Fund SARL (Indirect holding)	Morocco	**100%**	100%
Gerania Limited (Indirect holding)	Mauritius	**100%**	100%
Mall de Tete Limitada (Indirect holding)	Mozambique	**100%**	100%
Mara Delta Mauritius Property Limited (Indirect holding)	Mauritius	**100%**	100%
Leisure Property Northern Mauritius Limited (Indirect holding)	Mauritius	**100%**	100%
Paradise Property Investments Limited (Indirect holding)	Mauritius - Listed	**100%**	100%
Transformers Holdings Mauritius Limited (Indirect holding)	Mauritius	**100%**	100%
Casamance Holdings Limited	Mauritius	**100%**	100%
Delta Tete Limitada (Indirect holding)	Mozambique	**100%**	100%
Grit Accra Limited (Indirect holding)	Ghana	**100%**	100%
Grit West Africa Limited	Ghana	**100%**	100%
Cognis 1, Limitada (Indirect holding)	Mozambique	**100%**	–
Serviços De Gestão De Imoveis, Limitada (Indirect holding)	Mozambique	**100%**	–
Paradise Consultancy Services Limited (Indirect holding)	Mauritius	**100%**	–
TC Maputo Properties Ltd (Indirect holding)	Mauritius	**77%**	–
Pangea Holdings Limited (Indirect holding)	Mauritius	**100%**	–
Pangea Holdings 2 Limited (Indirect holding)	Mauritius	**100%**	–
Paxton Investments Limited (Indirect holding)	Mauritius	**100%**	–
GR1T House Limited (Indirect holding)	Mauritius	**100%**	–
Grit Management SA Proprietary Limited (Indirect holding)	South Africa	**100%**	–
Moz Delta Management Consultancy FZ-LLC (Indirect holding)	United Arab Emirates	**99%**	–
Buffalo Mall Naivasha Limited (Indirect holding)	Kenya	**100%**	–
Kafubu Mall Limited (Indirect holding)	Zambia	**100%**	–
Cosmopolitan Shopping Centre Limited (Indirect holding)	Zambia	**100%**	–
Mukuba Mall Limited (Indirect holding)	Zambia	**75%**	–

[1] *During the year the name of Delta International Mauritius Limited changed to Grit Services Limited*

All subsidiaries have coterminous reporting dates with those of the Company.

10. Related party loans receivable and payable

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Current loans to/(from) related parties				
Cuckoos Nest Trust	**5**	–	**–**	–
Kenzlex Trust	**1**	–	**–**	–
Pearson Trust	**5**	–	**–**	–
FAM Executive Share Trust	**7**	–	**–**	–
Copapax Limited	**60**	–	**–**	–
Boyzana Gane Trust	**5**	–	**–**	–
African Property Development Managers	**78**	–	**–**	–
Non current loans to/(from) related parties				
Venus Africa Properties Proprietary Limited[3]	**916**	800	**916**	800
These loans are unsecured, bear interest at the USD base rate of the South African Reserve Bank + 300 basis points and are repayable five years after the drawdown date.				
Bowwood and Main No 117 Proprietary Limited	**1 488**	–	**–**	–
At the relevant reporting dates the above loan was unsecured, did not bear interest and the borrower had an unconditional right to defer payment for a period of 12 months.				
Lifostax Proprietary Limited	**916**	–	**916**	–
These loans are unsecured, bears interest at the USD base rate of the South African Reserve Bank + 300 basis points (subject to a minimum rate of 7.50% per annum) calculated and accrued on a six monthly basis and are repayable five years after the drawdown date.				
Drift (Mauritius) Limited	**12 000**	–	**–**	–
Project pre-funding 1 – Tete Housing Project				
Loan bears interest at 3 month Libor plus 6.50%, repayable within 24 months or such other time as agreed in writing between the parties				
Drift (Mauritius) Limited	**10 000**	–	**–**	–
Project pre-funding 2 – Maputo Housing Project				
Loan bears interest at 3 month Libor plus 6.50%, repayable within 24 months or such other time as agreed in writing between the parties				
Gateway Delta Developments Holdings Limited	**(81)**	77	**–**	4
Loan bears interest of Libor plus 6.50%				
Bowwood and Main No 117 Proprietary Limited (Non-current)	**–**	2	**–**	4
Gateway Delta Developments Holdings Limited	**(14 416)**	–	**–**	4
Project costs for the Anfa redevelopment project, repayable within 30 days of completion of the redevelopment.				

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
10. Related party loans receivable and payable (continued)				
Loan to/(from) subsidiaries and consolidated entities				
Grit Services Limited	**–**	–	**359 486**	289 984
– Current Portion	**–**	–	**38 000**	2 324
– Non-Current Portion	**–**	–	**321 486**	287 660
The loan is unsecured, bears interest between 2.00% and 7.40%. (2018: between 2.00% and 7.40%). Each tranche is repayable within 60 months after utilisation date or such later date as may be notified by the lender to the borrower in writing from time to time.				
Freedom Asset Management Limited - Non current	**–**	–	**10 584**	11 526
At the relevant reporting dates the above loans were unsecured, and bears interest at Libor + 6.50% and the borrower had an unconditional right to defer payment for a period of 12 months.				
Grit Executive Share Trust - Non current	**–**	–	**3 818**	37
At the relevant reporting dates the above loans were unsecured, did not bear interest and the borrower had an unconditional right to defer payment for a period of 12 months.				

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Current accounts with subsidiaries				
DIF1 Co Limited	**–**	–	**(3 866)**	(239)
Freedom Property Fund SARL	**–**	–	**249**	249
Sal Investment Holdings Limited	**–**	–	**245**	1 037
Zimpeto Investment Holdings Limited	**–**	–	**–**	15
Kitwe Mukuba Investments Limited	**–**	–	**2**	2
Capital Place Limited	**(10)**	–	**–**	–
CADS Developers Limited	**5**	–	**–**	–
Allowance for credit losses IFRS 9 – Impairment on financial assets (Refer to note 25)	**–**	–	**(650)**	–
Ndola Kafubu Investments Limited	**–**	–	**2**	2
HM&K Properties Limited	**–**	–	**17**	8
CD Properties Limited	**–**	–	**1**	1
Transformers Holdings Mauritius Limited	**–**	–	**(205)**	(1)
Delta Tete Limitada	**–**	–	**–**	250
Mara Delta (Mauritius) Property Limited	**–**	–	**237**	(50)
Leisure Property Northern (Mauritius) Limited	**–**	–	**(191)**	–
Paradise Property Investments Limited	**–**	–	**7**	–
Abland Diversified Holdings Limited	**–**	–	**1**	1
Commotor Limitada	**–**	–	**–**	83
S&C Imobiliaria Limitada	**–**	–	**–**	376
Zimpeto Imobiliaria	**–**	–	**–**	14
Gateway Properties Limitada	**–**	–	**–**	33
Mall de Tete Limitada	**–**	–	**–**	369
Gerania Limited	**–**	–	**(1 508)**	(1 918)
GMS Mauritius Limited	**–**	–	**16**	–
BH Property Investments Limited	**–**	–	**(397)**	(107)
The above loans are unsecured, do not bear interest and the borrower has an unconditional right to defer payment for a period of 12 months.				
	10 979	879	**369 680**	302 477
Classification of related party loans:				
Non-current assets	**25 320**	802	**337 721**	300 027
Current assets	**166**	77	**38 126**	4 766
Non-current liabilities	**–**	–	**–**	(2 316)
Current liabilities	**(14 507)**	–	**(6 167)**	–
	10 979	879	**369 680**	302 477

Details of the relationship of the Group with each of the above related parties is disclosed in note 34.

In the opinion of the Directors, on the basis that the loans interest rates are deemed to be market related risk (taking into account the applicable risk adjusted interest rates), that the carrying values of loans to related parties approximate their fair values at each reporting date.

11. Other loans receivable

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Ndola Investments Limited [2, 4]	**5 073**	5 073	**–**	–
Paxton Investments Limited [1, 2]	**25**	8 723	**–**	–
Kitwe Copperbelt Limited [2, 4]	**5 577**	5 577	**–**	–
Syngenta Limited [2, 4]	**18 690**	18 690	**–**	–
Transformers Investment Limited [5, 6]	**–**	4 000	**–**	–
Lifostax Proprietary Limited [3, 6]	**–**	800	**–**	800
IFRS 9 – Impairment on financial assets (ECL) (Refer to note 25)	**(139)**	–	**–**	–
As at 30 June	**29 226**	42 863	**–**	800

[1] During the year Paxton Investments Limited became a subsidiary of the group.

[2] In April 2017 Bank of China provided the Group with a term loan credit facility of $77.0 million for five years. This facility has been fully drawn by the Group as at 30 June 2018 (note 18). The Group has advanced loans amounting in total to 50.00% of the $77.0 million facility to the other investors in the Zambian investments referred to in note 8. Each of these loans has a five year term, is secured by a suretyship under the terms of the respective loan agreement and has interest charged at a rate of 6 month LIBOR plus 4.00%. The party has provided their share of the property as security to Bank of China.

[3] These loans are unsecured, bear interest at the USD base rate of the South African Reserve Bank + 300 basis points and are repayable five years after the drawdown date. This loan has been reclassified as a loan to related party (refer to note 10.)

[4] Mr Peter Todd, Chairman of the Company, was a non-executive Mauritian resident director of these companies for all or part of the periods during which loans were advanced by the Group to these entities. For the 2019 financial year Peter Todd has not been a director on the relevant Boards. The total interest receivable by the Group on these loans in the year ended 30 June 2018 was $0.9 million.

[5] This loan is unsecured, interest-free and repayable within one year from the drawdown date.

[6] This loan was classified as a related party loan during the year.

In the opinion of the Directors, the carrying values of the above loans receivable approximate their fair values at each reporting date.

12. Deferred tax

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Deferred tax asset/(liability)				
Assessed losses	**14 751**	2 671	**–**	–
Foreign exchange losses	**4 693**	6 317	**–**	–
Expected credit loss provisions	**127**	–	**–**	–
Provisions	**913**	6	**–**	–
Other	**–**	–	**–**	–
Interest-rate swaps	**–**	4	**–**	–
Total deferred tax asset	**20 484**	8 999	**–**	–
Straight-line rental income accrual	**(1 416)**	(920)	**–**	–
Lease incentives	**(775)**	–	**–**	–
Capital allowances	**(8 930)**	–	**–**	–
Fair value adjustments to investment property	**(33 289)**	(19 872)	**–**	–
Total deferred tax liability	**(44 410)**	(20 791)	**–**	–
Deferred tax – net position per the consolidated statement of financial position	**(23 926)**	(11 792)	**–**	–
Movement for the year				
Balance at the beginning of the year	**(11 792)**	(8 545)	**–**	–
Adoption of IFRS 9	**127**	–	**–**	–
Restated balance at the beginning of the year	**(11 665)**	(8 545)	**–**	–
Acquisitions	**1 315**	–	**–**	
Balance after acquisitions	**(10 350)**	(8 545)	**–**	–
Assessed losses recognised	**10 765**	1 738	**–**	–
Foreign exchange movements	**(1 624)**	816	**–**	–
Lease incentives	**(775)**	–	**–**	–
Straight-line rental income accrual	**(496)**	228	**–**	–
Fair value adjustments to investment properties	**(22 349)**	(5 979)	**–**	–
Provisions	**907**	(47)	**–**	–
Interest-rate swaps	**(4)**	(3)	**–**	–
Total movement for the year	**(13 576)**	(3 247)	**–**	–
As at 30 June	**(23 926)**	(11 792)	**–**	–

Deferred tax assets have been recognised on deductible temporary differences where management, having reviewed the Group's projections, believe that there will be sufficient taxable income in future to utilise the temporary differences.

In accordance with the Group's accounting policies, deferred tax assets have not been recognised in respect of certain companies within the Group, with unrecognised tax losses (see note 28).

13. Trade and other receivables

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Trade receivables	**14 483**	10 241	**–**	–
Total allowance for credit losses and provisions	**(3 751)**	(2 180)	**–**	–
IFRS 9 – Impairment on financial assets (ECL) (Refer to note 25)	**(409)**	–	**–**	–
Provision for bad debts (Management overlay on specific receivables)	**(3 342)**	(2 180)	**–**	–
Trade receivables – net [3]	**10 732**	8 061	**–**	–
Accrued Income	**3 770**	2 033	**–**	107
Lease incentives	**2 505**	–	**–**	–
Loan interest receivable	**2 481**	–	**864**	–
Deposits paid	**75**	364	**12**	200
VAT recoverable	**8 356**	9 106	**264**	62
Purchase price adjustment account [1]	**2 261**	2 347	**–**	–
Deferred expenses and prepayments [2]	**3 952**	3 764	**1 094**	1 050
Prepaid LSE listing expenses	**–**	2 561	**–**	2 233
Sundry debtors	**161**	1 550	**79**	254
Other receivables	**23 561**	21 725	**2 313**	3 906
Total trade and other receivables	**34 293**	29 786	**2 313**	3 906

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Movement on the provision for doubtful debts				
Opening balance	**(2 180)**	(2 782)	**–**	–
Net provision for doubtful debts made during the year	**(1 162)**	602	**–**	–
Cumulative allowance for credit losses	**(3 342)**	(2 180)	**–**	–
Ageing of trade receivables past due (but not impaired in 2018). In 2019 all balances are impaired as a result of IFRS provisions in terms of the expected credit loss provisions.				
Current	**2 587**	32	**–**	–
30 days	**831**	969	**–**	–
60 days +	**430**	839	**–**	–
90 days +	**6 884**	6 221	**–**	–
	10 732	8 061	**–**	–
Ageing of impaired receivables				
Current	**–**	–	**–**	–
30 days	**5**	–	**–**	–
60 days +	**2**	–	**–**	–
90 days +	**3 335**	2 180	**–**	–
	3 342	2 180	**–**	–

[1] *On the acquisition of investment properties held within corporate vehicles, any other assets and liabilities that are acquired or assumed as part of the relevant acquisition transaction from/to vendors, are realised and settled respectively using a purchase price adjustment account.*

[2] *Included in deferred expenses and prepayments is a deposit for services to be rendered in the 2020 year.*

[3] *Total tenants deposits held disclosed under Trade and other payable amounts to $2.5 million (2018: $2.1 million). Refer to note 20.*

Trade and other receivables – past due but not impaired

Trade and other receivables are generally collected within 30 days of invoice, once an investment property has been fully integrated within the Group's portfolio. This represents the Group's normal payment terms. A provision is made for all debtors where legal action has commenced. All other debtors older than 30 days are considered past due but, not impaired. These debts are considered collectable based on a review of historic payment behaviour and extensive analysis of the circumstances in respect of each amount. Security deposits are held for a number of the Group's tenants.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The carrying value of trade and other receivables are considered by the Directors to approximate their fair values.

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
14. Cash and cash equivalents				
Cash and cash equivalents consists of the following:				
Cash at bank available on demand	**15 161**	2 794	**229**	108
Petty cash	**3**	8	**1**	–
Short term deposits	**–**	284	**–**	–
Current assets	**15 164**	3 086	**230**	108
Bank overdrafts	**(8 490)**	(8 898)	**(8 490)**	(8 366)
Current liabilities	**(8 490)**	(8 898)	**(8 490)**	(8 366)
	6 674	(5 812)	**(8 260)**	(8 258)
Cash and cash equivalents are held in the following currencies:				
United States Dollars	**(602)**	(7 556)	**(8 277)**	(8 215)
Mozambican Meticais	**1 198**	201	**–**	–
Moroccan Dirhams	**4 047**	334	**–**	–
Mauritian Rupees	**216**	93	**4**	–
Bahraini Dinars	**13**	13	**–**	–
South African Rands	**1 407**	660	**5**	13
Kenyan Shilling	**4**	–	**–**	–
Zambian Kwacha	**40**	–	**–**	–
Emirati Dirhams	**57**	–	**–**	–
Ghanaian Cedi	**49**	–	**–**	–
Euros	**245**	445	**8**	(55)
	6 674	(5 812)	**(8 260)**	(8 258)

Overdraft facilities

The Company holds an overdraft facility of $8.5 million with ABC Banking Corporation which is secured by a floating charge and carries interest at a rate of 3 months LIBOR plus 3.50%. Grit Services Limited holds an overdraft facility of $1.0 million with Standard Bank (Mauritius) Limited which is unsecured and carries interest at a rate of 1 month LIBOR plus 2.50%.

After year end the overdraft facility has been converted into a three year term loan bearing interest of Libor plus 3.5% with a capital moratorium of 18 months.

	THE GROUP AND THE COMPANY		
	Shares in issue Number '000	30 June 2019 $'000	30 June 2018 $'000
15. Ordinary share capital, share awards and treasury share reserve			
15a. Ordinary share capital			
Authorised			
7 500 000 000 ordinary shares of no par value			
(2018: 7 500 000 000 ordinary shares of no par value)			
Issued			
Ordinary shares			
306 396 035 ordinary shares of no par value			
(2018: 214 022 425 ordinary shares of no par value)			
Movement for 2018			
Balance at the beginning of the year	**208 514**	**–**	319 979
Shares issued to 30 June 2018 [1]	**5 568**	**–**	8 500
Share buyback [2]	**(59)**	**–**	(85)
Total movements for 2018	**5 509**	**–**	8 415
Movement for 2019			
Balance at the beginning of the year	**214 023**	**328 394**	328 394
Shares issued to 30 June 2019 [3]	**92 373**	**132 095**	–
Transferred to antecedent dividend reserve*	**–**	**(6 581)**	–
Share issue expenses	**–**	**(10 649)**	–
Balance at end of the year	**306 396**	**443 259**	328 394

[1] *On 10 May 2018, 5 567 564 shares were issued in terms of a general authority to issue shares for a total consideration of $8.5 million at an average issue price of $1.5267 per share as purchase consideration for the acquisition of Capital Place Limited in Ghana.*

[2] *On 30 April 2018, 59 400 shares were bought back in terms a general authority, for a total consideration of $0.085 million at an average buy back price of $1.4285 per share.*

[3] *On 31 July 2018, 92 373 610 shares were issued in terms of a specific authority to issue shares for cash for a total consideration of $132.1 million at an average issue price of $1.4300 per share.*

15a. Ordinary share capital (continued)

	THE GROUP AND THE COMPANY		
	Shares in issue Number '000	30 June 2019 $'000	30 June 2018 $'000
Reconciliation of the consideration received for share issues, by reporting year			
Total consideration for share issues		**132 095**	–
Comprising of:			
Cash proceeds received on issue of new shares in the year	**88 198**	**126 124**	–
Shares issued for share issue expenses	**4 175**	**5 971**	
Cash proceeds received on issue of new shares in the subsequent year		**–**	–
Issued on 11 May 2018			
– On settlement of fees related to acquisition of Capital Place Limited	**5 568**	**–**	8 500

Distributions from capital – antecedent dividend reserve

* At each annual general meeting of the Company approval is sought to make distributions from capital. Shares issued during the period that comprise of a dividend component within the issue price, such value is transferred to the antecedent dividend reserve to ensure any new share issue does not dilute the dividend per share of existing shareholders.

Authority in respect of unissued shares

The unissued shares are under the control of the Directors. This authority remains in force until the next annual general meeting of the Company.

15b. Treasury shares reserve

		GROUP		COMPANY	
	Shares in issue Number	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Movement for 2018					
Balance at the beginning of the year	**(10 093)**	**–**	(15 031)	**–**	–
Disposal of treasury shares	**153**	**–**	220	**–**	–
Movement for 2019					
Balance at the beginning of the year	**(9 940)**	**(14 811)**	(14 811)	**–**	–
Addition of Treasury Shares (acquired by the Grit Executive Share Trust to meet the obligations in terms of the Long Term Incentive Scheme)	**(2 606)**	**(3 595)**	–	**–**	–
In issue at the end of year	**(12 546)**	**(18 406)**	(14 811)	**–**	–

15c. Share awards/options

Since 1 July 2014 the Group has operated the following equity-settled share based remuneration schemes:

During the year to 30 June 2018, the Company introduced an equity-settled share based remuneration scheme for the Executive Directors, senior managers and key employees ('Eligible Employee(s)') called the Grit Long Term Incentive Scheme ("the GRIT Scheme"). The purpose of the GRIT Scheme is to provide a long-term performance and retention incentive scheme which aligns the interests of participants with the Company's shareholders, by motivating them, through participation, to increase the long-term growth in shareholder returns. In August 2016, the Company's subsidiary, Freedom Asset Management had implemented an equity-settled share based remuneration scheme ('the FAM scheme') in order to provide for the retention of staff within the Group following the internalisation of the asset management function into the Group. During the year ended 30 June 2018, all awards under the FAM scheme were replaced by new awards in the GRIT Scheme.

Under the GRIT Scheme, Eligible Employees are awarded shares on an annual basis subject to both the Company performance and individual performance targets. The weighting between the Company and individual targets vary dependent on the seniority of staff, with the weighting ranging from 30%:70% (individual performance versus Company performance) for lower seniority staff to 70%:30% for Executive Directors.

Individual performance is measured against key performance indicators which are set annually for management and staff, with such targets approved by the Company's remuneration Committee. The Board will approve the Company performance targets based on the two key metrics of achieving annual distribution targets and positive net asset value growth.

Eligible Employees are awarded shares and are advanced a notional loan equivalent to the value of the share award at the date of the award. All dividends attributable to the shares are utilised to reduce this notional loan over a five year vesting period. The notional loan bears interest equivalent to the Group's weighted average cost of debt, which is set quarterly in arrears, less attributed dividends accruing on the allocated shares. The effective option price has been determined as the outstanding notional loan balance divided by the number of shares awarded.

The vesting conditions are that Eligible Employees who are in receipt of awards maintain a certain performance level throughout the vesting period of five years and remain in the employment of the Group.

On the date of vesting, the Eligible Employee may elect to sell all the shares and receive a cash pay-out after settlement of the loan; sell sufficient shares to settle the loan and take transfer of the residual shares or may elect to the keep the shares within the scheme, at which time the Eligible Employee will become personally liable for the outstanding loan balance attached to the shares.

The GRIT Scheme is administered by the Grit Share Trust ('the Trust') for the benefit of management and staff. The Trust is formed under the laws of Mauritius and the administration of the Trust is conducted out of Mauritius. As noted above, all the share awards that had previously been administered within the FAM Scheme were cancelled and revised awards were reissued under the GRIT Scheme.

Movements in the number of share options outstanding and their related weighted average exercise prices at each reporting date during which the GRIT Scheme was in operation were as follows:

	Weighted average exercise price cents	30 June 2019 Shares '000	Weighted average exercise price cents	30 June 2018 Shares '000
Balance at the beginning of the year	**140.0**	**2 727**	103.9	1 140
Granted	**140.0**	**–**	140.0	2 727
Cancelled	**(140.0)**	**(306)**	(103.9)	(1 140)
Balance at the end of the year	**140.0**	**2 421**	140.0	2 727

No awards were made in the 2019 financial year. The effective exercise price of the options granted to Eligible Employees was $1.40 per share in 2018, versus a share price at the date of issue of $1.45 per share.

At 30 June 2019, out of the 2.4 million options outstanding, 0.6 million (2018: 0.014 million) options were exercisable. No options were exercised and 0.3 million options were cancelled as the participants left the employment of the Grit Group (2018:nil). No options lapsed in any of the reporting periods.

15d. Share options (continued)

The expiry period of the options at those dates were as follows:

	Weighted average exercise price cents	30 June 2019 Shares $'000	Weighted average exercise price cents	30 June 2018 Shares $'000
2018	–	–	140.0	14
2019	**140.0**	**573**	140.0	573
2020	**140.0**	**216**	140.0	216
2021	**140.0**	**98**	140.0	113
2022	**140.0**	**1 534**	140.0	1 811
At end of year	**140.0**	**2 421**	103.9	2 727

No options were granted during the financial year. The fair value of the options granted up to 30 June 2019 were determined using the Black-Scholes valuation model was $0.6 million in respect of the options awarded in the year to 30 June 2018. The significant inputs into the model at 30 June 2018 were: the share price of $1.45 at the grant date; the weighted average exercise price of $1.40; the standard deviation of expected share price returns of 30.00%; the weighted average option life of 3.14 years at the date of the grant; the dividend yield of 8.60%; and, the annual risk free interest rate of 2.50%.

Due to the relative illiquidity of the Company's share price over the last three years, the volatility was measured as the standard deviation of expected share price returns of a similar peer group of listed property companies, and is based on a statistical analysis of daily share prices over that time frame.

The share based payment charge recorded in respect of the above awards was $0.2 million for the year to 30 June 2019 (2018: $0.3 million).

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
16. Redeemable preference shares				
Opening balance	**12 840**	12 840	**–**	–
Proceeds from issue of redeemable preference shares	**–**	–	**–**	–
As at 30 June	**12 840**	12 840	**–**	–

During the year ended 30 June 2017 one of the Company's subsidiaries, Mara Delta (Mauritius) Property Limited, issued 1,284 preference shares at $10,000 per share to the National Pension Fund of Mauritius. The preference shares carry a coupon rate of 6.25% and are redeemable through a put option. The put option can be exercised by the subscriber after 5 years from the subscription date by providing the grantor with 6 months' notice of their intention to exercise.

The Directors consider that the fair value of the preference shares approximates to their book value at 30 June 2019 and 30 June 2018 and that the put option has a negligible fair value at both of these dates.

17. Proportional shareholder loans

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Opening balance	**–**	–	**–**	–
Movement from joint venture to subsidiary	**9 615**	–	**–**	–
As at 30 June	**9 615**	–	**–**	–

During the year to 30 June 2019 one of the Company's joint ventures' Mukuba Mall Limited became a subsidiary through the acquisition of Paxton Investments Limited. In Mukuba Mall Limited there are loans payable to shareholders which is in the same proportion as the shareholding. There is currently a loan payable to Kitwe Copperbelt Investments Limited (the external 25% shareholder of Mukaba Mall Limited). The loan is denominated in USD, it is unsecured and interest free and is repayable on demand from the free cashflows generated from Mukuba Mall Limited.

18. Interest-bearing borrowings

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Non-current liabilities				
At amortised cost	**163 738**	207 106	**2 422**	486
Current liabilities				
At amortised cost	**182 359**	99 038	**11 540**	37 281
	346 097	306 144	**13 962**	37 767
Currency of the interest-bearing borrowings (stated gross of unamortised loan issue costs)				
United States Dollars	**214 345**	189 094	**426**	486
Euros	**131 561**	115 719	**14 805**	38 363
Mozambican Meticais	**2 658**	2 913	**–**	–
	348 564	307 726	**15 231**	38 849
Unamortised loan issue costs	**(2 467)**	(1 582)	**(1 269)**	(1 082)
As at 30 June	**346 097**	306 144	**13 962**	37 767
Movement for the year				
Balance at the beginning of the year	**306 144**	233 010	**37 767**	18 315
Proceeds of interest-bearing borrowings	**147 275**	145 406	**30 815**	57 116
Loan issue costs incurred	**(2 670)**	(571)	**(1 453)**	(638)
Amortisation of loan issue costs	**1 785**	1 386	**1 258**	1 081
Foreign currency translation differences	**(1 529)**	1 858	**–**	(783)
Debt settled during the year	**(104 908)**	(74 945)	**(54 425)**	(37 324)
As at 30 June	**346 097**	306 144	**13 962**	37 767

Analysis of facilities and loans in issue

			GROUP		COMPANY	
Lender	**Borrower**	**Initial facility**	**30 June 2019 $'000**	**30 June 2018 $'000**	**30 June 2019 $'000**	**30 June 2018 $'000**
Financial institutions						
Standard Bank Mozambique	S&C Immobiliaria Limitada	$10.4m	**10 451**	10 451	**–**	–
Standard Bank South Africa	Sal Investments Holdings Limited	$12.0m	**12 000**	12 000	**–**	–
Standard Bank South Africa	Commotor Limitada	$38.0m	**38 000**	38 000	**–**	–
Standard Bank South Africa	Cognis 1 Limitada	$28.0m	**27 239**	–	**–**	–
Standard Bank South Africa	Grit Services Limited	RCF – €26.5m	**30 128**	–	**–**	–
Standard Bank (Mauritius) Limited	Transformers Holdings Limited	$11.7m	**10 110**	11 047	**–**	–
Total Standard Bank Group			**127 928**	71 498	**–**	–
Bank of China	Warehousely Limited	$8.5m	**8 555**	8 555	**–**	–
Bank of China	Gerania Limited	$13.3m	**13 300**	13 300	**–**	–
Bank of China	Zambian Property Holdings Limited	$77.0m	**76 405**	76 405	**–**	–
Total Bank of China			**98 260**	98 260	**–**	–
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€9.0m	**10 395**	10 669	**–**	–
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€3.2m	**3 474**	3 566	**–**	–
State Bank of Mauritius	Mara Delta Properties Mauritius Limited	€22.3m	**25 353**	26 022	**–**	–
State Bank of Mauritius	Grit Real Estate Income Group Limited	RCF – $20.0m	**11 115**	18 740	**11 115**	18 694
Total State Bank of Mauritius			**50 337**	58 997	**11 115**	18 694
Investec South Africa	Freedom Property Fund SARL	€36.0m	**36 198**	37 153	**–**	–
Investec South Africa	Freedom Property Fund SARL	$15.7m	**8 860**	11 375	**–**	–
Investec Mauritius	Grit Real Estate Income Group Limited	$0.5m	**425**	486	**425**	486
Total Investec Group			**45 483**	49 014	**425**	486
Barclays Bank Mauritius	BH Property Investment Limited	€7.4m	**7 174**	7 374	**–**	–
Barclays Bank Mauritius	Grit Services Limited	€20.0m	**–**	19 669	**–**	19 669
Barclays Bank Ghana Limited	Grit Accra Limited	$9.0m	**9 000**	–	**–**	–
Total Barclays Group			**16 174**	27 043	**–**	19 669
Maubank Mauritius	Grit Real Estate Income Group Limited	$3.7m	**3 691**	–	**3 691**	–
Maubank Mauritius	Freedom Asset Management	$4.0m	**4 033**	–	**–**	–
Total Maubank			**7 724**	–	**3 691**	–
Bank Unico of Mozambique	Zimpeto Immobiliaria Limitada	MZN182.7m	**2 658**	2 913	**–**	–
Total loans in issue			**348 564**	307 726	**15 231**	38 849
Less: unamortised loan issue costs			**(2 467)**	(1 582)	**(1 269)**	(1 082)
			346 097	306 144	**13 962**	37 767

18. Interest-bearing borrowings (continued)

Terms of the facilities (analysed by maturity date)

Lender		Base rate	Margin	% Fixed	Initial facility	Interest rate	Maturity date	Weighted average cost of debt for the year ended 30 June 2019
Financial Institutions								
ACTIVE FACILITIES								
Standard Bank Mozambique	Note 1	3 Month Libor	6.51%	0%	$10.4m	9.04%	Sep 2019	**0.31%**
Standard Bank South Africa	Note 1	3 Month Libor	5.50%	0%	$12.0m	8.03%	Sep 2019	**0.32%**
Standard Bank South Africa	Note 1	3 Month Libor	5.65%	0%	$38.0m	8.13%	Oct 2021	**1.00%**
Standard Bank South Africa	Note 1	3 Month Libor	5.75%	0%	$28.0m	8.30%	May 2020	**0.64%**
Standard Bank South Africa		3 Month Euribor	3.50%	0%	€26.5m	3.50%	May 2021	**0.05%**
Standard Bank (Mauritius) Limited	Note 1	1 Month Libor	5.50%	0%	$11.7m	7.84%	Sep 2019	**0.26%**
Bank of China		6 Month Libor	4.00%	0%	$8.5m	6.52%	Sep 2022	**0.19%**
Bank of China	Note 1	6 Month Libor	5.10%	0%	$13.3m	7.62%	Feb 2022	**0.34%**
Bank of China		6 Month Libor	4.00%	0%	$77.0m	6.57%	Apr 2022	**1.69%**
State Bank of Mauritius		3 Month Euribor	4.25%	0%	€9.0m	4.25%	Dec 2020	**0.15%**
State Bank of Mauritius		3 Month Euribor	4.25%	0%	€3.2m	4.25%	Dec 2020	**0.05%**
State Bank of Mauritius	Note 2	Fixed rate	3.75%	100%	€22.3m	3.75%	Mar 2020	**0.32%**
State Bank of Mauritius		3 Month Euribor	3.75%	0%	$20.0m	3.75%	Oct 2019	**0.02%**
Investec South Africa		3 Month Euribor	4.08%	0%	€36.0m	3.75%	Jun 2019	**0.42%**
Investec South Africa		3 Month Libor	3.67%	0%	$15.7m	6.17%	Jun 2019	**0.23%**
Investec Mauritius		3 Month Libor	4.50%	0%	$0.5m	7.03%	Sep 2021	**0.01%**
Barclays Bank Mauritius		3 Month Euribor	4.25%	70%	€7.4m	4.25%	Jun 2023	**0.10%**
Barclays Bank Mauritius		3 Month Euribor	3.80%	0%	$20.0m	3.80%	Aug 2018	**0.20%**
Barclays Bank Ghana Limited		3 Month Libor	5.90%	0%	$9.0m	8.56%	Dec 2023	**0.14%**
Maubank Mauritius		6 Month Euribor	4.50%	0%	$3.7m	4.50%	Feb 2022	**0.02%**
Maubank Mauritius		6 Month Euribor	6.00%	0%	$4.0m	6.00%	Jan 2024	**0.03%**
Bank Unico of Mozambique	Note 1	24.13% MZN Prime	0.00%	0%	MZN182.7m	23.86%	Jul 2027	**0.21%**
FACILITIES SETTLED IN THE YEAR								
Standard Bank South Africa					RCF $20m			
Barclays Bank Mauritius					RCF $20m			
Barclays Bank Mauritius					$10m ST loan			
Weighted average total cost of debt for the year ended 30 June 2019								**6.44%**

Significant events post year end

Note 1

The Group has successfully secured funding through a syndicated loan, led by Standard Bank South Africa, amounting to $140.0 million in order to refinance all the Mozambique properties in a single cross collateralised facility. The term of loan is 4 years bearing an interest rate of Libor plus 5.00%, with no capital payments over the period.

Note 2

On the 24th of June 2019, Mara Delta Mauritius Properties Limited has secured the extension of the Euro facility amounting to Euro 22.3 million from March 2020 to March 2022. The interest rate will increase from 3.75% to 4.00%. The terms of the loan was accepted by the Board in August 2019.

19. Obligations under finance leases

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Minimum lease payments:				
Payable in 1 year	**46**	65	**–**	–
Payable between 1 and 5 years	**126**	146	**–**	–
Payable after 5 years	**–**	–	**–**	–
	172	211	**–**	–
Future finance charges on finance leases	**–**	(36)	**–**	–
	172	175	**–**	–
Maturity of lease liabilities:				
Current	**46**	51	**–**	–
Non-current can be analysed as follows:				
Payable between 1 and 2 years	**126**	47	**–**	–
Payable between 2 and 3 years	**–**	61	**–**	–
Payable between 3 and 5 years	**–**	16	**–**	–
	172	175	**–**	–

The finance leases are secured over motor vehicles with a carrying value of $0.2 million (2018: $0.2 million). Further details of secured motor vehicles are set out in note 5.

Interest is charged at the Mauritius prime lending rate plus 1.00%. The lease agreement is held in Mauritian Rupees over a term of five years.

There are no restrictions imposed on the Group by these lease arrangements other than in respect of the specific assets being leased.

20. Trade and other payables

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Trade payables	**2 751**	4 838	**647**	1 348
Accruals	**15 320**	3 920	**630**	142
Deposits received	**2 487**	2 120	**–**	–
Deferred income	**9 276**	3 354	**–**	–
Shareholders for dividends	**96**	–	**–**	–
Withholding tax payable	**25**	69	**2**	–
Sundry creditors	**1 213**	11 764	**–**	219
Taxation and social security costs	**438**	86	**110**	48
As at 30 June	**31 606**	26 151	**1 389**	1 757

21. Derivative financial instruments

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Interest rate swap [1] – Barclays	**–**	36	**–**	–
The forward contract [2] – Barclays	**42**	–	**–**	–
Interest rate swap – Standard Bank	**1**	(14)	**–**	–
As at 30 June – liability	**43**	22	**–**	–

[1] *This interest rate swap is held with Barclays Bank Mauritius Limited. The swap is based on a nominal value of $5.5 million and it matured on 19 February 2019 with a fixed interest rate of 1.50%.*
[2] *The forward contract is held with Barclays Bank Mauritius Limited. The contract expires on 12 June 2023.*

22. Other financial liability

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Total other financial liability				
CRO obligation Liability	**306**	128	**306**	128
Call option liability	**338**	–	**–**	–
	644	128	**306**	128
Reconciliation of total other financial liability				
Opening balance	**128**	–	**128**	–
Fair value adjustment on other financial liability through profit and loss	**516**	128	**178**	128
As at 30 June	**644**	128	**306**	128
The total other financial liability consists of:				
Contingent Repurchase Obligation ("CRO")				
Opening balance	**128**	–	**128**	–
Fair value adjustment on other financial liability through profit and loss	**178**	128	**178**	128
As at 30 June	**306**	128	**306**	128

Refer to note 34d for the related party disclosure.

On 22 January 2018, Shareholders approved a related party transaction between the Public Investment Corporation SOC Limited ("PIC") and the Company whereby the Company guarantees PIC for 50.00% of any losses suffered by the PIC (up to a maximum of $17.5 million) resulting from PIC's potential liability under its Contingent Repurchase Obligation ("CRO"). In 2017, the Company facilitated a transformation initiative jointly with the PIC on behalf of South Africa's Government Employee Pension Fund ("GEPF"). The transformation initiative was to jointly provide guarantees in order to allow Drive in Trading (Pty) Ltd ("DiT") to raise cost effective debt facilities in order to subscribe for shares in the Company. The primary security for DiT's financier is a CRO for an amount of $35.0 million between the PIC and DiT's financier whereby, in the event of default, the PIC would be obliged to purchase the loan from the financier at cost, up to a maximum amount of $35.0 million. In terms of the Guarantee Agreement between the PIC and the Company, in the event the CRO is triggered, the Company is obliged to guarantee the PIC for 50.00% of any losses suffered by the PIC following the sale of DiT's shares in Grit, up to a maximum of $17.5 million.

The valuation methodology to calculate the Company's financial liability as at 30 June 2019, is the result of a probability matrix of the CRO being triggered based on various movements in the Company's share price as at 30 June 2019, less the net debt in Drive In Trading as at 30 June 2019. The Company's 50.00% of average of the potential realised loss (share value less net debt in DiT) following a CRO trigger was then taken as the liability amount.

22. Other financial liability (continued)

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Call option liability				
Opening balance	**–**	–	**–**	–
Fair value adjustment on other financial liability through profit and loss	**338**	–	**–**	–
As at 30 June	**338**	–	**–**	–

New Mauritius Hotels ('NMH') has an option to acquire all the equity held by Leisure Property Northern Mauritius ('LPNM') in Beachcomber Hospitality Investments ('BHI') for a price based on an agreed formula during a future period of time ('the option').

The management of LPNM ('Management') have valued the option as follows:

- The assumptions used by the Independent valuers (Knight Frank) for the valuation of the property of BHI for the current year was extrapolated to calculate the value of BHI and the strike price of the option as at the exercisable anniversary dates.
- The present value of the option was using a discount rate of 8.75% and a exit cap rate of 7.0% to the average difference between the forecast value of BHI and the strike price.
- A probability rate was then applied to account for the likelihood of NMH exercising the option given the current intention between the parties to continue to expand on their strategic partnership.
- The range of the liability is between $0.1 million and $3.4 million of which $0.3 million has been recognised in the current year after factoring in the probability rate of the option being exercised.
- The change in the financial liability is recognised through profit and loss.

23. Gross rental income

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Contractual rental income	**36 921**	27 213	**–**	–
Retail parking income	**1 532**	965	**–**	–
Recoverable property expenses	**5 105**	3 950	**–**	–
Total revenue	**43 558**	32 128	**–**	–

None of the revenue recognised in the current year reporting period relates to carried forward contract liabilities and to performance obligations that were satisfied in a prior year.

Contractual rental income included within deferred revenue in the prior year has been fully recognised as revenue in the current year.

The recoverable property expenses were recognised in the group income statement in accordance with the delivery of services.

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
24. Profit/(loss) from operations				
Profit/(loss) from operations for each period is stated after charging/(crediting):				
Allowance for credit losses (note 13)	**1 162**	(602)	**–**	–
Amortisation and impairment of intangible assets – included in administrative expenses (note 6)	**134**	51	**10**	–
Depreciation of property, plant and equipment (note 5)	**257**	221	**81**	51
Employee benefit expense:				
– Executive Directors' salaries and bonus	**1 020**	750	**–**	–
– Executive Directors' other benefits	**62**	159	**–**	–
– Wages and salaries	**5 632**	2 295	**12**	–
– Social security costs	**–**	1	**–**	–
– Share based payment expense	**156**	282	**156**	282
Acquisition costs not capitalised	**1 328**	3 480	**1 438**	2 679
Set-up costs	**65**	1 323	**39**	266
Audit fees	**818**	387	**598**	80
Non-audit services performed by PwC	**51**	23	**–**	–
Non-executive Directors' fees	**417**	116	**417**	116
Asset and property management fees	**1 459**	802	**(1 243)**	172
Operating lease expenses – buildings	**198**	119	**–**	62

Non-audit services provided by PwC during the year ended 30 June 2019 related to a limited review of the consolidated accounts of the Group prepared for the period ended 31 December 2018, accounting services in Mozambique and various Taxation advisory services across the regions.

For the year ended 30 June 2018 BDO UK fees relating to the LSE non-statutory audit amounted to $1.6 million which was included in prepaid LSE listing expenses in trade and other receivables.

Total number of employees as at 30 June 2019 amounts to 69 (30 June 2018: 31).

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
24. Profit from operations (continued)				
Directors' emoluments				
Executive Directors emoluments				
Bronwyn Corbett	**604**	531	**–**	–
Basic salary	**487**	312	**–**	–
Performance bonus	**92**	128	**–**	–
Other benefits [1]	**25**	91	**–**	–
Leon van de Moortele	**478**	378	**–**	–
Basic salary	**384**	238	**–**	–
Performance bonus	**57**	72	**–**	–
Other benefits [1]	**37**	68	**–**	–
Total executive Directors' emoluments	**1 082**	909	**–**	–
Total executive Directors – emoluments by category				
Basic salary	**871**	550	**–**	–
Performance bonus	**149**	200	**–**	–
Other benefits [1]	**62**	159	**–**	–
Total executive Directors' emoluments	**1 082**	909	**–**	–
[1] *Other benefits include car allowance, school allowance and medical aid benefits.*				
Non-executive Directors				
Fees were paid to the following Directors:				
Paul Huberman (resigned 29 November 2018)	**41**	7	**41**	7
Peter Todd	**120**	25	**120**	25
David Love (appointed 4 December 2018)	**36**	–	**36**	–
Sir Samuel Jonah (appointed 21 February 2019)	**–**	–	**–**	–
Nchaupe Laaka (appointed 29 November 2018) [2]	**–**	–	**–**	–
Maheshwar Doorgakant (resigned 7 March 2018) [1]	**(8)**	8	**(8)**	8
Chandra Kumar Gujadhur (resigned 29 March 2018) [1]	**(4)**	13	**(4)**	13
Ian Macleod	**97**	24	**97**	24
Jackie van Niekerk (resigned 24 November 2017)	**–**	7	**–**	7
Nomzamo Radebe (appointed 24 November 2017) [2]	**–**	–	**–**	–
Matshepo More (resigned 3 April 2019)	**51**	17	**51**	17
Catherine McIlraith (appointed 24 November 2017)	**84**	15	**84**	15
Total Non-Executive Directors' fees	**417**	116	**417**	116
Total Directors' emoluments	**1 499**	1 025	**417**	116

[1] *This represents reversal of accruals from the previous years.*
[2] *Nchaupe Laaka is a permanent alternate director to Nomzamo Radebe. No fees are paid to Nomzamo Radebe as the representive shareholder of Drive in Trading Proprietary Limited (Refer to note 34d).*

			GROUP		COMPANY	
Share options	**Vesting date**	**Option strike price**	**30 June 2019 $'000**	**30 June 2018 $'000**	**30 June 2019 $'000**	**30 June 2018 $'000**
Bronwyn Corbett						
Opening balance of share options			**875**	875	**–**	–
– Initial award	30 June 2019	$1.40	**341**	341	**–**	–
– 2017 award	30 June 2022	$1.40	**534**	534	**–**	–
Awards granted during the year			**–**	–	**–**	–
Options exercised during the year			**–**	–	**–**	–
Closing balance of share options			**875**	875	**–**	–
– Initial award	30 June 2019	$1.40	**341**	341	**–**	–
– 2017 award	30 June 2022	$1.40	**534**	534	**–**	–
Leon van de Moortele						
Opening balance of share options			**489**	489	**–**	–
– Initial award	30 June 2020	$1.40	**216**	216	**–**	–
– 2017 award	30 June 2022	$1.40	**273**	273	**–**	–
Awards granted during the year			**–**	–	**–**	–
Options exercised during the year			**–**	–	**–**	–
Closing balance of share options			**489**	489	**–**	–
– Initial award	30 June 2020	$1.40	**216**	216	**–**	–
– 2017 award	30 June 2022	$1.40	**273**	273	**–**	–

25. Impairment of financial assets

	GROUP		COMPANY§	
	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000
Loss allowances				
Expected credit loss on trade debtors				
Opening balance at the beginning of the year	–	–	–	–
Change in accounting policy ECL Provision – IFRS 9 adjustment on opening balance	404	–	–	–
Restated opening balance at the beginning of the year	404	–	–	–
Loss allowance provided during the year (ECL)	5	–	–	–
Total loss allowance at the end of the year	409	–	–	–
Expected credit loss on related party loans receivable				
Opening balance at the beginning of the year	–	–	–	–
Change in accounting policy ECL Provision – IFRS 9 adjustment on opening balance	–	–	724	–
Restated opening balance at the beginning of the year	–	–	724	–
Loss allowance provided during the year (ECL)	–	–	(74)	–
Total loss allowance at the end of the year	–	–	650	–
Expected credit loss on other loans receivable				
Opening balance at the beginning of the year	–	–	–	–
Change in accounting policy ECL Provision – IFRS 9 adjustment on opening balance	139	–	–	–
Restated opening balance at the beginning of the year	139	–	–	–
Total loss allowance at the end of the year	139	–	–	–
Expected credit loss – Total				
Opening balance at the beginning of the year	–	–	–	–
Change in accounting policy ECL Provision – IFRS 9 adjustment on opening balance	543	–	724	–
Restated opening balance at the beginning of the year	543	–	724	–
Loss allowance provided during the year (ECL)	5	–	(74)	–
Total loss allowance at the end of the year	548	–	650	–

All material financial assets remain in stage 1 of the impairment model. There have been no significant receivables transferred between stages during the year.

26. Interest income

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Bank interest receivable	**135**	67	**12**	–
Interest on loans to partners[1]	**2 458**	3 278	**62**	53
Interest on loans from related parties	**2 375**	130	**13 136**	8 528
Interest on property deposits paid	**1 729**	834	**–**	–
Interest on tenant rental arrears and penalty interest	**1 199**	66	**600**	–
	7 896	4 375	**13 810**	8 581

[1] *The interest income on loans to partners arises on the loans referred to in note 11.*

[2] *Interest income also includes interest receivable on the deposit paid in respect of the purchase of the Vale Housing Compound in Mozambique (see note 3).*

27. Finance costs

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Interest-bearing borrowings – financial institutions	**20 621**	16 972	**804**	1 379
Finance costs expensed related to capital projects	**429**	–	**–**	–
Amortisation of loan issue costs	**1 785**	1 463	**1 258**	1 081
Preference share dividends	**778**	825	**–**	–
Interest on finance leases	**12**	(3)	**–**	–
Interest on loans to related parties	**–**	–	**225**	–
Interest on bank overdraft	**21**	17	**–**	–
Other interest payable	**76**	386	**8**	–
	23 722	19 660	**2 295**	2 460

28. Taxation

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Major components of the taxation expense				
Current taxation	**(159)**	1 519	**290**	75
Deferred taxation	**13 576**	3 233	**–**	–
	13 417	4 752	**290**	75
Reconciliation of the taxation expense				
Profit before tax	**39 487**	30 497	**57 188**	36 199
Statutory taxation expense at 15% (all years)	**5 923**	4 574	**8 578**	5 430
Tax effect of adjustments to taxable income:				
Non-taxable income	**(3 837)**	(3 802)	**(7 464)**	(5 416)
Non-deductible expenditure	**3 799**	1 204	**337**	179
Under provision in the previous year	**132**	282	**–**	225
Foreign tax credit	**(1 346)**	(1 328)	**(1 161)**	(309)
Deferred tax asset not provided for	**(1 233)**	2 101	**–**	(33)
Investment tax credit	**(3 011)**	(234)	**–**	–
Minimum tax	**91**	42	**–**	–
Tax losses unutilised carried forward	**–**	–	**–**	–
Effect of different tax rates and consolidation adjustments	**12 899**	1 913	**–**	–
Effective taxation expense at 33.98% (2018: 15.58%)	**13 417**	4 752	**290**	75

The Company is subject to income tax at the rate of 15% in Mauritius in accordance with the provisions of the Income Tax Act 1995 as amended. As the Company holds a Category One Global Business License, the Income Tax (Foreign Tax Credit) Regulations 1996 allow for the setting off of any underlying tax, withholding tax or tax sparing credit by the Company against any tax due at the 15% rate. In the absence of evidence of payment of foreign tax, the Company can claim as tax credit (presumed tax credit) an amount equal to 80% of the Mauritius tax chargeable on any foreign-source income. Following the amendment brought by the Finance (Miscellaneous Provisions) Act 2018, the presumed tax credit of 80% has been repealed since 1 January 2019. A partial income exemption of 80% has been introduced and shall apply to interest income and foreign dividend income only. Companies, holding a Global Business Licence and incorporated on or before 16 October 2017, shall however benefit from the presumed tax credit of 80% until 30 June 2021.

The taxation rates applicable in the other operating jurisdictions of the Group for all years are as follows:

– Mozambique	32%
– Morocco	31%
– Kenya	30%
– Zambia	35%
– Ghana	25%

Tax losses arising in Mauritian companies are available for set off against their future profits over a maximum period of five years in accordance with the provisions of the Mauritian Income Tax Act 1995 as amended. Amounts available as at the end of each financial period were as follows:

		GROUP				COMPANY	
		30 June 2019 $'000		30 June 2018 $'000		30 June 2019 $'000	30 June 2018 $'000
Arising in financial year to:	Expiry year	Mauritius	Outside Mauritius	Mauritius	Outside Mauritius	$'000	$'000
30 June 2015	30 June 2019	**294**	**1 388**	294	1 388	**–**	–
30 June 2016	30 June 2020	**75**	**2 966**	75	2 966	**–**	–
30 June 2017	30 June 2021	**1 913**	**3 071**	1 913	3 071	**–**	145
30 June 2018	30 June 2022	**2 053**	**–**	2 053	–	**–**	–
30 June 2019	30 June 2023	**8 148**	**18 445**	–	–	**–**	–
Carried forward for more than five years		**–**	**1 102**	–	1 085	**–**	–
Carried forward indefinitely	30 June 2023	**12 908**	**13 508**	12 264	9 065	**–**	–
		25 391	**40 480**	16 599	17 575	**–**	145

The amount of group tax losses for which no deferred tax assets (note 12) have not been provided for, amounts to $3.4 million (2018: $16.0 million).

29. Basic earnings and diluted earnings per ordinary share

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Profit after tax attributable to equity owners of the parent	**28 035**	28 562	**56 898**	36 125
Weighted average number of shares in issue (net of unvested treasury shares)				
Ordinary shares in issue at start of year	**214 023**	208 514	**214 023**	208 514
Unvested treasury shares at start of year	**(7 997)**	(8 150)	**–**	–
Total shares issue at start of year	**206 026**	200 364	**214 023**	208 514
Effect of shares issued in the year	**84 549**	766	**84 549**	766
Effect of treasury shares acquired in the year	**(878)**	–	**–**	–
Effect of treasury shares surrendered in the year	**(84)**	–	**–**	–
Effect of treasury shares vested or allocated in the year	**–**	70	**–**	–
Weighted average number of shares at end of year – basic	**289 613**	201 200	**298 572**	209 281
Dilutive effect of share options	**–**	–	**–**	–
Weighted average number of shares at end of year – diluted	**289 613**	201 200	**298 572**	209 281
Basic earnings per share (cents)	**9.68**	14.20	**19.06**	17.26
Diluted earnings per share (cents)	**9.68**	14.20	**19.06**	17.26

There are no dilutionary instruments in issue.

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
30. Cash generated from/(utilised in) operations				
Profit for the period before taxation	**39 487**	30 497	**57 188**	36 199
Adjusted for:				
Depreciation and amortisation	**392**	272	**91**	51
Interest income	**(7 896)**	(4 375)	**(13 810)**	(8 581)
Share of profits from associates and joint ventures	**(20 553)**	(21 028)	**–**	–
Finance costs	**23 722**	19 660	**2 295**	2 460
Allowance for credit losses	**5**	(602)	**(74)**	–
Bad debt provision	**1 162**	–	**–**	–
Impairment of loans	**1 051**	–	**4**	–
Foreign currency losses/(gains)	**1 156**	(897)	**–**	(784)
Straight-line rental income accrual	**824**	(1 110)	**–**	–
Share based payment expense	**156**	282	**156**	282
Fair value adjustment on investment properties	**(21 363)**	(13 761)	**–**	–
Fair value adjustment on other investments	**795**	757	**727**	–
Fair value adjustment on other financial liability	**516**	128	**178**	128
Fair value adjustment on derivative financial instruments	**6**	(25)	**–**	–
Fair value adjustment on investment in subsidiary	**–**	–	**(49 386)**	(34 768)
	19 460	9 798	**(2 631)**	(5 013)
Changes to working capital				
Movement in trade and other receivables	**(4 916)**	(5 757)	**1 593**	(2 724)
Movement on deposits paid on investment properties	**2 617**	(11 117)	**–**	–
Movement in trade and other payables	**5 994**	195	**(368)**	(2 957)
Cash generated from/(utilised in) operations	**23 155**	(6 881)	**(1 406)**	(10 694)
31. Ordinary dividends paid to shareholders				
Dividends paid during the period	**(33 147)**	(14 908)	**(34 373)**	(15 534)

Declaration and payment of ordinary dividends

Set out below is a summary of all the ordinary dividends declared by the Board in respect of each reporting period on shares in circulation. All dividends declared in a reporting period have been paid in the same reporting period.

Paid in the year to 30 June 2019:

In respect of the year ended 30 June 2019, an interim dividend of 5.25 cents per share was declared by the Board on 14 February 2019. There were 306 396 035 shares in issue at the date of declaration of this interim dividend. This was paid on 5 April 2019. The non-entitled shares that was excluded from the dividend was 4 035 000 shares.

In respect of the year ended 30 June 2018, a final dividend of 6.12 cents per share was declared by the Board on 26 September 2018. There were 306 396 035 shares in issue at the date of declaration of this final dividend. This was paid on 16 November 2018. The non-entitled shares that was excluded from the dividend was 5 567 564 shares.

Paid the year to 30 June 2018:

In respect of the year ended 30 June 2018, an interim dividend of 6.07 cents per share was declared by the Board on 8 February 2018. There were 208 514 261 shares in issue at the date of declaration of this interim dividend. This was paid on 29 March 2018.

32. Assets and liabilities acquired through business combinations

No acquisitions were made during the current financial year via business combinations as all the acquisitions were classified as asset acquisitions per note 3 of the financial statements.

For the prior year the acquisitions described below involved the acquiring of certain incidental other assets and/or liabilities in addition to investment properties. Further details of these acquisitions are set out in note 8.

	GROUP		COMPANY
	30 June 2018 $'000	30 June 2018 $'000	30 June 2018 $'000
	Investment in Beachcomber Hospitality	**Investment in Capital Place Limited**	**Investments in Lusaka Cosmopolitan Investment Limited and in Beachcomber Hospitality**
Book value of assets and liabilities assumed – Group share			
Assets			
Investment properties	94 564	12 217	–
Current assets	414	1 108	–
	94 978	13 325	–
Liabilities			
Interest-bearing borrowings	31 662	3 797	–
Current liabilities	5 798	1 651	–
	37 460	5 448	–
Identifiable assets acquired and liabilities assumed	57 518	7 877	–
Purchase consideration (see below)	(57 518)	(7 877)	–
Gain from bargain purchase	–	–	–
Purchase consideration, including transaction costs	57 518	7 877	–
Net cash outflow	57 518	7 877	
– Loan advanced in prior year	(47 409)	–	–
Net investment	10 109	7 877	–
Settled via			
Cash	10 109	–	–
Issue of shares	–	7 877	–
	10 109	7 877	–

The total net cash outflow in the year to 30 June 2017 from the Lusaka acquisition was $15.4 million, with $3.0 million settled in the prior year and $5.8 million settled in the year to 30 June 2018. The total net cash flow for the year to 30 June 2018, including this $5.8 million, was $15.7 million.

The Group has performed a preliminary assessment of the fair values of the identifiable assets and liabilities acquired. For purposes of the reporting for the year ending 30 June 2018, the assets and liabilities have been recorded at their provisional fair values based on the acquisition date fair values. The period to finalise the fair values shall not exceed 12 months from the date of acquisition.

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
33. Commitments and operating leases				
33a. Capital commitments				
Acquisition of Investment properties				
Approved and committed	–	8 263	–	–
	–	8 263	–	–
Operating leases – as lessee (expense)				
Minimum lease payments due				
Within one year	**243**	210	–	11
Within two to five years	**927**	761	–	528
	1 170	971	–	539
Operating leases – as lessor (income)				
Minimum lease payments receivable				
Within one year	**43 011**	46 519	–	–
Within two to five years	**129 424**	131 914	–	–
Later than five years	**16 016**	133 814	–	–
	188 451	312 247	–	–

Operating leases – as lessor (income)
Minimum lease payments receivable comprise contractual rental income due under signed lease agreements on the Group's investment properties. The amounts excludes rental income arising on investment properties held by associates and joint ventures and also exclude the straight-line rental income accrual adjustments referred to in note 3 and 4.

The lease agreements are non-cancellable and have terms ranging from two to 10 years. There are no contingent rentals.

Purchase agreements entered into at 30 June 2019
The Group has not entered into any unconditional binding purchase agreements at 30 June 2019.

33b. Contingent liabilities

In the normal course of business, the Company incurs certain contingent liabilities arising from guarantees provided to third parties on behalf of the subsidiaries. No material losses are anticipated as a result of these guarantees.

The following contingent liabilities have not been provided for by the Group or the Company, as it is not anticipated that any material liabilities will arise from these contingencies.

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
General bank facilities	–	–	**135**	135

34. Related parties

Related party relationships, transactions and balances

Parties are considered related if one party has the ability to exercise control or significant influence over the other party in making financial or operational decisions.

Details of the parties with which members of the Group have had reportable related party transactions and balances over the year covered by the financial statements are set out below, followed by details of the transactions that have taken place and balances with those parties.

Details of an entity that has been accounted for as an unconsolidated structured entity are set out in note 34d.

Related party relationships	
Company	**Relationship to the Group**
Bowwood and Main No 117 Proprietary Limited	Company controlled by Bronwyn Corbett and Sandile Nomvete
Copapax Proprietary Limited	Company controlled by Bronwyn Corbett
Delta Property Fund	Shareholder and common Directors
Drive In Trading Proprietary Limited (note 34d)	Shareholder transformation partner and common Directors
Gateway Delta Development Holdings Limited	Investee, associate and common Directors
Transformers Investments Limited	Material Shareholder (greater than 5%) since 31 July 2018
Vale dos Embondeiros Limitada	Common Directors of Transformers Investments Limited
Drift (Mauritius) Limited	Common ultimate beneficiaries with Transformers Investments Limited
Osiris Advisors Limited	Company controlled by Peter Todd
Osiris Corporate Solutions (Mauritius) Limited	Company controlled by Peter Todd
Public Investment Corporation	Shareholder and common Directors (resigned within the last 18 months)
Venus Africa Properties Proprietary Limited	Shareholder and common Directors
Lifostax Proprietary Limited	Shareholder and common alternate Directors
African Development Property Holdings Limited	Common Directors, Bronwyn Corbett ultimate beneficial owner of 10%
Dorado 1 Limited	Common Directors, Bronwyn Corbett ultimate beneficial owner of 50%
BG Africa Limited	Common Directors
Mallac Hearle Consulting Limited	Enterprise that Bronwyn Corbett has a significant interest
Grit Executive Share Trust	Trust administering the Staff Long Term Incentive scheme
Mobus Properties Limited	Company controlled by Sir Sam Jonah
Griffon Energy Limited	Company controlled by Sir Sam Jonah
Grit Services Limited	Subsidiaries
Mara Viwandani Limited	Subsidiaries
IWH Kenya Investments Limited	Subsidiaries
Paradise Consultancy Services Limited	Subsidiaries
BME Kenya Investments Limited	Subsidiaries
IDC Kenya Investments Limited	Subsidiaries
Warehousely Limited	Subsidiaries
Paradise Property Investments Limited	Subsidiaries
Mara Delta (Mauritius) Property Limited	Subsidiaries
Leisure Property Northern (Mauritius) Limited	Subsidiaries
Beachcomber Hospitality Investments Limited	Associates
DIF 1 Co Limited	Subsidiaries
GMS Serviços de Gestao de Imóveis Limitada	Subsidiaries
GMS Mauritius Limited	Subsidiaries
BH Property Investments Limited	Subsidiaries
Abland Diversified Holdings Limited	Subsidiaries
Buffalo Mall Naivasha Limited	Associates
Transformers Holdings Mauritius Limited	Subsidiaries
Delta Tete Limitada	Subsidiaries
Gerania Limited	Subsidiaries

Related party relationships	
Company	**Relationship to the Group**
Mall de Tete Limitada	Subsidiaries
CD Properties Limited	Subsidiaries
Gateway Properties Limitada	Subsidiaries
TC Maputo Limited	Subsidiaries (Acquired 75% during the year)
Cognis 1 Limitada	Subsidiaries (acquired 80.1% effective shareholding during the year)
Paxton Investments Limited	Subsidiaries (Subscribed for 99.99% of the shares during the year)
CADS Developers Limited	Associates (Subscribed for 50% of the shares during the year)
HM&K Properties Limited	Subsidiaries
Commotor Limitada	Subsidiaries
SAL Investment Holdings Limited	Subsidiaries
S&C Immobiliaria Limitada	Subsidiaries
Zimpeto Immobiliaria Limitada	Subsidiaries
Zambian Property Holdings Limited	Subsidiaries
Ndola Kafubu Investments Limited	Subsidiaries
Kafubu Mall Limited	Associates
Kitwe Mukuba Investments Limited	Subsidiaries
Mukuba Mall Limited	Associates
Lusaka Cosmopolitan Investments Limited	Subsidiaries
Cosmopolitan Shopping Centre Limited	Associates
Delta International Bahrain SPC	Subsidiaries
Freedom Property Fund SARL	Subsidiaries
Grit Accra Limited	Subsidiaries
Capital Place Limited	Associates
Freedom Asset Management Limited	Subsidiaries (controlled by Grit, 0% ownership)
Grit West Africa Limited	Subsidiaries
Casamance Holdings Limited	Subsidiaries
Peter Todd - Chairman	Director
Ian Macleod - Senior Independent	Director
Cuckoos Nest Trust	Common beneficiary, Leon van de Moortele
Pearson Trust	Common beneficiary, Gregory Pearson
Boyzana Gane Trust	Common beneficiary, Sandile Nomvete
David Love	Director
Sir Samuel Jonah	Director
Nchaupe Laaka	Alternate Director (appointed during the year)
Paul Huberman	Director (resigned within 18 months)
Chandra Gujadhur	Director (resigned within 18 months)
Jackie van Niekerk	Director (resigned within 18 months)
Sandile Nomvete	Director (resigned within 18 months)
Maheshwar Doorgakant	Director (resigned within 18 months)
Matshepo More	Director (resigned within 18 months)
Catherine McIlraith	Director
Nomzamo Radebe	Director
Bronwyn Corbett	Director
Leon van de Moortele	Director
Moira van der Westhuizen	Key Management Personnel
Jaco van Zyl	Key Management Personnel
Belinda Wong-Vacher	Key Management Personnel (resigned within 18 months)
Heidi Rix	Key Management Personnel (resigned within 18 months)
Gregory Pearson	Director of an associate

34a. Related party transactions and balances with shareholders

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Public Investment Corporation				
Subscription of 22,377,622 shares at $1.43 per share on 31 July 2018	**32 000**	–	32 000	–
Dividends paid on Grit Real Estate Income Group Limited Shares	**(9 619)**	(4 917)	(9 619)	(4 917)
Directors fees (Matshepo More Directors' fees)	**(59)**	(17)	(59)	(17)
Transformers Investment Limited				
Subscription of 16,784,000 shares at $1.43 per share on 31 July 2018	**24 001**	–	24 001	–
Dividends paid on Grit Real Estate Income Group Limited Shares	**(2 142)**	–	(2 142)	–
Related Party loan payable – at acquisition loan (Transformers Holding Limited)	**–**	–	–	–
– Opening Balance (31 July 2018)	**(1 451)**	–	–	–
– Transferred to Purchase Price Adjustment account	**1 451**	–	–	–
Back to back loan between Delta Tete Limited and Vale dos Embondeiros Limitada				
Related Party loan receivable – at acquisition loan (Transformers Holding Limited)	**–**	–	–	–
– Opening Balance (31 July 2018)	**4 000**	–	–	–
– Amount repaid	**(4 000)**	–	–	–
Back to back loan between Delta Tete Limited and Vale dos Embondeiros Limitada				
Current account (Grit Services Limited)	**–**	–	–	–
– Opening Balance (31 July 2018)	**–**	–	–	–
– Amount held in Escrow for Purchase Price of TC Maputo	**4 099**	–	–	–
– Amount held in Escrow for settlement of current liabilities of Cognis 1 Limitada	**6 612**	–	–	–
– Amount held in Escrow for reduction of debt of Cognis 1 Limitada	**7 783**	–	–	–
– Amount repaid	**(18 494)**	–	–	–
Interest receivable account (Grit Services Limited)	**382**	–	–	–
– Opening Balance (31 July 2018)	**–**	–	–	–
– Interest charged	**2 055**	–	–	–
– Interest paid	**(1 673)**	–	–	–

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Interest charged on amount held on deposit at a rate of Libor plus 6.50%				
Deposit on Properties (Transformers Holdings Limited)	**–**	–	–	–
– Opening Balance (31 July 2018)	**4 117**	–	–	–
– Additional deposit for 20 Units, 15.5ha of Land and Purchase Price Adjustment provision	**6 882**	–	–	–
– Transfer to Purchase Price Adjustment Account	**(4 117)**	–	–	–
– Deposit refunded	**(6 882)**	–	–	–
Purchase Price Adjustment Account (Transformers Holdings Limited)	**–**	–	–	–
– Opening Balance (31 July 2018)	**1 723**	–	–	–
– Transfer from Deposits on Property	**4 117**	–	–	–
– Interest Accrued	**704**	–	–	–
– Transfer from Transformers Investments Limited at acquisition loan	**(1 451)**	–	–	–
– Transfer from Vale dos Embonderios Limitada at acquisition loan	**1 462**	–	–	–
– Full and Final Settlement on VDE Phase II	**(6 386)**	–	–	–
– Written off as unrecoverable	**(169)**	–	–	–
Loan Payable (Freedom Asset Management Limited)	**(281)**	–	–	–
– Opening Balance (31 July 2018)	**(4 066)**	–	–	–
– Interest accrued	**(225)**	–	–	–
– Loan repaid	**4 010**	–	–	–
Interest accrued at 9.00% per annum				
Interest Received	**2 055**	–	–	–
Interest Paid	**(225)**	–	–	–

34a. Related party transactions and balances with shareholders (continued)

	GROUP		COMPANY	
	30 June 2019 $'000	**30 June 2018 $'000**	**30 June 2019 $'000**	**30 June 2018 $'000**
Vale dos Embondeiros Limitada				
Purchase of 15.5ha of land for development, 20 completed housing units, water treatment plant, sewerage treatment plant and water purification system	**3 600**	–	**–**	–
Related Party loan receivable – at acquisition loan (Delta Tete Limitada)	**220**	–	**–**	–
– Opening Balance (31 July 2018)	**(2 500)**	–	**–**	–
– Forex revaluations	**(38)**	–	**–**	–
– Transferred to Purchase Price Adjustment account	**(1 462)**	–	**–**	–
– Amount repaid	**4 220**	–	**–**	–
Back to back loan between Transformers Investments Limited and Transformers Holdings Limited				
Trade Receivables	**1 196**	–	**–**	–
Trade Payables	**–**	–	**–**	–
Rental Income	**981**	–	**–**	–
Operating costs recoveries	**995**	–	**–**	–
Total Income from Vale dos Embonderios	**1 976**	–	**–**	–
Interest charged on overdue account	**126**	–	**–**	–
Operating cost expenses	**(431)**	–	**–**	–
Delta Property Fund				
Dividends paid on Grit Real Estate Income Group Limited Shares	**(2 714)**	(1 778)	**(2 714)**	(1 778)
Commitment and guarantee fees	**–**	–	**–**	–
Amount payable (included in sundry creditors)	**–**	(6)	**–**	–
Mobus Property Limited				
Dividends paid on Grit Real Estate Income Group Limited Shares	**(389)**	–	**(389)**	–
Property Management Fees paid	**(123)**	(5)		–

34b. Related party transactions and balances with Directors, senior management and their associated entities

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Bronwyn Corbett				
Basic Salary	**(487)**	(312)	**–**	–
Bonus	**(92)**	(128)	**–**	–
Expatriate benefits	**(25)**	(91)	**–**	–
	(604)	(531)	**–**	–
Reimbursement of expenses	**(23)**	(20)	**–**	–
Staff current account payable	**(44)**	(124)	**–**	(3)
Total direct beneficial shareholding in Grit Shares: 79 758 (2018: 669 758)				
Total indirect beneficial shareholding in Grit Shares: 5 696 549 (2018: 4 789 856)				
Total shareholding in Grit Shares: 5 776 307 (2018: 5 459 614)				
Leon van de Moortele				
Basic Salary	**(384)**	(238)	**–**	–
Bonus	**(57)**	(72)	**–**	–
Expatriate benefits	**(37)**	(68)	**–**	–
	(478)	(378)	**–**	–
Reimbursement of expenses	**(5)**	(8)	**–**	–
Voluntary staff deduction account	**9**	–	**–**	–
Staff current account payable to Company	**(8)**	(6)	**–**	–
Total indirect beneficial shareholding in Grit Shares: 1 202 187 (2018: 1 202 187)				
Total shareholding in Grit Shares: 1 202 187 (2018: 1 202 187)				
Senior Management (2019: 7 employees, 2018: 4 employees)				
Basic Salary	**(644)**	(500)	**–**	–
Bonus	**(71)**	(102)	**–**	–
Expatriate benefits	**(65)**	(74)	**–**	–
	(780)	(676)	**–**	–
Reimbursement of expenses	**(13)**	(8)	**–**	–
Voluntary staff deduction account	**4**	–	**–**	–
Staff current account payable to Company	**(2)**	(12)	**–**	–
Bowwood and Main No 117 Proprietary Limited				
Dividends paid on Grit Real Estate Income Group Limited Shares	**(653)**	(429)	**(653)**	(429)
Related Party Loan receivable (Freedom Asset Management)	**1 488**	2 433	**–**	–
– Opening Balance	**2 433**	4 000	**–**	–
– Provision for impairment	**(945)**	(1 567)	**–**	–
Related party loans receivable	**–**	2	**–**	4
Net Advisory and payroll fees (to fund South African Staff payroll expenses)	**(415)**	(869)	**–**	–
Amount receivable (included in trade and other receivables)	**130**	–	**4**	–
Amount payable (included in trade and other payables)	**–**	(50)	**–**	–

34b. Related party transactions and balances with Directors, senior management and their associated entities (continued)

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
The Pearson Trust				
Current loan receivable	**5**	–	**–**	–
Dividends paid	**(8)**	(4)	**(8)**	(4)
Cuckoos Nest Trust				
Current loan receivable	**5**	–	**–**	–
Dividends paid	**(10)**	(5)	**(10)**	(5)
Kenzlex Trust				
Current loan receivable	**1**	–	**–**	–
Copapax Limited				
Current loan receivable	**60**	–	**–**	–
Boyzana Gane Trust				
Current loan receivable	**5**	–	**–**	–
Nchaupe Laaka				
Total indirect beneficial shareholding in Grit Shares: 5 812 500				
Total shareholding in Grit Shares: 5 812 500				
Nomzamo Radebe				
Total indirect beneficial shareholding in Grit Shares: 3 875 000 (2018: 3 875 000)				
Total shareholding in Grit Shares: 3 875 000 (2018: 3 875 000)				
Gregory Pearson				
Write off of staff current account (2016)	**2**	–	**–**	–
Ian Macleod				
Non-Executive Directors Fees	**(97)**	(24)	**(97)**	(24)
Catherine McIlraith				
Non-Executive Directors Fees	**(84)**	(15)	**(84)**	(15)
David Love				
Non-Executive Directors Fees (accrued not paid)	**(36)**	–	**(36)**	–
Sir Samuel Jonah				
Non-Executive Directors Fees (accrued not paid)	**(20)**	–	**(20)**	–
Total indirect beneficial shareholding in Grit Shares: 5 567 564				
Total shareholding in Grit Shares: 5 567 564				

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Paul Huberman				
Non-Executive Directors Fees	**(41)**	(7)	**(41)**	(7)
Maheshwar Doorgakant				
Non-Executive Directors Fees (reversal of accrual)	**8**	(8)	**8**	(8)
Chandra Gujadhur				
Non-Executive Directors Fees (reversal of accrual)	**4**	(13)	**4**	(13)
Jackie van Niekerk				
Non-Executive Directors Fees	**–**	(7)	**–**	(7)
Brian Holmes				
Non-Executive Director fees (Mozambique)	**(26)**	(5)	**–**	–
Grit Executive Share Trust (previously the Mara Delta Executive Share Trust)				
Dividends paid on Grit Real Estate Income Group Limited Shares	**–**	–	**–**	–
Loan receivable	**–**	–	**3 818**	37
Interest Income	**–**	–	**9**	–
Osiris Advisors Limited				
Advisory fees	**(16)**	(36)	**(11)**	(36)
Osiris Corporate Solutions (Mauritius) Limited				
Directors fees (Peter Todd Directors fees)	**(120)**	(25)	**(120)**	(25)
Company secretarial and other corporate advisory fees	**–**	(20)	**–**	(20)
Amount Payable (included in trade and other payables)	**–**	–	**–**	–
Griffon Energy Limited				
Deposit held in Escrow related to Property Purchase (Capital Place Limited)	**3 000**	5 000	**–**	–
Osiris International Trustees Limited				
Trustee administration costs	**(50)**	–	**(20)**	–
African Development Property Managers Limited				
Related Party loan receivable	**78**	–	**–**	–
Recovery of costs paid on behalf of Grit	**(103)**	–	**(12)**	–
Mallac Hearle Consulting Limited				
Consulting fees	**(23)**	(63)	**(23)**	(63)

34c. Related party transactions and balances with subsidiaries, associates and joint ventures

	GROUP		COMPANY	
	30 June 2019 $'000	**30 June 2018 $'000**	**30 June 2019 $'000**	**30 June 2018 $'000**
Drift (Mauritius) Limited				
Project pre-funding loan 1 – Tete Accommodation Project	**12 005**	–	**–**	–
– Initial Draw on project prefunding	**12 000**	–	**–**	–
– Interest accrued	**5**	–	**–**	–
Project pre-funding loan 1 – Maputo Accommodation Project (x2)	**10 004**	–	**–**	–
– Initial Draw on project prefunding	**10 000**	–	**–**	–
– Interest accrued	**4**	–	**–**	–
Interest Income	**9**	–	**–**	–
Commission on acquisition of 15.5ha of Land and 20 housing units for Delta Tete Limitada	**(3 000)**	–	**–**	–
Gateway Delta Developments Limited				
Subscription of shares (19.98% of the issued share capital)	**6 114**	1 063	**–**	–
Loan receivable	**–**	77	**–**	–
– Opening Balance	**77**	2 000	**–**	–
– Loan disbursed/(repaid)	**6 037**	(936)	**–**	–
– Interest Income	**254**	76	**–**	–
– Interest paid	**(254)**	–	**–**	–
– Loan converted to Share Capital	**(6 114)**	(1 063)	**–**	–
Loan bears interest of Libor plus 6.50%				
Related Party payable (DIF1 Co Limited)	**(14 416)**	–	**–**	–
– Amounts disbursed on the Anfa Place Mall Construction project to contractors	**(10 316)**	–	**–**	–
– Amount disbursed to refund Freedom Property Fund for expenses incurred to date	**(4 100)**	–	**–**	–
Trade and other receivables (refund of costs incurred in Morocco)	**4 436**	–	**–**	–
Provision for profit on Anfa Place Mall Project (% completion applied) (included in accruals)	**2 573**	–	**–**	–
Related party loan (payable)/receivable	**(81)**	–	**–**	4
Interest income	**254**	76	**254**	–
Recovery of expenses paid	**(120)**	–	**(4)**	–
Freedom Asset Management Limited				
Loan receivable	**–**	–	**10 584**	11 526
Asset management fees from Subsidiaries	**–**	–	**1 853**	1 461
Interest income	**–**	–	**913**	822
Grit Services Limited				
Interest income	**–**	–	**11 768**	7 652
Current account receivable	**–**	–	**38 000**	2 324
Loan receivable	**–**	–	**321 486**	287 660

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
CD Properties Limited				
Current account receivable	**–**	–	**1**	1
DIF1 Co Limited				
Current account payable	**–**	–	**(3 866)**	(239)
Freedom Property Fund SARL				
Current account receivable	**–**	–	**249**	249
Sal Investment Holdings Limited				
Current account receivable	**–**	–	**245**	1 037
Zimpeto Investment Holdings Limited				
Current account receivable	**–**	–	**–**	15
Kitwe Mukuba Investments Limited				
Current account receivable	**–**	–	**2**	2
Ndola Kafubu Investments Limited				
Current account receivable	**–**	–	**2**	2
HM&K Properties Limited				
Current account receivable	**–**	–	**17**	8
BH Property Investments Limited				
Current account payable	**–**	–	**(397)**	(107)
Transformers Holdings Mauritius Limited				
Current account payable	**–**	–	**(205)**	(1)
FAM Executive Share Trust				
Current loan receivable	**7**	–	**–**	–
Delta Tete Limitada				
Current account receivable	**–**	–	**–**	250
Mara Delta (Mauritius) Property Limited				
Current account receivable/(payable)	**–**	–	**237**	(50)
Abland Diversified Holdings Limited				
Current account receivable	**–**	–	**1**	1
Commotor Limitada				
Current account receivable	**–**	–	**–**	83
S&C Imobiliaria Limitada				
Current account receivable	**–**	–	**–**	376
Zimpeto Imobiliaria Limitada				
Current account receivable	**–**	–	**–**	14
CADS Developers Limited				
Current account receivable	**5**	–	**–**	–
Leisure Property Northern (Mauritius) Limited				
Current account payable	**–**	–	**(191)**	–

34c. Related party transactions and balances with subsidiaries, associates and joint ventures (continued)

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Paradise Property Investments Limited				
Current account receivable	**–**	–	**7**	–
GMS Mauritius Limited				
Current account receivable	**–**	–	**16**	–
Capital Place Limited				
Current account payable	**(10)**	–	**–**	–
Gateway Properties Limitada				
Current account receivable	**–**	–	**–**	33
Mall de Tete Limitada				
Current account receivable	**–**	–	**–**	369
Gerania Limited				
Current account payable	**–**	–	**(1 508)**	(1 918)
Venus Africa Properties Proprietary Limited				
Interest Received	**62**	53	**62**	53
Loan Interest receivable	**116**	53	**116**	53
Interest bearing loan	**800**	800	**800**	800
Lifostax Proprietary Limited – (from 29 November 2018)				
Interest Received	**62**	53	**62**	53
Loan Interest receivable	**116**	53	**116**	53
Interest bearing loan	**800**	800	**800**	800

Notes to related party transactions and balances with shareholders, Directors, senior management and their associated companies, subsidiaries, associates and joint ventures.

Bowwood and Main No 117 Proprietary Limited have a pledge over 1 865 000 of the treasury shares, (note 15b) respectively. Of these 1 860 000 are shares allocated to the founders of Freedom Asset Management.

All of the transactions referred to above were made in the normal course of business. Key management personnel compensation is equivalent to Directors' fees which are disclosed in note 24.

The terms and conditions of loans receivable and payable are disclosed in note 10. There have been no guarantees provided or received for any related party payables or receivables.

For the year ended 30 June 2019, other than the impairment of the $2.6 million in Freedom Asset Management (which is consolidated, but Grit has no shareholding in the entity), the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2018: nil). This assessment is undertaken at each reporting date by examining the financial position of the related parties and the market in which they operate.

Mr Peter Todd, Chairman of the Company, has historically held the position of a Non-Executive Director on the Board of certain companies with which the Group transact. These entities are not deemed to be related parties of the Group as there is no ownership interest and the common directorship in each instance related to him acting in an administrative capacity.

34d. Related parties – unconsolidated structured entity

The Directors consider Drive in Trading Proprietary Limited ("DiT") to be an unconsolidated structured entity as a result of arrangements the Group has entered into with that entity.

The arrangements entered into between the parties were as follows:

- As part of the June 2017 rights offer, the Company welcomed DiT as a new shareholder and transformation partner, with the entity subscribing for a fresh issue of 23 250 000 ordinary shares in the Company for a total consideration of $32.6 million. Drive In Trading, which holds the shares on the Stock Exchange of Mauritius register, was the largest underwriter of the rights offer. The transaction was funded as explained below.
- As disclosed in note 10, the Group provided loans totalling $1.6 million to DiT's two shareholders, Venus Africa Properties Proprietary Limited ("Venus") and Lifostax Proprietary Limited ("Lifostax"). Venus and Lifostax subscribed for equity in DiT using these funds.
- DiT secured a loan facility of $33.4 million from the Bank of America N.A (UK Branch) ("BoAML") to finance its investment in the Company. The proceeds of the facility plus the shareholders' loan were used to invest in the Company and in part to settle transaction costs. The loan facility is for an initial three year term, with an option to extend for a further two years, with a final repayment date of July 2022. The interest rate is 5.80%. Repayments are to take place in the form of half-yearly payments which equate to 90.00% of all dividends received from the Group in those periods. Repayments are to be applied initially to settle any interest due and then to capital.
- The BoAML facility was granted to Drive In Trading after South Africa's Government Employees Pension Fund, represented by its Public Investment Corporation SOC Limited ("PIC"), provided a guarantee to BoAML in the form of a Contingent Repurchase Obligation ("CRO") for up to $35.0 million. The terms of the CRO, obligates PIC to acquire the loan granted to Drive In Trading, should Drive In Trading default under the BoAML facility.

In order to facilitate the above, the Company agreed to de-risk 50.00% of PIC's $35.0 million exposure to the CRO, by granting PIC a guarantee whereby should BoAML enforce the CRO, the Company would indemnify PIC for up to 50.00% of the losses, capped at $17.5 million, following the sale of the underlying securities, being the shares held by DiT in the Company. In addition, as part of BoAML facility, BoAML has provided the Company with a cash remedy mechanism whereby if it is determined that the Loan to Value ("LTV") trigger will be breached, the Company can make cash payments into a remedy deposit account, thereby dropping the LTV below 99.00%. This will prevent enforcement of the CRO and the Company's obligations under the guarantee to PIC. Payments into the remedy account would be made in increments of $0.5 million, up to a maximum of $1.0 million, with amounts so paid to be held for a minimum period of six months or until the LTV ratio drops below 99.00%.

The result of the above arrangements is that the Group has recognised a current 'other financial liability' within current liabilities equal to the amount based on the probability of DiT defaulting. This liability is to be reassessed and remeasured at each reporting date, with any change in value being recorded in profit or loss as a separate line item in the statement of consolidated comprehensive income.

There has been no changes in the DiT structure during the current financial year.

In summary, the amounts included separately on the face of the statement of financial position in respect of the above arrangements are as follows:

	GROUP		COMPANY	
	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000	**Year ended 30 June 2019 $'000**	Year ended 30 June 2018 $'000
Current liabilities				
Other financial liability – CRO obligation	**306**	128	**306**	128
Maximum exposure to loss	**17 500**	17 500	**17 500**	17 500

35. Risk management

Financial risk management

The Group's financial instruments consist mainly of deposits with banks, interest-bearing borrowings, related party loans receivable/payable, other loans receivable, trade and other receivables, trade and other payables and other financial asset and other financial liability referred to in note 34b. Exposure to market, credit and liquidity risk arises in the normal course of business.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as and when they fall due. This risk is managed by holding cash balances and overdraft facilities and by regularly monitoring cash flows. The Directors have taken out Political Risk Insurance ("PRI") to cover the Group in the event of any potential currency inconvertibility or exchange transfer limitations. The insurance cover for Mozambique cost 1.15% per annum of the amount insured whilst the cost of the policy for Morocco is currently 0.40% of the cost insured per annum.

The Group utilises undrawn facilities and cash on hand to meet its short-term funding requirements. The intention is that non-current financial liabilities will predominantly be serviced through cash generated from operations and the restructuring of debt upon maturity. Subsequent to year end the matured facilities have been refinanced with Standard Bank South Africa totalling $100.0 million (refer note 40).

The tables below set out the maturity analysis of the Group's liabilities based on the undiscounted contractual cash flows at each reporting date.

	Weighted average effective interest rate %	Less than one year $'000	One to two years $'000	Two to three years $'000	Three to five years $'000	More than five years $'000	Total $'000
GROUP							
30 June 2019							
Financial liabilities							
Interest-bearing borrowings	**6.44%**	**158 555**	**56 964**	**139 789**	**31 919**	**634**	**387 861**
Preference shares	**6.25%**	**803**	**803**	**13 442**	**–**	**–**	**15 048**
Other financial liability (note 22)	**–**	**644**	**–**	**–**	**–**	**–**	**644**
Obligations under finance leases	**8.15%**	**46**	**126**	**–**	**–**	**–**	**172**
Trade and other payables[1]	**–**	**19 380**	**–**	**–**	**–**	**–**	**19 380**
Related party loans	**–**	**14 507**	**–**	**–**	**–**	**–**	**14 507**
Bank overdraft	**5.71%**	**8 490**	**–**	**–**	**–**	**–**	**8 490**
		202 425	**57 893**	**153 231**	**31 919**	**634**	**446 102**
As at 30 June 2018							
Financial liabilities							
Interest-bearing borrowings	5.75%	122 076	46 765	23 281	152 597	5 717	350 436
Preference shares	6.25%	805	803	803	13 442	–	15 853
Other financial liability (note 22)	–	128	–	–	–	–	128
Obligations under finance leases	8.15%	65	65	65	16	–	211
Trade and other payables[1]	–	20 521	–	–	–	–	20 521
Related party loans	–	–	–	–	–	–	–
Bank overdraft	5.76%	8 898	–	–	–	–	8 898
		152 493	47 633	24 149	166 055	5 717	396 047

	Weighted average effective interest rate %	Less than one year $'000	One to two years $'000	Two to three years $'000	Three to five years $'000	More than five years $'000	Total $'000
COMPANY							
30 June 2019							
Financial liabilities							
Interest-bearing borrowings	**3.44%**	**11 452**	**196**	**4 232**	**–**	**–**	**15 880**
Other financial liability (note 22)	**8.15%**	**306**	**–**	**–**	**–**	**–**	**306**
Trade and other payables[1]	**–**	**1 277**	**–**	**–**	**–**	**–**	**1 277**
Related party loans	**–**	**6 167**	**–**	**–**	**–**	**–**	**6 167**
Bank overdraft	**5.21%**	**8 490**	**–**	**–**	**–**	**–**	**8 490**
		27 692	**196**	**4 232**	**–**	**–**	**32 120**
30 June 2018							
Financial liabilities							
Interest-bearing borrowings	3.44%	38 628	30	30	491	–	39 179
Other financial liability (note 22)	8.15%	128	–	–	–	–	128
Trade and other payables[1]	–	1 709	–	–	–	–	1 709
Related party loans	–	2 316	–	–	–	–	2 316
Bank overdraft	5.82%	8 366	–	–	–	–	8 366
		51 147	30	30	491	–	51 698

[1] *Trade and other payables exclude deposits received, deferred income, taxation and social security costs and withholding tax payable.*

Interest rate risk

The Group seeks to manage its exposure to changes in interest rates by fixing interest rates in respect of certain of its borrowings when considered appropriate. The Group is however exposed to interest rate risk through its variable rate cash balances and interest-bearing borrowings. At 30 June 2019, interest rates in respect of 27.36% (2018: 9.00%) of the Group's borrowings were fixed.

The Group's weighted average effective rate of interest for the year to 30 June 2019 was 6.44% (2018: 5.75%) based on the interest rates applicable to its long-term borrowings, short-term bridge funding and loan issue costs capitalised.

An increase of 1.00% in the interest rate on floating rate borrowings (USD) would result in an increase to finance charges of $3.1 million (2018: $1.8 million) pre-tax per annum. This is based on calculating the effective interest rate of the Group and adding 1.00% escalation to the effective interest rate.

35. Risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and cash and cash equivalents. There is considered to be no significant concentration of credit risk as exposure is spread over a large number of counterparties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the respective reporting dates in respect of certain financial instruments was as follows:

	GROUP		COMPANY§	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Financial assets				
Cash and cash equivalents	**15 164**	3 086	**230**	**108**
Loans to related parties	**25 486**	879	**375 847**	**304 793**
Deposits on investment properties – Vale Housing Compound	**–**	4 117	**–**	**–**
Other loans receivable	**29 226**	42 863	**–**	**800**
Trade and other receivables [1]	**13 374**	23 312	**943**	**2 656**

[1] *Trade and other receivable excludes deposits paid, prepaid expenses and the purchase price adjustment account.*

Cash and cash equivalents

It is the Group's policy to deposit short-term cash investments with reputable financial institutions.

Trade and other receivables

Credit risk is principally the risk that a tenant may default or not meet its obligations timeously. The financial position of the tenants is monitored on an ongoing basis. Allowance is made for specific doubtful debts and credit risk is therefore considered to be limited to the carrying amount of the financial assets at the end of the relevant financial year.

Loans to related parties and other loans receivable from partners

The Group has policies in place to ensure that loans are granted to related and other parties with an appropriate credit history so as to limit the amount of exposure to credit risk.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Moroccan Dirham and Mozambican Metical and to a lesser extent the Mauritian Rupee, Zambian Kwacha, South African Rand, Euro and Kenyan Shilling. Foreign exchange risk arises in relation to future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has entered into US Dollar denominated rental contracts with tenants that rent properties held within its Mozambican and Kenyan property portfolios. This is to ensure that the Group is not exposed to a devaluation of rental income generated from these property portfolios. The rental contracts with tenants that rent properties held within the Moroccan property portfolio are denominated in Moroccan Dirhams and the rental contracts with tenants that rent properties within the Zambian property portfolio are denominated in either Zambian Kwachas or US Dollars. The rental income from the Beachcomber hospitality assets in Mauritius is generated in Euros whilst the rentals on the office building in Mauritius are charged in Mauritian Rupees.

The Group's net exposure to foreign exchange risk, including exposure on intra-group lending, at each reporting date was as follows:

Net financial (liabilities)/assets denominated in a currency other than the functional currency and United States Dollars is displayed in the heading with the currency risk below	30 June 2019					
	USD $'000	MAD $'000	MUR $'000	EUR $'000	ZAR $'000	Total $'000
United States Dollars	(94 751)	(86 635)	(6 261)	(13 240)	–	(200 887)
Mauritian Rupees	(3 294)	–	(337)	251	–	(3 380)
Euro	(8 038)	(35 531)	(7 177)	(69 461)	–	(120 207)
Mozambique Meticais	1 048	–	–	–	–	1 048
South African Rands	1 159	–	–	–	(110)	1 049
Bahrain Dinars	13	–	–	–	–	13
Moroccan Dirham	–	6 169	–	–	–	6 169
Ghanaian Cedi	64	–	–	–	–	64
Zambian Kwacha	–	–	–	–	–	–
Kenya Shillings	53	–	–	–	–	53
Total net exposure	**(103 746)**	**(115 997)**	**(13 775)**	**(82 450)**	**(110)**	**(316 078)**

A change of 1.00% in the USD exchange to the currencies would result in a:

	Pre tax foreign currency profit/(loss) (increase of 1.00%) 30 June 2019 $'000	Pre tax foreign currency profit/(loss) (decrease of 1.00%) 30 June 2019 $'000
Mauritian Rupees	33	(33)
Euro	1 190	(1 190)
Mozambique Meticais	(10)	10
South African Rands	(10)	10
Bahrain Dinars	–	–
Moroccan Dirham	(61)	61
Ghanaian Cedi	(1)	1
Zambian Kwacha	–	–
Kenya Shillings	(1)	1

Net financial (liabilities)/assets denominated in a currency other than the functional currency and United States Dollars	30 June 2018					
	USD $'000	MAD $'000	MUR $'000	EUR $'000	ZAR $'000	Total $'000
Moroccan Dirham	–	4 683	–	–	–	4 683
Euro	5 847	(37 053)	(7 400)	(84 077)	–	(122 683)
United States Dollars	–	(74 749)	(6 628)	(6 130)	–	(87 507)
Total net exposure	5 847	(107 119)	(14 028)	(90 207)	–	(205 507)

Trade risk exposure for the company was immaterial as the assets and liabilities are mainly denominated in USD.

36. Financial assets by category

An analysis of financial assets by category is provided below:

Group	Amortised cost $'000	Fair value through profit or loss $'000	Total carrying amount $'000	Total fair value amount $'000
30 June 2019 (IFRS 9)				
Other investments	**–**	**3 024**	**3 024**	**3 024**
Loans to related parties	**25 320**	**166**	**25 486**	**25 486**
Other loans receivable	**29 226**	**–**	**29 226**	**29 226**
Trade and other receivables[1]	**13 374**	**–**	**13 374**	**13 374**
Cash and cash equivalents	**15 164**	**–**	**15 164**	**15 164**
	83 084	**3 190**	**86 274**	**86 274**

Group	Loans and receivables $'000	Fair value through profit or loss $'000	Total carrying amount $'000	Total fair value amount $'000
30 June 2018 (IAS 39)				
Other investments	–	4 154	4 154	4 154
Loans to related parties	802	77	879	879
Deposits paid on investment properties – Vale Housing Compound	4 117	–	4 117	4 117
Other loans receivable	42 863	–	42 863	42 863
Trade and other receivables[1]	23 312	–	23 312	23 312
Cash and cash equivalents	3 086	–	3 086	3 086
	74 180	4 231	78 411	78 411

Company	Amortised cost $'000	Fair value through profit or loss $'000	Total carrying amount $'000	Total fair value amount $'000
30 June 2019 (IFRS 9)				
Loans to related parties	**337 721**	**38 126**	**375 847**	**375 847**
Trade and other receivables[1]	**943**	**–**	**943**	**943**
Cash and cash equivalents	**230**	**–**	**230**	**230**
	338 894	**38 126**	**377 020**	**377 020**

Company	Loans and receivables $'000	Fair value through profit or loss $'000	Total carrying amount $'000	Total fair value amount $'000
30 June 2018 (IAS 39)				
Other loans receivable	800	–	800	800
Loans to related parties	300 027	4 766	304 793	304 793
Trade and other receivables[1]	2 656	–	2 656	2 656
Cash and cash equivalents	108	–	108	108
	303 591	4 766	308 357	308 357

[1] *Trade and other receivables exclude deposits paid, prepaid expenses, taxation and the purchase price adjustment account.*

37. Financial liabilities by category

An analysis of financial liabilities by category is provided below:

Group	Financial liabilities at amortised cost $'000	Fair value through profit or loss – designated $'000	Total carrying amount $'000	Total fair value $'000
30 June 2019				
Interest-bearing borrowings	**346 097**	**–**	**346 097**	**346 097**
Preference shares	**12 840**	**–**	**12 840**	**12 840**
Other financial liability (note 22)	**–**	**644**	**644**	**644**
Obligations under finance leases	**172**	**–**	**172**	**172**
Trade and other payables [1]	**19 380**	**–**	**19 380**	**19 380**
Related party loans	**14 507**	**–**	**14 507**	**14 507**
Derivative financial instruments	**–**	**43**	**43**	**43**
Bank overdraft	**8 490**	**–**	**8 490**	**8 490**
	401 486	**687**	**402 173**	**402 173**
30 June 2018				
Interest-bearing borrowings	306 144	–	306 144	306 144
Preference shares	12 840	–	12 840	12 840
Other financial liability (note 22)	–	128	128	128
Obligations under finance leases	175	–	175	175
Trade and other payables [1]	20 521	–	20 521	20 521
Derivative financial instruments	–	22	22	22
Bank overdraft	8 898	–	8 898	8 898
	348 578	150	348 728	348 728

Company	Financial liabilities at amortised cost $'000	Fair value through profit or loss – designated $'000	Total carrying amount $'000	Total fair value $'000
30 June 2019				
Interest-bearing borrowings	**13 962**	**–**	**13 962**	**13 962**
Related party loans	**6 167**	**–**	**6 167**	**6 167**
Trade and other payables [1]	**1 277**	**–**	**1 277**	**1 277**
	21 406	**–**	**21 406**	**21 406**
30 June 2018				
Interest-bearing borrowings	37 768	–	37 768	37 768
Related party loans	2 316	–	2 316	2 316
Trade and other payables [1]	1 709	–	1 709	1 709
	41 793	–	41 793	41 793

[1] *Trade and other payables exclude deposits received, deferred income, taxation and social security costs and withholding tax payable.*

38. Fair value hierarchy

Fair value measurements are categorised into the different levels in the fair value hierarchy based on the inputs to the valuation techniques used. There were no changes in the valuation techniques applied. The hierarchy levels are defined as follows:

Level 1 – fair value is determined from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly.

Level 3 – inputs for the valuations of assets or liabilities are not based on observable market data (unobservable inputs).

Fair value hierarchy analysis:
Analysis of certain financial instruments by fair value level hierarchy:

$'000 – asset/(liability)	Level 1	Level 2	Level 3	Fair value
Group				
30 June 2019				
Derivative financial instruments	**–**	**(43)**	**–**	**(43)**
Other investments	**3 024**	**–**	**–**	**3 024**
Other financial liability (note 22)	**–**	**–**	**(644)**	**(644)**
30 June 2018				
Derivative financial instruments	–	(22)	–	(22)
Other investments	3 091	–	1 063	4 154
Other financial liability (note 22)	–	–	(128)	(128)

$'000 – Asset/(liability)	Level 1	Level 2	Level 3	Fair value
Company				
30 June 2019				
Other financial liability (note 22)	**–**	**–**	**(306)**	**(306)**
Investment in subsidiaries	**–**	**–**	**129 152**	**129 152**
30 June 2018				
Other financial liability (note 22)	–	–	(128)	(128)
Investment in subsidiaries	–	–	79 766	79 766

There were no transfers between level 1, level 2 or level 3 of the fair value hierarchy during any of the above reporting years.

Refer to note 7 (Other investments) for a movement reconciliation and information regarding valuation techniques, inputs and assumptions used.

The interest rate derivatives are classified as level 2 with their fair values being calculated using the present values of future cash flows, based on market forecasts of interest rates.

Investment property (note 3)

The fair values of all of the Group's investment property have been categorised as level 3 under the fair value hierarchy due to the fact that the inputs to the valuation techniques used, as referred to in note 3, are not based on observable market data. Refer to note 3 for a movement reconciliation and information regarding valuation techniques, inputs and assumptions used.

Other financial asset (note 7) and other financial liability (note 22).

The fair values of the Group's other financial asset and other financial liability, that are described in note 22, are categorised as level 2 and level 3 respectively under the fair value hierarchy. The fair value of the financial asset is principally, but not wholly, determined by way of consideration of the impact of movements in the Company's share price, whilst the fair value of the other financial liability is principally, but not wholly, determined by way of consideration of what PIC could demand if there was an event of default, as described in the CRO.

The fair value of the other financial liability varies by reference to the amount outstanding on the BoAML facility referred to in note 22.

Fair values have not been disclosed for financial instruments where the carrying amounts are a reasonable approximation of fair value

39. Capital management

Overall policy

The Group's overall policy in relation to capital management is to maintain an adequate capital base in order to provide a sound platform from which to provide returns for shareholders and benefits for other stakeholders. The Directors seek to ensure there is an optimal structure to reduce the Group's overall cost of capital.

Approach to capital management

The Board's aim is to maintain a strong equity capital base, comprising of all items within 'total equity attributable to ordinary shareholders' in the consolidated statement of financial position. This is in order to maintain investor, creditor and market confidence and to provide a sound platform from which to enable the Group to sustain its plans for the future development of the business. It is the Group's stated intention to deliver long-term sustainable growth in distributions per ordinary share.

The Group is principally funded by bank debt, equity raised in capital markets, and other new equity issues.

The Company's constitution states that the Company has an unlimited borrowing capacity.

The Group utilises gearing in high tax rate countries to reduce its overall tax liability.

It is the Group's objective, whenever practical, to maintain its net borrowings (as defined below) at no more than 50.00% of the value of its principal property and related assets (as listed in the table below):

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Investment properties (including straight-line rental income accrual)	**573 664**	383 132	**–**	–
Deposits paid on investment properties	**8 500**	11 117	**–**	–
Lease incentives (disclosed under current assets)	**2 505**	–	**–**	–
Right of use of land (disclosed under intangible assets)	**478**	–	**–**	–
Furniture and Fittings (disclosed under Property, plant and equipment)	**209**	–	**–**	–
Loans receivable related to property assets	**53 058**	42 063	**–**	–
Investment in associates and joint ventures	**150 605**	165 311	**6 449**	–
Other investments	**3 024**	4 154	**–**	1 063
Investment in subsidiaries	**–**	–	**129 152**	79 766
Principal property and related assets – total	**792 043**	**605 777**	**135 601**	**80 829**
50% thereof	**396 021**	302 888	**67 801**	40 415
Net borrowings	**358 937**	318 984	**13 962**	37 768
Gross borrowings (interest-bearing borrowings and preference shares)	**358 937**	318 984	**13 962**	37 768
Unutilised borrowing capacity	**37 084**	(16 096)	**53 839**	2 647
Loan to value ratio (based on above calculations)[1]	**45.3%**	52.7%	**10.3%**	46.7%

[1] *Although the Group's loan to value ratio target has historically been to maintain a loan to value ratio of 50.00%, the Board will increase the Group's gearing pre-capital raises in order to enable it to secure pipeline assets. The use of revolving credit facilities pre-capital raises enables the Group to secure these pipeline assets, with such facilities being settled from the proceeds of subsequent share issues. This mechanism improves the efficient deployment of cash proceeds from capital raises. The loan to value ratio target will reduce in the future to circa 40.00%.*

40. Subsequent events

Since 30 June 2019, the following significant property related transactions have taken place.

Acquisitions

Acquisition of Club Med Cap Skirring hotel in Senegal through a sale and leaseback.

The group has on 23 July 2019 through its wholly-owned subsidiary Casamance Holdings Limited entered into a sale and purchase agreement relating to the shares of Société Immobiliére et de Gestion Hôteliére du cap Skirring ("SIGHC") with Club Med SAS. Under the terms of the Agreement, the Company will acquire 100% of the shares in SIGHC the owner of the property known as Club Med Cap Skirring, a 4 star trident hotel situated at the Club Med resort at Vacap Cap Skirring B.P 46 SN, Kabrousse 27009, Senegal and the rental enterprise conducted by SIGHC on the Property as a going concern, for a provisional purchase consideration of Euro 11.6 million. Per the agreement there is conditions precedent to be met by no later than 20 December 2019.

Debt refinancing

Standard Bank $140m facility.

Post year-end, a $140 million facility has been secured with Standard Bank South Africa by the group to settle the following debt:

Finance institution	Borrower	30 June 2019 $'000
Standard Bank Mozambique	S&C Immobiliaria Limitada	10 451
Standard Bank South Africa	SAL Investments Holdings Ltd	12 000
Standard Bank South Africa	Commotor Limitada	38 000
Standard Bank South Africa	Cognis 1 Limitada	27 239
Standard Bank (Mauritius) Limited	Transformers Holdings Limited	10 110
Bank Unico of Mozambique	Zimpeto Immobiliaria Limitada	2 658
		100 458

The loans will be settled from the first draw down through this new single facility of $140 million for a 4 year term bearing interest on a 3 month Libor + 5.0%. The borrower of the facility will be Commotor Limitada. (Refer to note 18 interest-bearing borrowings).

ABC Bank overdraft facility.

The Overdraft of $8.5 million with ABC Bank have been converted into a three year term loan bearing interest of Libor plus 3.5% with a capital moratorium of 18 months.

Turnkey Development Agreement

On 17 September 2019 Delta Tete Limitada entered into a turnkey development agreement with Vale Dos Embondeiros Limitada for the delivery of 60 corporate accommodation units in Tete, Mozambique for a total fixed development cost of $13.7 million. Payments to be released on a draw down basis for delivery over the project in three phases on 1 September 2019, 31 October 2019 and 30 November 2019.

41. Segmental information

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

Geographical location 30 June 2019 $'000	Botswana	Morocco
Reportable segment profit and loss		
Gross rental income	–	8 680
Straight-line rental income accrual	–	(1 315)
Revenue	–	7 365
Property operating expenses	–	(5 323)
Net property income	–	2 042
Other income	–	200
Administrative expenses (including corporate structuring costs)	–	(573)
Profit/(loss) from operations	–	1 669
Fair value adjustment on investment properties	–	8 129
Fair value adjustment on other investments	(68)	–
Fair value adjustment on other financial asset	–	–
Fair value adjustment on derivatives financial instruments	–	–
Share based payment expense	–	–
Share of profits from associates and joint ventures	–	–
Impairment of loans	–	–
ECL Provision	–	(20)
Foreign currency (losses)/gains	–	784
Profit/(loss) before interest and taxation	(68)	10 562
Interest income	–	441
Finance costs	–	(1 919)
Profit/(loss) for the year before tax	(68)	9 084
Taxation	–	(184)
Profit/(loss) for the year	(68)	8 900
Reportable segment assets and liabilities		
Non-current assets		
Investment properties	–	104 071
Deposits paid on investment properties	–	–
Property, plant and equipment	–	18
Intangible assets	–	13
Other investments	–	–
Investment in associates and joint ventures	–	–
Related party loans receivable	–	–
Other loans receivable	–	–
Deferred tax	–	6 063
Total non-current assets	–	110 165
Current assets		
Trade and other receivables	–	17 049
Current tax refundable	–	–
Related party loans receivable	–	–
Cash and cash equivalents	–	4 060
Total assets	–	131 274
Liabilities		
Total liabilities	–	66 863
Net assets	–	64 411

Major customers

Rental income stemming from Vodacom Mozambique represented approximately $4.57 million of the Group's total contractual rental income for the year.

Mozambique	Zambia	Kenya	Ghana	Mauritius	Total
24 610	3 001	1 553	1 013	4 701	43 558
(286)	–	386	83	308	(824)
24 324	3 001	1 939	1 096	5 009	42 734
(4 263)	(436)	(39)	(185)	(170)	(10 416)
20 061	2 565	1 900	911	4 839	32 318
–	17	–	–	57	274
(2 842)	(19)	(75)	(517)	(11 245)	(15 271)
17 219	2 563	1 825	394	(6 349)	17 321
11 366	(6 300)	855	1 685	5 628	21 363
–	–	–	–	(727)	(795)
–	–	–	–	(516)	(516)
–	–	–	–	(6)	(6)
–	–	–	–	(156)	(156)
–	1 427	318	3 782	15 026	20 553
–	–	–	–	(1 051)	(1 051)
19	1	–	(1)	(4)	(5)
(283)	(48)	(4)	(37)	(1 807)	(1 395)
28 321	(2 357)	2 994	5 823	10 038	55 313
157	2	–	167	7 129	7 896
(7 123)	–	(670)	(444)	(13 566)	(23 722)
21 355	(2 355)	2 324	5 546	3 601	39 487
(11 343)	–	(847)	(390)	(653)	(13 417)
10 012	(2 355)	1 477	5 156	2 948	26 070
287 314	69 100	23 450	21 795	67 934	573 664
–	–	–	–	8 500	8 500
383	–	–	26	1 731	2 158
1	–	–	–	567	581
–	–	–	–	3 024	3 024
–	49 390	3 610	20 053	77 552	150 605
–	–	–	–	25 320	25 320
–	–	–	–	29 226	29 226
11 711	–	330	185	2 195	20 484
299 409	118 490	27 390	42 059	216 049	813 562
4 532	59	2 337	168	10 148	34 293
617	–	–	–	76	693
–	–	–	–	166	166
6 406	124	127	967	3 480	15 164
310 964	118 673	29 854	43 194	229 919	863 878
137 000	6 408	10 528	9 836	238 713	469 348
173 964	112 265	19 326	33 358	(8 794)	394 530

41. Segmental information (continued)

Type of property 30 June 2019 $'000	Other investments	Hospitality
Reportable segment profit and loss		
Gross rental income	–	3 564
Straight-line rental income accrual	–	–
Revenue	–	3 564
Property operating expenses	–	(55)
Net property income	–	3 509
Other income	–	–
Administrative expenses (including corporate structuring costs)	–	(283)
Profit/(loss) from operations	–	3 226
Fair value adjustment on investment properties	–	6 510
Fair value adjustment on other investments	(727)	–
Fair value adjustment on other financial asset	–	(338)
Fair value adjustment on derivatives financial instruments	–	–
Share based payment expense	–	–
Share of profits from associates and joint ventures	(38)	14 178
Impairment of loans	–	–
ECL Provision	–	(1)
Foreign currency (losses)/gains	–	(504)
Profit/(loss) before interest and taxation	(765)	23 071
Interest income	–	13
Finance costs	–	(2 405)
Profit/(loss) for the year before tax	(765)	20 679
Taxation	–	(331)
Profit/(loss) for the year	(765)	20 348
Reportable segment assets and liabilities		
Non-current assets		
Investment properties	–	54 100
Deposits paid on investment properties	–	–
Property, plant and equipment	–	–
Intangible assets	–	–
Other investments	–	–
Investment in associates and joint ventures	6 925	70 627
Related party loans receivable	–	–
Other loans receivable	–	–
Deferred tax	–	1 825
Total non-current assets	6 925	126 552
Current assets		
Trade and other receivables	–	281
Current tax refundable	–	–
Related party loans receivable	–	–
Cash and cash equivalents	–	236
Total assets	6 925	127 069
Liabilities		
Total liabilities	–	55 271
Net assets	6 925	71 798

Major customers

Rental income stemming from Vodacom Mozambique represented approximately $4.57 million of the Group's total contractual rental income for the year.

Retail	Office	Light industrial	Accommodation	Corporate	Total
14 098	12 852	2 189	10 855	–	43 558
(1 283)	(47)	386	120	–	(824)
12 815	12 805	2 575	10 975	–	42 734
(6 848)	(1 499)	(240)	(1 774)	–	(10 416)
5 967	11 306	2 335	9 201	–	32 318
217	–	–	–	57	274
(673)	(866)	(116)	(1 908)	(11 425)	(15 271)
5 511	10 440	2 219	7 293	(11 368)	17 321
644	7 192	1 155	5 862	–	21 363
(68)	–	–	–	–	(795)
–	–	–	–	(178)	(516)
–	(6)	–	–	–	(6)
–	–	–	–	(156)	(156)
2 632	3 781	–	–	–	20 553
–	–	–	–	(1 051)	(1 051)
–	(7)	4	1	(2)	(5)
1 075	(44)	(88)	(408)	(1 426)	(1 395)
9 794	21 356	3 290	12 748	(14 181)	55 313
446	197	–	126	7 114	7 896
(2 578)	(4 859)	(670)	(2 353)	(10 857)	(23 722)
7 662	16 694	2 620	10 521	(17 924)	39 487
295	(4 838)	(848)	(7 375)	(320)	(13 417)
7 957	**11 856**	**1 772**	**3 146**	**(18 244)**	**26 070**
206 204	167 817	30 250	115 293	–	573 664
–	–	–	–	8 500	8 500
21	67	–	249	1 821	2 158
13	478	–	–	90	581
–	–	–	–	3 024	3 024
53 000	20 053	–	–	–	150 605
–	–	–	–	25 320	25 320
–	–	–	–	29 226	29 226
9 230	5 761	329	3 339	–	20 484
268 468	194 176	30 579	118 881	67 981	813 562
16 247	1 642	2 378	3 834	9 911	34 293
35	454	139	41	24	693
–	–	–	–	166	166
5 764	2 789	163	2 802	3 410	15 164
290 514	**199 061**	**33 259**	**125 558**	**81 492**	**863 878**
72 944	101 238	10 564	47 368	181 963	469 348
217 570	**97 823**	**22 695**	**78 190**	**(100 471)**	**394 530**

41. Segmental information (continued)

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 year. In terms of type of property, the Group has investments in the retail, office and various other sectors.

Geographical location 30 June 2018 $'000	Botswana	Morocco
Reportable segment profit and loss		
Gross rental income	–	9 848
Straight-line rental income accrual	–	296
Revenue	–	10 144
Property operating expenses	–	(5 192)
Net property income	–	4 952
Other income	–	–
Administrative expenses	–	(399)
Profit/(loss) from operations	–	4 553
Fair value adjustment on investment properties	–	1 704
Contractual receipts from vendors of investment properties	–	–
Total fair value adjustment on investment properties	–	1 704
Fair value adjustment on other investments	(757)	–
Fair value adjustment on other financial asset	–	–
Fair value adjustment on derivatives financial instruments	–	–
Share based payment expense	–	–
Share of profits from associates and joint ventures	–	–
Foreign currency (losses)/gains	–	(834)
(Loss)/profit before interest and taxation	(757)	5 424
Interest income	–	66
Finance costs	–	(2 526)
(Loss)/profit for the year before tax	(757)	2 964
Taxation	–	(42)
(Loss)/profit for the year	(757)	2 922
Reportable segment assets and liabilities		
Non-current assets		
Investment properties	–	92 632
Deposits paid on investment properties	–	–
Property, plant and equipment	–	40
Intangible assets	–	16
Other investments	3 091	–
Investment in associates and joint ventures	–	–
Related party loans receivable	–	–
Other loans receivable	–	–
Deferred tax	–	–
Total non-current assets	3 091	92 687
Current assets		
Current tax receivable	–	–
Trade and other receivables	–	10 000
Related party loans receivable	–	–
Cash and cash equivalents	–	346
Total assets	3 091	103 034
Liabilities		
Total liabilities	–	54 223
Net assets	3 091	48 810

Major customers

Rental income stemming from Vodacom Mozambique represented approximately $4.37 million of the Group's total contractual rental income for the year.

Mozambique	Zambia	Kenya	Ghana	Mauritius	Total
15 645	–	1 311	–	5 324	32 128
569	–	105	–	140	1 110
16 214	–	1 416	–	5 465	33 238
(1 973)	–	(42)	–	(378)	(7 585)
14 241	–	1 375	–	5 086	25 653
–	–	–	–	9	9
(630)	–	(81)	(7)	(13 537)	(14 653)
13 611	–	1 293	(7)	(8 442)	11 009
(2 104)	–	1 109	–	4 364	5 073
8 689	–	–	–	–	8 689
6 584	–	1 109	–	4 364	13 761
–	–	–	–	–	(757)
–	–	–	–	(128)	(128)
70	–	–	–	(45)	25
–	–	–	–	(282)	(282)
–	13 828	64	83	7 053	21 028
(9)	–	7	–	1 961	1 125
20 257	13 828	2 473	76	4 481	45 782
66	–	–	–	4 243	4 375
(4 584)	–	(581)	–	(11 970)	(19 660)
15 739	13 828	1 892	76	(3 246)	30 497
(3 561)	–	(515)	–	(634)	(4 752)
12 178	13 828	1 377	76	(3 880)	25 745
204 560	–	22 200	–	63 740	383 132
–	–	–	–	11 117	11 117
85	–	–	–	1 624	1 749
–	–	–	–	469	485
–	–	–	–	1 063	4 154
–	91 627	3 294	7 960	62 430	165 311
–	–	(3)	–	805	802
–	–	–	–	42 863	42 863
6 615	–	325	–	2 059	8 999
211 261	91 627	25 816	7 960	186 169	618 612
–	–	–	–	–	–
5 108	–	2 510	–	12 168	29 786
–	–	–	–	77	77
1 412	–	86	–	1 243	3 086
217 780	91 627	28 412	7 960	199 656	651 561
79 257	–	9 660	–	232 979	376 118
138 523	91 627	18 752	7 960	(33 324)	275 443

41. Segmental information (continued)

Type of property 30 June 2018 $'000	Equity investments	Hospitality
Reportable segment profit and loss		
Gross rental income	–	4 157
Straight-line rental income accrual	–	–
Revenue	–	4 157
Property operating expenses	–	–
Net property income	–	4 157
Other income	–	–
Administrative expenses	–	(284)
Profit/(loss) from operations	–	3 873
Fair value adjustment on investment properties	–	4 035
Contractual receipts from vendors of investment properties	–	–
Total fair value adjustment on investment properties	–	4 035
Fair value adjustment on other investments	(757)	–
Fair value adjustment on other financial asset	–	–
Fair value adjustment on derivatives financial instruments	–	–
Share based payment expense	–	–
Share of profits from associates and joint ventures	–	7 053
Foreign currency (losses)/gains	–	616
Profit/(loss) before interest and taxation	(757)	15 576
Interest income	–	2 453
Finance costs	–	(2 655)
Profit/(loss) for the year before tax	(757)	15 374
Taxation	–	(351)
Profit/(loss) for the year	(757)	15 023
Reportable segment assets and liabilities		
Non-current assets		
Investment properties	–	48 900
Deposits paid on investment properties	–	–
Property, plant and equipment	–	–
Intangible assets	–	–
Other investments	3 091	–
Investment in associates and joint ventures	–	62 430
Related party loans receivable	–	–
Other loans receivable	–	–
Deferred tax	–	1 858
Total non-current assets	3 091	113 188
Current assets		
Current tax receivable	–	–
Trade and other receivables	–	–
Related party loans receivable	–	–
Cash and cash equivalents	–	294
Total assets	3 091	113 483
Liabilities		
Total liabilities	–	55 380
Net assets	3 091	58 102

Major customers

Rental income stemming from Vodacom Mozambique represented approximately $4.37 million of the Group's total contractual rental income for the year.

Retail	Office	Light industrial	Accommodation	Corporate	Total
12 586	11 319	2 227	1 839	–	32 128
597	337	105	71	–	1 110
13 183	11 656	2 333	1 910	–	33 238
(5 788)	(1 035)	(65)	(353)	(344)	(7 585)
7 395	10 621	2 267	1 557	(344)	25 653
(459)	(517)	(33)	(250)	1 268	9
(662)	(331)	(122)	(44)	(13 209)	(14 653)
6 274	9 773	2 112	1 263	(12 286)	11 009
(1 178)	(149)	1 109	1 256	–	5 073
715	841	–	7 133	–	8 689
(463)	691	1 109	8 389	–	13 761
–	–	–	–	–	(757)
–	–	–	–	(128)	(128)
–	25	–	–	–	25
–	–	–	–	(282)	(282)
13 892	83	–	–	–	21 028
(772)	543	3	(171)	906	1 125
18 931	11 116	3 225	9 481	(11 790)	45 782
66	66	–	–	1 789	4 375
(3 346)	(4 179)	(581)	–	(8 899)	(19 660)
15 651	7 003	2 643	9 481	(18 900)	30 497
559	(2 822)	(514)	(1 383)	(241)	(4 752)
16 210	4 182	2 130	8 098	(19 141)	25 745
127 432	140 800	28 700	37 300	–	383 132
–	–	–	–	11 117	11 117
41	84	–	–	1 624	1 749
–	471	–	–	14	485
–	–	–	–	1 063	4 154
94 921	7 960	–	–	–	165 311
–	45	(3)	–	760	802
–	–	–	–	42 863	42 863
(142)	6 843	325	115	–	8 999
222 251	156 203	29 022	37 415	57 440	618 611
–	–	–	–	–	–
11 828	1 273	3 493	1 028	12 163	29 786
–	–	–	–	77	77
1 567	245	94	31	855	3 086
235 646	157 721	32 609	38 475	70 535	651 561
60 621	76 128	9 801	4 756	169 433	376 118
175 024	81 594	22 809	33 718	(98 898)	275 443

42. Change in accounting policy

The consolidated and separate Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

IFRS 9 Financial Instruments

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy for financial instruments (application of IAS 39). As a result of adoption of IFRS 9, the Group adopted certain consequential amendments to IAS 1 Presentation of Financial Statements, which requires the disclosure of interest revenue on the effective interest rate method, as well as impairment losses on financial assets held at amortised cost. In addition the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures, which were applied in the 2018 financial year. Comparative disclosures have not been restated.

The consolidated and separate Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

The changes in classification and measurements between IAS 39 and IFRS 9 are set out below:

	IAS 39 Classifications	IAS 39 measurements	IFRS 9 classifications and measurements
Financial assets			
Other investments	Fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss
Related party loans receivables	Loans and receivables	Amortised cost	Amortised cost
Other loans receivable	Loans and receivables	Amortised cost	Amortised cost
Trade and other receivables	Loans and receivables	Amortised cost	Amortised cost
Cash and cash equivalent	Loans and receivables	Amortised cost	Amortised cost
Financial liabilities			
Redeemable preference shares	Financial liabilities at amortised cost	Amortised cost	Amortised cost
Proportional shareholder loans	Financial liabilities at amortised cost	Amortised cost	Amortised cost
Interest bearing borrowings	Financial liabilities at amortised cost	Amortised cost	Amortised cost
Related party loans payable	Financial liabilities at amortised cost	Amortised cost	Amortised cost
Trade and other payables	Financial liabilities at amortised cost	Amortised cost	Amortised cost
Other financial liabilities	Derivative financial liabilities	Fair value through profit or loss	Fair value through profit or loss
Bank overdrafts	Financial liabilities at amortised cost	Amortised cost	Amortised cost

IFRS 15 Revenue from contracts with customers

IFRS 15 established a comprehensive framework for determining and reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It replaces all existing revenue standards and their related interpretations in IFRS and applies to all contracts with customers except for contracts that are within the scope of other standards on leases, insurance contracts and financial instruments and therefore does not impact the majority of the Group's revenue.

The standard outlines the principles that must be applied to measure and recognise revenue with the core principle being that revenue should be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for fulfilling its performance obligations to a customer.

The principles in IFRS 15 must be applied using the following five-step model:

(i) Identify the contract(s) with a customer
(ii) Identify the performance obligations in the contract
(iii) Determine the transaction price
(iv) Allocate the transaction price to the performance obligations in the contract
(v) Recognise revenue when or as the entity satisfies its performance obligations

The Group has adopted IFRS 15 without restating the information presented for 2018. Apart from providing more qualitative disclosures on the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group. As at the date of initial application, no adjustments were required to the Group's performance or financial position.

The standard is applicable to service charge income, facilities management income, investment property disposals and trading property disposals, but excludes rent receivable, which is within the scope of IFRS 16. The Group has completed its assessment of IFRS 15 and concludes that its adoption has no material impact on the financial statements.

The financial impact of the new standard on the provisioning for the Group's and company's financial assets has lead to an expected credit loss adjustment of the opening balances of the respective financial assets as set out below:

	GROUP		COMPANY	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
IFRS 15 adjustment on opening balance	–	–	–	–
IFRS 9 adjustment on opening balance on related party loans (Expected credit loss)	–	–	724	–
IFRS 9 adjustment on opening balance on other loans (Expected credit loss)	139	–	–	–
IFRS 9 adjustment on opening balance on trade and other receivables (Expected credit loss)	404	–	–	–
Total IFRS 9 and IFRS 15 adjustments on opening balances	543	–	724	–
Deferred tax opening balance adjustment on IFRS	(127)	–	–	–
Total IFRS 9 and IFRS 15 adjustments on opening balance of retained earnings	**416**	–	**724**	–

43. Reconciliation of basic earnings and headline earnings

	30 June 2019 US $'000	Restated 30 June 2018 US $'000
Basic earnings	**28 035**	28 562
Fair value adjustments on investment property	**(21 363)**	(13 762)
Deferred taxation on investment property revaluation	**22 349**	5 979
Fair value adjustment on other investments	**795**	757
Fair value adjustment on other financial asset	**516**	128
Fair value adjustment on derivative financial instruments	**6**	(25)
Share of fair value adjustment on investment property accounted by associate	**(6 921)**	(8 858)
Headline earnings attributable to shareholders	**23 417**	12 781
Weighted average number of shares[1]	**289 612 780**	201 200 481
Earnings per share (cents)	**9.68**	14.20
Basic and diluted earnings per share (cents)	**9.68**	14.20
Headline and diluted headline earnings per share (cents)	**8.09**	6.35

Restatement of the reconciliation of basic earnings and headline earnings for the year ended 30 June 2018

	As previously reported 30 June 2018 $'000	Correction 30 June 2018 $'000	Restated 30 June 2018 $'000
Basic earnings	28 562	-	28 562
Fair value adjustments on investment property	(13 762)	-	(13 762)
Deferred taxation on investment property revaluation	5 979	-	5 979
Fair value adjustment on other investments	757	-	757
Fair value adjustment on other financial asset	128	-	128
Fair value adjustment on derivative financial instruments	(25)	-	(25)
Share of fair value adjustment on investment property accounted by associate [2]	8 858	(17 716)	(8 858)
Share-based payment expense[3]	282	(282)	-
Headline earnings attributable to shareholders	30 779	(17 998)	12 781
Weighted average number of shares[1]	201 200 481	201 200 481	201 200 481
Earnings per share (cents)	14,20		14,20
Basic and diluted earnings per share (cents)	14,20		14,20
Headline and diluted headline earnings per share (cents)	15,30		6,35

[1] *There are no dilutionary instruments in issue.*
[2] *The share of fair value adjustment on investment property accounted by associates has been restated to correct for an amount incorrectly added back in the headline earnings reconciliation for the year ended 30 June 2018.*
[3] *Share based payments expense incorrectly added back in the headline earnings reconciliation for the year ended 30 June 2018.*

44. EPRA financial metrics

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 Anfa Shopping Centre's areas under construction, Listing and set-up costs, depreciation and amortisation , share based payments, antecedent dividends, operating costs relating to Anfa Shopping Centre'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 and considered pro forma financial information for the purposes of JSE Listings Requirements.

The pro forma financial information has been compiled for illustrative purposes only and is the responsibility of the Directors. Due to the nature of this information, it may not fairly present the Grit's financial position, changes in equity and results of operations or cash flows going forward. An unmodified reasonable assurance report has been issued by Grit's auditor, PricewaterhouseCoopers, in terms of ISAE 3420 Assurance Engagements to Report on the Compilation of the Pro Forma Information in a Prospectus, and is available for inspection at the Company's registered office. The pro forma information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA.

44a. EPRA EARNINGS

	Notes	UNAUDITED 30 June 2019 $'000	UNAUDITED 30 June 2018 $'000
Basic Earnings per above		**26 070**	25 745
Add Back:			
– Fair value adjustment on investment properties		**(15 637)**	(5 073)
– Fair value adjustments included under income from associates		**(6 921)**	(8 858)
– ECL Provision		**5**	-
– Fair value adjustment on other investments		**795**	757
– Fair value adjustment on other financial asset		**516**	128
– Fair value adjustment on derivative financial instruments		**6**	(25)
– Deferred tax in relation to the above		**14 636**	5 981
– Acquisition costs not capitalised		**1 328**	3 480
– Non-controlling interest included in basic earnings		**1 965**	2 817
EPRA EARNINGS		**22 763**	24 952
EPRA EARNINGS PER SHARE (DILUTED)		**7.87**	12.40
Company specific adjustments			
– Unrealised foreign exchange gains or losses (non-cash)	1	**5 162**	(1 103)
– Straight-line leasing (non-cash rental)	2	**824**	(1 110)
– Amortisation of Right of use of land (non-cash)	3	**29**	43
– Impairment of loan		**1 051**	–
– Deferred tax in relation to the above	4	**(1 136)**	(2 734)
Total Company Specific adjustments		**5 930**	(4 904)
ADJUSTED EPRA EARNINGS		**28 693**	20 048
ADJUSTED EPRA EARNINGS PER SHARE (DILUTED)		**9.92**	9.96
Weighted average shares in issue		**298 572**	209 280
Less: Weighted average treasury shares for the year		**(11 321)**	(10 024)
Add: Weighed average share awards and vested shares in Long term incentive scheme		**1 859**	1 943
EPRA SHARES		**289 110**	201 200

44b. EPRA NAV

	Shares 30 June 2019 '000	Shares 30 June 2018 '000
NET ASSET VALUE OF THE GROUP	**389 949**	279 383
ADD BACK:		
Net impairment on financial assets (ECL)	**548**	–
Fair value of financial instruments	**43**	22
Deferred tax from revaluation of properties	**44 410**	20 791
EPRA NAV	**434 950**	300 197
EPRA NAV PER SHARE (cents per share)	**147.1**	145.7
	Shares '000	**Shares '000**
Total shares in issue	**306 396**	214 022
Less: Treasury shares for the year	**(12 546)**	(9 941)
Add: Share awards and vested shares in Long term incentive scheme	**1 859**	1 943
EPRA SHARES	**295 709**	206 025

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 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. *Other deferred tax (non-cash)*

   Any deferred tax directly related to the company specific adjustments.

45. Company distribution calculation

	NOTES	UNAUDITED 30 June 2019 $'000	UNAUDITED 30 June 2018 $'000
COMPANY DISTRIBUTION CALCULATION			
Adjusted EPRA Earnings		**28 693**	20 048
Company specific distribution adjustments			
– VAT Credits utilised on rentals	1	**1 652**	2 856
– Interest related to Anfa Place Mall areas under construction	2	**429**	-
– Listing and set-up costs under Administrative expenses	3	**65**	1 323
– Depreciation and amortisation	4	**311**	228
– Share based payments	5	**156**	282
– Antecedent dividend	6	**927**	–
– Operating costs related to Anfa Place Mall refurbishment costs	7	**1 267**	–
– Rental concessions for capital projects/Amortisation of lease premiums	8	**503**	693
– Profits (withheld)/released		**650**	(1 138)
Total company specific distribution adjustments		**5 960**	4 244
TOTAL DISTRIBUTABLE EARNINGS TO GRIT SHAREHOLDERS		**34 653**	24 292
DISTRIBUTABLE INCOME PER SHARE (DILUTED) (CENTS)		**12.20**	12.19
Reconciliation to amount payable			
Total distributable earnings to Grit shareholders (cents)		**12.20**	12.19
Interim dividends already paid (cents)		**(5.25)**	(6.07)
Dividends available for distribution (cents)		**6.95**	6.12
		Shares '000	Shares '000
Weighted average shares in issue		**298 572**	209 280
Less: Weighted average treasury shares for the year		**(11 321)**	(10 024)
Less: Non-entitled shares		**(3 174)**	–
DISTRIBUTION SHARES		**284 077**	199 256

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. *Interest related to Anfa Place Mall areas under construction*

   The interest costs associated with the relevant sections of the Anfa Place Mall is of a capital nature and is added back as part of the distribution calculation.

3. *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.

4. *Depreciation and amortisation*

   Non-Cash items added back to determine the distributable income.

5. *Share based payments*

   Non-Cash items added back to determine the distributable income.

6. *Antecedent dividend*

   Where shares are issued during a dividend period, a portion of the subscription price is withheld as antecedent dividends in order to ensure existing shareholders' dividends per share are not diluted through the issue of shares during a dividend cycle.

7. *Operating costs related to Anfa Place Mall refurbishment costs*

   Fixed costs associated with the various sections of the Anfa Place Mall that have been closed off during the refurbishment process are deemed non-operational costs and added back to distributable earnings.

8. *Rental concessions for capital projects/Amortisation of lease premiums*

   Any rental concessions provided to tenants, either as an incentive to attract new tenants or to maintain existing tenants, are treated as Lease Incentives and such cost is capitalised and amortised over the period of the lease. The amortisation of such lease incentives are non-cash in nature and are added back to determine distributable income.

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Additional Information

Analysis of Ordinary Shareholders

For the year ended 30 June 2019

SHAREHOLDER SPREAD	Number of Shareholdings	% of total shareholdings	Number of Shares	% of issued Capital
1 – 1 000	337	28.57%	113 822	0.04%
1 001 – 10 000	481	40.76%	1 976 612	0.65%
10 001 – 100 000	272	23.05%	9 418 467	3.07%
100 001 – 1 000 000	60	5.08%	19 911 863	6.50%
Over 1 000 000	30	2.54%	274 975 271	89.74%
TOTAL	**1 180**	**100.00%**	**306 396 035**	**100.00%**

DISTRIBUTION OF SHAREHOLDERS	Number of Shareholdings	% of total shareholdings	Number of Shares	% of issued Capital
Pension Funds	27	2.29%	100 147 987	32.69%
Real Estate Fund	16	1.36%	92 176 737	30.08%
Unit Trusts	44	3.73%	46 568 499	15.20%
Private Investor	175	14.84%	15 550 703	5.08%
Sovereign Wealth	2	0.17%	13 014 969	4.25%
Investment Trust	2	0.17%	4 303 860	1.40%
Trading Position	9	0.76%	1 268 815	0.41%
Custodians	8	0.68%	456 994	0.15%
Hedge Funds	1	0.08%	215 000	0.07%
Stock Brokers	1	0.08%	84 119	0.03%
Insurance Companies	1	0.08%	82 300	0.03%
Local Authority	1	0.08%	75 653	0.02%
Charity	1	0.08%	57 400	0.02%
Black Economic Empowerment	1	0.08%	10 000	0.00%
Others	891	75.52%	32 382 999	10.57%
TOTAL	**1 180**	**100.00%**	**306 396 035**	**100.00%**

SHAREHOLDER TYPE	Number of Shareholdings	% of total shareholdings	Number of Shares	% of issued Capital
Non-Public Shareholders	**5**	**0.43%**	**22 233 558**	**7.26%**
Directors and Associates (direct holdings)	1	0.08%	79 758	0.03%
Directors and Associates (indirect holdings)	4	0.34%	22 153 800	7.23%
Holders of more than 10	**1**	**0.08%**	**84 599 515**	**27.61%**
Government Employees Pension Fund	1	0.08%	84 599 515	27.61%
Public Shareholders	**1 174**	**99.49%**	**199 562 962**	**65.13%**
TOTAL	**1 180**	**100.00%**	**306 396 035**	**100.00%**

FUND MANAGERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES	Number of Shares	% of issued Capital
Public Investment Corporation	84 599 515	27.61%
Delta Property Fund Limited	23 866 776	7.79%
Drive In trading (Pty) Ltd	23 250 000	7.59%
Transformers Investment Ltd	18 845 906	6.15%
M&G Investment Management Ltd	10 937 921	3.57%
Eskom Pension & Provident Investment Management	10 897 483	3.56%
Bridge Fund Managers Pty Ltd	10 275 000	3.35%
National Pensions Fund of Mauritius	9 841 892	3.21%
Legal & General Investment Management Ltd	9 700 000	3.17%
TOTAL	**202 214 493**	**66.00%**

ADDITIONAL INFORMATION

For the year ended 30 June 2019

BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES	Number of Shares	% of issued Capital
Government Employees Pension Fund (PIC)	84 599 515	27.61%
Delta Property Fund Limited	23 866 776	7.79%
Drive In Trading (Pty) Ltd	23 250 000	7.59%
Transformers Investment Ltd	18 845 906	6.15%
Eskom Pension Fund	10 897 483	3.56%
National Pensions Fund of Mauritius	9 841 892	3.21%
TOTAL	**171 301 572**	**55.91%**

Total number of shareholdings 1 180
Total number of shares in issue 306 396 035

AGGREGATE SHARE PRICE PERFORMANCE (JSE, SEM, LSE)

Opening Price 02 July 2018[1]	US$1.18
Closing Price 28 June 2019[2]	US$1.36
Closing High for period	US$1.50
Closing low for period	US$1.30
Number of shares in issue	306 396 035
Volume traded during period	68 415 974
Ratio of volume traded to shares issued (%)	22.33
US$ value traded during the period	US$88 290 271
Market capitalisation at 28 June 2019	**US$416 698 607**

[1] *1 July 2018 was a Saturday.*

[2] *29 & 30 June 2019 were Saturday and Sunday respectively.*

SHAREHOLDERS BASE AS AT 30 AUGUST 2019

Register	% Held
South Africa	21%
Mauritius	59%
UK	20%
Total	**100%**

ANCHOR SHAREHOLDERS (>5%)	%
Government Employees Pension Fund	27.60%
Delta Property Fund Limited	7.79%
Drive in Trading (Pty) Ltd	7.59%
Transformers Investment Ltd	5.89%

Shareholder Diary

Our forthcoming financial calendar for 2019/20 is provided below. These dates are provisional and subject to change. For up-to-date information, refer to the financial calendar on our corporate website.

Final Results announced	**30 September 2019**
Annual Report posted	**31 October 2019**
Annual General Meeting	**29 November 2019**
Interim results announced	**12 February 2020**

Company Information and Advisors

JSE Sponsor in South Africa
PSG Capital Proprietary Limited
Registration number 2006/015817/07
1st Floor, Ou Kollege Building, 35 Kerk Street
Stellenbosch, 7600
South Africa
(PO Box 7403, Stellenbosch, 7599)

and at

2nd Floor
11 Alice Lane (Bowmans Building)
Sandhurst
Sandton, 2196
(PO Box 650957, Benmore, 2010)

South African Transfer Secretaries
Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
South Africa
(PO Box 61051, Marshalltown, 2107)

Legal advisor in South Africa
Cliffe Dekker Hofmeyr Inc
1 Protea Place
Cnr of Fredman and Protea Place
Sandton
Johannesburg, 2196
South Africa

Financial Adviser (UK)
finnCap Limited
60 New Broad Street
London, EC2M 1JJ
United Kingdom

Depositary
Link Market Services Trustees Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

Company Secretary and registered address in Mauritius
Intercontinental Fund Services Limited
Level 5, Alexander House
35 CyberCity
Ebène, 72201
Mauritius

SEM Authorised Representative and Sponsor
Perigeum Capital Limited
Level 3, Alexander House
35 CyberCity
Ebène, 72201
Mauritius

Registrar and Transfer Agent in Mauritius
Intercontinental Secretarial Services Limited
Level 3, Alexander House
35 CyberCity
Ebène, 72201
Mauritius

Legal advisor in Mauritius
C & A Law
Suite 1005, Level 1
Alexander House
35 CyberCity
Ebène, 72201
Mauritius

Guernsey Branch Registrar

Link Market Services (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey GY2 4LH

UK Transfer Secretary

Link Asset Services
Corporate Actions
The Registry
34 Beckenham Road
Beckenham
Kent, BR3 4TU
United Kingdom

External Auditors in Mauritius

PricewaterhouseCoopers
PwC Centre
Avenue de Telfair
Telfair 80829
Moka
Mauritius

External Auditors UK

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Internal Auditors

KPMG
31 CyberCity, Ebène
B1 Quatre Bornes
Mauritius

List of Definitions

"Admission and Disclosure Standards"	the Admission and Disclosure Standards published by the London Stock Exchange
"AFS"	the Company and Group Annual Financial Statements
"AGM"	the Annual General Meeting
"AltX"	the Alternative Exchange of the JSE
"Audit Committee"	the Audit Committee established by the Board
"BBB EE"	black economic empowerment, as such term is defined in the Broad-Based Black Economic Empowerment Act, No. 53 of 2003
"BoAML"	Bank of America, N.A.
"Board"	Board of Directors
"Broll"	Broll Valuation & Advisory Services (Pty) Ltd
"c."	circa
"CDS"	Central Depository & Settlement Co. Ltd, established under the Securities (Central Depository, Clearing and Settlement) Act 1996 of Mauritius
"CEO"	the Chief Executive Officer
"CFO"	the Chief Financial Officer
"CIO"	the Chief Integration Officer
"COO"	the Chief Operations Officer
"Company" or "Grit"	Grit Real Estate Income Group Limited
"Company Secretary"	Intercontinental Fund Services Limited
"Constitution"	the Constitution of the Company, as amended from time to time
"CPI"	Consumer Price Index
"cps"	cents per share
"Directors" or "Board"	the Directors of the Company
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules as set out in the FCA Handbook, as amended
"Drive in Trading" or "DiT"	Drive in Trading Proprietary Limited, registration number 2017/059131/07, a private company duly incorporated in accordance with the laws of South Africa
"EPRA"	European Public Real Estate Association
"EPRA NAV"	net asset value calculated in accordance with the Best Practice Recommendations published by EPRA in January 2014
"€" or"EUR"or "Euro"	the lawful currency of the Eurozone in the European Union
"Exco"	Grit's Executive Management Committee
"Executive Directors"	Bronwyn Corbett and Leon van de Moortele

"Existing Ordinary Shares"	the 306 396 035 existing Ordinary Shares in issue as at the date of this document
"FAM"	Freedom Asset Management
"FATCA"	the US Foreign Account Tax Compliance Act
"FCA"	the UK Financial Conduct Authority
"FSMA"	the UK Financial Services and Markets Act 2000 (as amended)
"Gateway Delta"	Gateway Delta Development Holdings Limited
"GDP"	Gross Domestic Product
"GEPF"	Government Employees Pension Fund, a fund created under the South African Government Pension Law, 1996 (acting through its authorised representative, the Public Investment Corporation)
"GLA"	Gross lettable area
"Grit or the Company"	Grit Real Estate Income Group Limited
"Grit Group or Group"	Grit and its subsidiaries and associates
"Grit Share Incentive Plan"	The Grit Real Estate Income Group Limited Long-Term Incentive Scheme, details of which are set out in Part 19 of this document
"Group"	the Company and its subsidiaries from time to time
"IFRS"	International Financial Reporting Standards
"Investment Committee"	the Investment Committee established by the Board
"ISIN"	International Security Identification Number
"Issue Shares"	the Ordinary Shares to be issued or sold pursuant to the Issue
"IT"	Information Technology
"JLL"	Jones Lang LaSalle (Pty) Ltd
"JSE"	JSE Limited (registration number 2005/022939/06), a company incorporated under the laws of South Africa and licenses as an exchange under the South African Financial Markets Act
"JSE Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time
"Listing Rules"	the rules and regulations made by the UKLA under Part VI of FSMA
"King IV"	King Report on Governance for South Africa and the King Code of Governance Principles
"LLR"	Letlole La Rona, a listed Botswana industrial property group
"LSE"	London Stock Exchange plc
"LTI"	Long-Term Incentive
"MAD"	Moroccan Dirham
"Market Abuse Regulation"	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
"Mauritian Companies Act"	the Mauritian Companies Act, No. 15 of 2001, as amended

ADDITIONAL INFORMATION

“Mauritian Registrar and Transfer Agent”	Intercontinental Secretarial Service Limited
“Money Laundering Regulations”	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
“MUR”	Mauritian Rupee
“MZN”	Mozambican Metical
“m^2 or sq m”	Square meters
“NAV” or “Net Asset Value”	the value of the assets of the Company less its liabilities determined in accordance with the accounting policies adopted by the Company from time to time
“NAV per Share” or “Net Asset Value per Share”	the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury if any) at the date of calculation
“Nomination Committee”	the Nomination Committee established by the Board
“Official List”	the Official List of the UK Listing Authority
“Official Market”	the Official Market of the SEM
“Ordinary Shares” or “Shares”	the ordinary shares of no-par value in the capital of the Company
“Premium Listing”	a premium listing on the Official List under Chapter 6 of the Listing Rules
“PRI”	political risk insurance
"PricewaterhouseCoopers"	PwC Mauritius
"PricewaterhouseCoopers LLP"	PwC UK
“Public Investment Corporation” or “PIC”	the Public Investment Corporation SOC Limited, a public company created in terms of the Public Investment Corporation Act, 2004, with registration number 2005/009094/30
“Rand” or “R”	South African Rand, the lawful currency of South Africa
“REC”	REC Real Estate Consulting, LDA
“Register”	the register of members of the Company
“Regulatory Information Service” or “RIS”	a service authorised by the UKLA to release regulatory announcements to the London Stock Exchange
“Remuneration Committee”	the Remuneration Committee established by the Board
“RICS”	The Royal Institution of Chartered Surveyors
“Risk Committee”	the Risk Committee established by the Board
“SEM”	the Stock Exchange of Mauritius Ltd, established under the repealed Stock Exchange Act 1988 and now governed by the Securities Act of Mauritius
“SEM Rules”	the SEM Listing Rules, as amended from time to time
“SENS”	the Stock Exchange News Service of the JSE
“Shareholder”	a holder of Ordinary Shares or, as applicable, a holder of Depositary Interests
“Social & Ethics Committee”	the Social and Ethics Committee established by the Board
“Standard Listing”	a standard listing on the Official List under Chapter 14 of the Listing Rules
“Sterling” or “£”	Pounds Sterling, the lawful currency of the United Kingdom

"STI"	Short-Term Incentive
"Transfer Secretaries"	Computershare Investor Services Proprietary Limited
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Corporate Governance Code"	the UK Corporate Governance Code as published by the UK Financial Reporting Council
"UKLA" or "UK Listing Authority"	the United Kingdom Listing Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA, or any successor authority
"USD" or "US$" or "$"	United States Dollars
"WALE"	weighted average lease expiry
"ZMW" or "Kwacha"	Zambian Kwacha

NOTES

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Income Group

www.grit.group