# AWARDS

**(2019)**
EY World
ENTREPRENEUR AWARD
*(Exceptional Category)*
Bronwyn Knight

**(2020)**
API
TOP AFRICA REAL ESTATE CEO
of the Year Award
Bronwyn Corbett

**(2020)**
PWC (Mauritius)
CORPORATE REPORTING AWARDS
Winner for Corporate Governance

**(2021)**
AIFA
Awards Best Growing
International Company

**(2021)**
EPRA
BPR (Best Practices
Recommendations Compliance)
Bronze Award

**(2022)**
API
Best Commercial
Office Development
Adumuah Place

**(2022)**
API
TOP AFRICA CEO
Greg Pearson

**(2022)**
API
Best High-End
Residential Development
Rosslyn Grove

**(2022)**
API
TOP WOMAN in Real Estate
Shevira Bissessor

**(2023)**
Euromoney
Global Real Estate Awards
BEST DEVELOPER IN AFRICA

**(2023)**
EPRA
sBPR (Best Practices
Recommendations in
Sustainability Reporting)
Silver Award

**(2023)**
EPRA
BPR (Best Practices
Recommendations in
Global Reporting)
Silver Award

**(2023)**
Bonds, Loans & Capital Markets
STRUCTURED LOAN DEAL OF THE
YEAR AWARD

**(2023)**
EMEA
Finance Achievements
BEST REFINANCING IN AFRICA

**(2024)**
EPRA
sBPR (Best Practices
Recommendations in
Sustainability Reporting)
Silver Award

**(2024)**
EPRA
BPR (Best Practices
Recommendations in
Global Reporting)
Silver Award

**we find *the* way...**

grit

# INTEGRATED 2024 ANNUAL REPORT

**years of pioneering Pan-African real estate with impact that goes *beyond buildings***

# CONTENTS



#BEYOND BUILDINGS
#BUILT TO LAST
#IMPACT
#WOMENLED

## ADDITIONAL REPORTS


Impact Driven Sustainability Report

# STAKEHOLDER MESSAGE

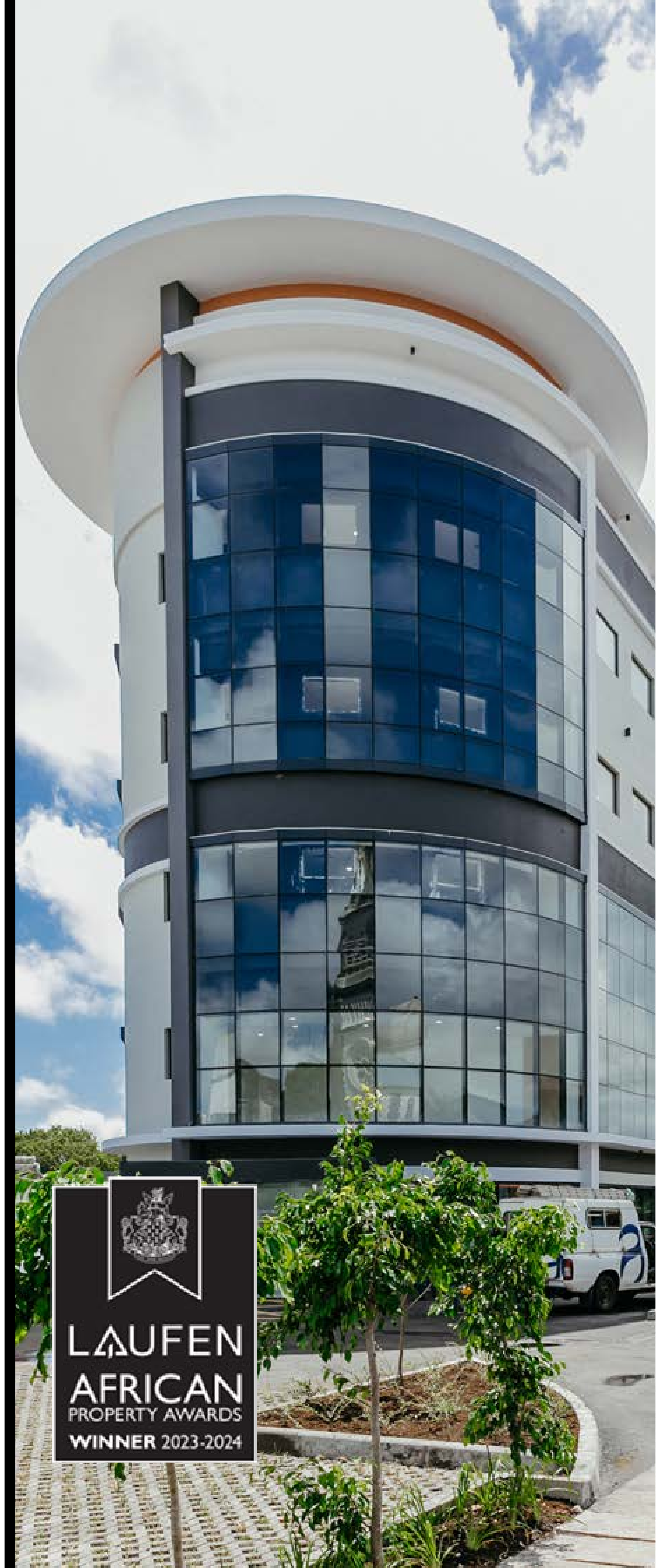
## Dear Stakeholders,

The Board is pleased to present the Integrated Annual Report of Grit Real Estate Income Group Limited for the year ended 30 June 2024. This report was approved by the Board of Directors on 31 October 2024 and is available on our website at https://grit.group/investor-relations/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") was incorporated in Bermuda in May 2012. Grit was registered by continuation in Mauritius as a public company limited by shares in March 2015. On 4 February 2021, Grit successfully migrated its corporate domicile to Guernsey from Mauritius (the "Migration"). The Company was registered as a Non Cellular Company limited by shares with registration number 68739.

The Company's operations, physical head office and domicile of the main operational company, Grit Services Limited, remain in Mauritius along with the majority of the Company's staff and its place of effective management. The Company has been granted a certificate of local registration as a foreign company in Mauritius on 6 July 2021 with company number C180791 GBC. With this registration in Mauritius, Grit has been also granted by the Financial Services Commission ("FSC") a Global Business Licence bearing licence number GB21100306 on 9 August 2021.

In spite of the Migration, the Company has its central control and management in Mauritius through its foreign company and accordingly is treated as tax resident in Mauritius.

GRIT has been listed on the Stock Exchange of Mauritius (the "SEM") since 30 March 2015 and on the London Stock Exchange ("LSE") since 31 July 2018.

On 22 January 2021, the Financial Conduct authority ("FCA") approved the transfer of the listing category of Grit's ordinary shares of no par value (the "Ordinary Shares") from a standard listing (a "Standard Listing") to a premium listing on the Official List of the FCA in accordance with Rule 5.4A of the Listing Rules issued by the FCA (a "Premium Listing") (the "Transfer").

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

To assist the Group's stakeholders to make an informed assessment of the Group and its ability to create and sustain value over the short, medium and long terms, GRIT is pleased to present its 2024 Integrated Annual Report ("IAR" or "Integrated Report" or "report").

The information in this report also provides stakeholders with an overview of our business model, performance, governance framework, strategy, risks and opportunities of the Group, its subsidiaries and entire portfolio for the financial year ended 30 June 2024.

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

## Framework, Assurance and Compliance Reporting

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

- International Financial Reporting Standards ("IFRS");
- UK Corporate Governance Code 2018 ("the UK Code");
- FCA Disclosure Guidance and Transparency Rules;
- The Companies (Guernsey) Law, 2008;
- Mauritian Securities Act 2005;
- UK Listing Rules;
- SEM Listing Rules;
- Integrated Reporting Framework (the "Framework"); and
- National Code of Corporate Governance for Mauritius (2016).

Since Grit is not a UK company, it is not required to comply with the UK's Companies Act 2006, including Section 172. Refer to comments on page 121.

## Targeted Audience

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

## Integrated Reporting Principles

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

## 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).

# 10 YEARS OF PIONEERING PAN-AFRICAN REAL ESTATE WITH IMPACT THAT GOES *beyond buildings*

Grit is a specialist real estate platform established in 2014 and dedicated to investing in and developing high-quality impact assets and providing smart business solutions on the African continent (excluding South Africa).

We focus on attracting high-quality and resilient multinational tenants, engaging directly to grow and maintain income and capital values, through active management and delivering sustainable real estate solutions that create positive impact to the community and the environment.

We aim to offer investors a sustainable blend of long-term growing hard currency income and capital growth through harnessing the growth dynamics of Africa within a risk mitigated and highly governed London listed structure.

Morocco

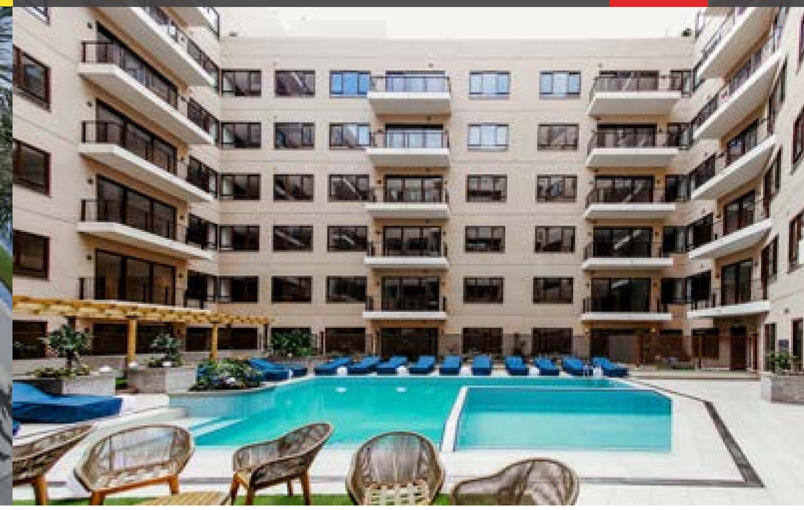

Mauritius


Ghana


Kenya


Mozambique


Ethiopia



Kenya


Mauritius


Kenya

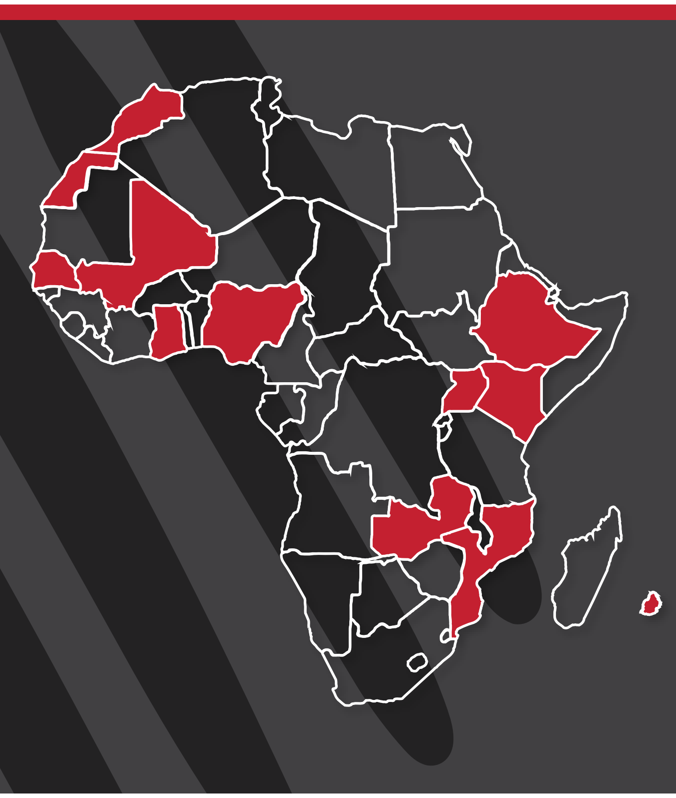

Senegal

10 Years of GRIT

# STRATEGIC REPORT

# WHY AFRICA?
## A COMPELLING INVESTMENT CASE

Investing in Africa offers diverse opportunities driven by economic growth, a young population, rich natural resources, and significant market potential. The rewards can be substantial for those who have experience of operating on the ground, are adept at managing local risks, have strong network of local partners, and who take a long-term view.



### Rising middle class

The African Development Bank (AfDB) estimated Africa's middle class was around 350 million people in 2018, projected to grow to 1.1 billion by 2060.

PROJECTED GROWTH
1.1 bn
BY 2060

### Attractive demographics

Africa has the youngest population in the world, with a median age of 19.2 years in 2024 of a total population of 1.5 billion, which is expected to increase to close to 2.5 billion by 2050, representing over a quarter of the world's population (https://www.imf.org/en/Publications/fandd/issues/2023/09/PT-african-century).

MEDIAN AGE
19.2
YEARS

### Rich in resources

Africa holds 30% of the world's known mineral reserves, including 8% of the world's natural gas, 12% of the world's oil reserves, 40% of gold, and 90% of platinum group metals. The largest reserves of cobalt, diamond, platinum and uranium in the world are in Africa - https://www.unep.org/regions/africa/our-work-africa

30%
MINERAL RESERVES

About 60% of the world's uncultivated arable land, offering significant opportunities for agricultural investments (World Bank).

60%
UNCULTIVATED LAND

# OUR TENANT PROPOSITION

We work closely with our tenants to develop, own and manage the space they need to operate on the African continent

### We are tenant focused

We have specialist local knowledge and experience from operating on the ground in Africa.

We work closely with our tenants to ensure our buildings meet their exact requirements and maximises their operational effectiveness. We provide our clients holistic solutions, which gives us a competitive edge and insights into future demand and requirements.

### Sustainable

Our tenants are increasingly looking to occupy sustainable assets. 100% of our newly developed buildings will achieve relevant local market green ratings (EDGE, Greenstar etc) and we continue to invest in ESG initiatives such as on-site renewable energy generation and community development programmes.

### Modern

Our investment portfolio has an average building age of 10 years and our extensive development pipeline provide us further abilities to set new standards on the African continent, whilst meeting the requirements of our multinational occupiers.

### Innovative

The scale and flexibility of our buildings enable the installation of latest technology to improve efficiencies and reduce costs.

### Transforming African markets

With chronic undersupply of quality, modern real estate, we are often developing and pioneering real estate offerings in the African markets we operate in.

# OUR SHAREHOLDER PROPOSITION

### A clear and compelling strategy

We focus on attracting high-quality and resilient multinational tenants with the aim of growing and maintaining income and capital values

**Read more about our strategy on pages 18 to 19.**

### A resilient portfolio

We have a portfolio of high-quality assets, in key locations, let to tenants in hard currencies and who operate in strong business segments. The portfolio has proven its ability to generate highly visible and resilient income, even in uncertain times. We complement this strong foundation with various smart business offerings, including asset management, facilities management and treasury expertise to drive greater returns.

**Read more about our portfolio on pages 28 to 29.**

### Attractive development opportunities

We have a large and attractive pipeline of opportunities for long- term phased delivery and an attractive yield on cost target of 11%-12%.

**Read more about our development capabilities in page 35.**

### Financial position

The Group is actively pursuing a range of additional funding sources to support our growth ambitions and drive Shareholder returns.

### Long-term structural drivers

We believe our focus sectors of industrial, diplomatic housing, healthcare, data centres and business process outsourcing are the most attractive and dynamic sectors in commercial and industrial property on the African continent. There are major long-term structural trends driving occupational and investor demand for large-scale quality assets.

### A sustainable approach

ESG and impact considerations are central to all our investment decisions. From integrating ESG initiatives into our asset management plans, to developing buildings to stringent EDGE and similar certifications. ESG factors are fully considered to ensure long-term risks and opportunities are addressed.

**Read more about our ESG strategy on pages 42 to 43.**

### Extensive expertise

The senior leadership team's deep understanding of the continent, combined with the calibre of network of contacts, gives us the capabilities we need to identify opportunities and successfully execute our strategy.

**Read more about our expertise on pages 108 to 109.**


# HOW WE PERFORMED 2024

## Portfolio Highlights

| | | |
|---|---|---|
| Growth in Gross Property Income from ongoing operations[1] | +9.8% | FY2023: +7.3% |
| EPRA portfolio occupancy[4] | 89.8% | FY2023: 93.6% |
| EPRA cost ratio[2] | 13.3% | FY2023: 13.3% |
| Income earned in hard currency[5] | 94.3% | FY2023: 94.5% |
| WALE[3] | 5.2 years | FY2023: 4.4 years |
| Grit proportionately owned lettable area ("GLA") | 386 538m² | FY2023: 298 962m² |
| Cash collection rate | 91.1% | FY2023: 101.3% |
| Weighted average annual contracted rent escalations | 2.8% | FY2023: 3.0% |

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

1. *Gross Property Income from continuing operations is an APM and is derived from IFRS NOI adjusted for the results of associates and joint ventures. A full reconciliation is provided in the Chief Financial Officers Statement. The increase is predominantly driven by the acquisition and consolidation of GREA during the period under review.*
2. *Based on EPRA cost to income ratio calculation methodology shown in note 44 of page 288.*
3. *Weighted Average Lease Expiry ("WALE").*
4. *Property occupancy rate based on EPRA calculation methodology (Includes associates and excludes direct vacancy cost). Please see calculation methodology shown in note 46 of page 290.*
5. *Hard (US$ and EUR) or pegged currency rental income.*

## Financial Highlights

| | | |
|---|---|---|
| Total income producing assets[6] | US$971.2m | FY2023: US$862.0m |
| Adjusted EPRA Earnings per share[8] | (US$1.72 cps) | FY2023: US$0.72 cps |
| Property portfolio net operating income[7] | US$63.5m | FY2023: US$59.0m |
| WACD[9] | 10.0% | FY2023: 8.4% |
| IFRS Net Property Income | US$51.6m | FY2023: US$46.5m |
| Group LTV[10] | 52.3% | FY2023: 44.3% |
| IFRS diluted (loss) per share | US$17.47 cps | FY2023: (US$4.90 cps) |
| Dividend per share | US$1.5 cps | FY2023: US$2.0 cps |
| EPRA NRV per share[8] | US$57.9 cps | FY2023: US$72.8 cps |
| Distributable earnings per share[11] | US$0.25 cps | FY2023: US$4.29 cps |

6. *Includes controlled Investment properties with Subsidiaries, Investment Property owned by Associates and Joint Ventures, Deposits paid on Investment properties and other investments, property plant and equipment, intangibles, and related party loans – Refer to Chief Financial Officer's Statement for reconciliation.*
7. *Property portfolio net operating income ("NOI") from continuing operations is an APM and is derived from IFRS NOI adjusted for the results of associates and joint ventures. A full reconciliation is provided in the Chief Financial Officers Statement.*
8. *Explanations of how EPRA figures are derived from IFRS are shown in notes 44 and 45 on pages 288 to 289 (unaudited).*
9. *Weighted Average Cost of Debt ("WACD") increased as a result of continuous global increase in interest rates and the Company's refinancing activity. Refer to Chief Financial Officers's statement.*
10. *Group Loan to Value ("LTV") increased as a result of the increase in interest bearing borrowing during the year. Refer to Chief Financial Officers s statement.*
11. *Distributable earnings per share is an APM derived from IFRS and shown in note 45 on page 289 (unaudited).*

# HOW WE PERFORMED 2024

## ESG Highlights

Achievement across all jurisdictions

| | |
|---|---|
| **81%**<br>employee satisfaction<br>FY2023: 84% | **634**<br>hours of leadership programs<br>FY2023: 847 |
| **2**<br>Buildings with EDGE certification within FY2024 | **4**<br>Buildings with EDGE certification as at June 2024 |

## Green certifications

| | | |
|---|---|---|
| **DH3 Rosslyn Grove** | IFC EDGE LEVEL 2<br>Advanced Certification | Edge – Excellence In Design For Greater Efficiencies |
| **ENEO Tatu City** | IFC EDGE LEVEL 1<br>With as-built level 2 anticipated Q3, 2024 | Edge – Excellence In Design For Greater Efficiencies |
| **The Precinct** | 5-STAR-GREEN STAR RATING<br>from Green Building Council of South Africa | Green Building Council South Africa |
| **The Precinct** | ECODISTRICTS<br>Certification | EcoDistricts Certified |

| | | | |
|---|---|---|---|
| ISO 450001<br>Certified | ISO 45001 Certified | EPRA sBPR AND BPR<br>Awards | EPRA BPR Silver; EPRA sBPR Silver |

## Achievements FY2023/2024

| Achievements FY2023/2024 | Target | Achieved | Achievements FY2022/2023 |
|---|---|---|---|
| **14%** Improved<br>**Carbon emissions**<br>25% Reduction by 2025[1]<br>On track | 25% | 14% | **7%**<br>**Carbon emissions**<br>25% Reduction by 2025[1] |
| **16%** Improved<br>**Building efficiency**[2]<br>25% Reduction by 2025[1]<br>On track | 25% | 16% | **10%**<br>**Building efficiency**[2]<br>25% Reduction by 2025[1] |
| **40%** On target<br>**Gender Equality**<br>>40% women in leadership positions | >40% | 40% | **43%**<br>**Gender Equality**<br>>40% women in leadership positions |
| **81%** Maintained<br>**Local Representative**<br>>65% local employees | >65% | 81% | **81%**<br>**Local Representative**<br>>65% local employees |

1. *Using FY2019 as a base year, including air travel and portfolio building carbon emissions for the following properties (Ghana: 5th Avenue, Capital Place) (Kenya: Buffalo Mall) (Morocco: AnfaPlace Mall) (Mozambique: Acacia Estate, Hollard Building, Vodacom Building, Commodity Phase 1, Commodity Phase 2, Vale Housing Estate, Mall de Tete, Zimpeto Square) (Zambia: Cosmopolitan Mall, Kafubu Mall, Mukuba Mall).*
2. *Building efficiency is an internal target and is a factor of electricity consumption and water consumption reductions that allow us to monitor effectiveness of initiatives implemented.*

# CHAIRMAN'S STATEMENT

Peter Todd
Chairman

## Dear Shareholders,

**Grit is a prominent, woman-led real estate platform providing property investment and associated real estate services across the African continent. The Group recognises its role in transforming the design of buildings and developments for long-term sustainability, especially with Africa rapidly urbanising, and focuses on impact, energy efficiency and carbon reduction in its activities. In addition to environmental responsibility, the Group prides itself on achieving more than 40% of women in leadership positions and the significant support it provides to local communities in Africa through extensive CSR and upliftment programmes. More information on Grit's Environmental, Social and Governance initiatives is available in the Responsible Business Committee's report in the Corporate Governance section of the Company's Integrated Annual Report.**

## Strategic Overview

**2024 marks the 10-year anniversary since the inception of Grit Real Estate Income Group and as we reflect on the past year, it is clear that the Group continues to navigate a challenging macroeconomic environment. Despite these headwinds, our commitment to a diversified, high-quality real estate portfolio underpinned by predominantly US$ and Euro-denominated long-term leases with multinational tenants, as it has been over the last 10 years, remains unwavering.**

This year has been pivotal in the evolution of our Group, where we made significant strides towards the implementation of the Grit 2.0 strategy that focuses us on internally developed, impact-led real estate assets, capturing development margins and generating additional revenue from providing development management services to third parties in addition to the rental incomes and real estate valuation returns we've traditionally earned. These activities are key in driving higher, and more sustainable, long-term asset returns and supporting a growing dividend over the next 10 years. Progress on the Group's Grit 2.0 strategy is increasingly reflected in our financial results, with a notable shift in our revenue mix away from non-core assets towards our focus real estate sectors, and the completion of world class developments delivered by our newly controlled subsidiaries, GREA and APDM.

The Board have extensively reviewed the implementation of the Group's strategy and continue to provide its unwavering support to the executive management team in their pursuit of a simplified operating structure, a focused and profitable development pipeline and pursuit of related additional revenues from professional services. An additional key priority is to further enhance the strength of the balance sheet to position the Group to capture future growth opportunities available on the acutely undersupplied African continent.

A significant milestone in the financial year is the Group obtaining control of GREA and APDM that resulted in the consolidation of these entities within the Group's financial results, and importantly positions Grit with a platform for substantial capital value and income growth over the medium term. A key imperative was a simplified operational structure, and through the various corporate actions already undertaken, the Group's real estate assets are now largely grouped into sector-focused subsidiaries, with the extensive future development opportunities owned within GREA where they can attract co-funding and investment. GREA's US$100 million capital raise underpins the funding of the attractive growth pipeline, and the combination of the businesses has already realised synergies, operational structure optimisations and a reduction of Group administrative costs, with further savings expected into 2025.

## Financial and Operational Performance

The financial year ended 30 June 2024 has seen us achieve significant milestones, although not without some considerable near-term challenges. EPRA NRV per share declined 20.5% to US$57.9cps (versus prior year NRV US$72.8cps) predominantly as a result of negative property valuations and other non-cash items, including non-controlling interest. While we have not met our near-term financial targets, largely due to prevailing higher-than-anticipated interest rates, isolated tenant stress and property valuation pressures, our long-term strategic direction remains sound.

Delays in interest rate reductions and macro-economic pressure in the countries where we operate have placed constraints on the Group, which informed the Board's decision to suspend dividends in the second half of the financial year. This was not a decision taken lightly, and the Board has introduced additional enhanced measures to defend operational and financial performance going forward, including a targeted strategy for debt reduction, asset disposals, and cost optimisation. The quality of Grit's asset portfolio and the long-term structural demand in Africa which will underpin future development activity, are the cornerstones of our expected return to targeted shareholder distributions.

In this financial year, the Group has already reduced reported administrative costs significantly from US$22.6 million in FY23 to US$18.0 million in FY24 and targets to further reduce this to approximately US$12 million in FY25 (amounting to c. 1.25% of total income producing assets) through a combination of already identified cost recoveries, reductions, and further operational efficiencies. The Board is cognisant of the complexities of doing business in several jurisdictions and will continue to ensure that the resources and performance of the Group are not compromised by these cost cutting measures.

## Capital Recycling and Debt Reduction

A key priority for the Board has been strengthening the balance sheet and we are targeting an additional US$200 million of non-core property sales by December 2025. Capital released through these disposals will primarily be applied towards reducing our debt levels and, to a lesser extent, co-funding new developments.

Post the balance sheet date, notable progress in our asset disposal program includes:

1. **Tamassa Resort:** Post the balance sheet date, we signed non-binding heads of terms for the sale of Tamassa Resort at a value of US$48.5 million. This disposal is aligned with our strategy of divesting non-core assets and applying proceeds towards debt reduction.
2. **Proposed disposal of St Helen Hospital**

   The Group is currently in discussions for the sale of the hospital in Mauritius at current book value.
3. **Other retail and non-strategic** assets across the Group are currently the subject of early-stage disposal discussions and showing promising signs of resulting in disposal transactions.

These disposals are crucial steps contributing towards our near-term target of reducing our Loan-to-Value (LTV) ratio to below 45%.

## Mezzanine financing update

In April 2024, The International Finance Corporation ("IFC") (a division of the World Bank) subscribed for a 9-year US$16.9 million perpetual preference note. in our industrial sector subsidiary, Bora Africa, with the proceeds applied to the acquisition of African Data Centres phase 1 from GREA. Bora is also in advanced discussions with British Investment International ("BII"), the UK government funded development finance institution, for an equivalent perpetual preference note subscription, the proceeds of which are expected to be applied towards both the acquisition of completed assets and to fund prospective pipeline. BII placed significant value on the impact, as well as strong execution capability that Grit provides and specifically the strong focus on woman empowerment.

These mezzanine financing instruments are accounted as equity instruments under IFRS and demonstrate the substantial support and endorsement the Group continues to receive from experienced and credible financiers on the African continent.

## Dividends

Largely as a result of higher-than-expected finance costs, the Group's distributable earnings per share for the year ended 30 June 2024 was US$0.25cps. The Company's dividend policy is to distribute at least 80% of distributable earnings and following the US$1.50 cps already paid in the first half of the financial year, the Board have not recommended a second half dividend. While we understand the importance of dividends to our shareholders, the Board will reevaluate the earnings position again in 2025 ahead of any further distribution decisions. The total dividend for the year ended 30 June 2024 therefore amounts to US$1.50 cps, which included a payment from prior period retained distributable earnings.

## Changes to the Board

Leon van de Moortele, the Group CFO and member of the Board resigned in February 2024. The Board would like to express their gratitude to Leon for the integral role he has played in the Group since its inception and his immense dedication to navigating the complex Pan-Africa business landscape.

We welcomed Gareth Schnehage as replacement Chief Financial Officer and look forward to our further engagements with him over this critical time for the Group. Gareth is a Chartered Accountant with over fifteen years of leading roles at multinational corporations, including extensive experience operating in African jurisdictions and executing asset backed debt financing solutions.

The Board is saddened to announce the sudden passing of Independent Non-Executive Director, Mr. Jonathan ("Johnny") Crichton in September 2024. On behalf of all of us at Grit and GREA, we extend our heartfelt condolences to his wife and family. As a board member, Johnny was instrumental in driving Risk and Governance oversight and served as a mentor to the executive team, drawing from his deep knowledge and experience. We are grateful for his outstanding contributions, and he will be deeply missed. Lynette Finlay, Independent Non-Executive Director, has been appointed as a Member of the Audit Committee and Nigel Nunoo, Independent Non-Executive Director, appointed as a Member and Chair of the Risk Committee.

I have now served as a non-executive director on the Grit board for ten years, including six years as Chairman, which is the maximum recommended period under Provision 19 of the UK Code of Corporate Governance. The Nominations Committee, adhering to a rigorous and transparent selection process that prioritises diversity and merit, have elected existing Independent Non-Executive Nigel Nunoo as my successor. The Board has determined that his appointment shall take place in the latter half of 2025 financial year and have voted to extend my service for a further limited period facilitating the seamless transition. In the Board's determination this extension and hand over period is crucial to maintaining leadership continuity during a critical phase of the company's development allowing minimal disruption of the Grit 2.0 strategy.

## Outlook

Looking ahead, the Board remains focused on delivering a total return of 12%-15% per annum over the medium term. We will continue to optimise our portfolio, enhance income generation, reduce costs, and execute on our development pipeline, all while maintaining a prudent approach to capital allocation and debt management. Our business optimisation and recovery plan focuses on the following key steps:

1. Strong and sustainable operations – continued focus on protecting our portfolio, tenant retention, collecting rentals and delivering best in class sustainable real estate. We will furthermore focus on increasing profitability of our operations through reducing direct property operating expenses and improving recoveries.
2. "Shrink to grow" - recycling non-core assets with capital redeployed towards debt reduction and investment in higher yielding core assets over the medium term.
3. De-leverage – reduce LTV to lower levels, creating headroom for future expansion, including a specific strategy to reduce overall funding costs.
4. Simplify and consolidate operations – arrange assets into independent and specialised substructures, leverage technology to optimise systems, staff and processes.
5. Reduce administration costs – stringently control expenditure to target 1% of income producing assets over the medium term.
6. Enhance new and existing capital partnerships – deeper collaboration with existing funders and new DFI funders.

We are confident that the actions we are taking today will position Grit for sustainable growth and value creation for our shareholders in the years to come.

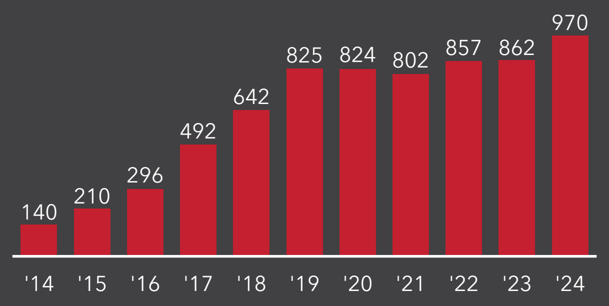
In conclusion, I would like to thank our shareholders for their continued support and confidence in Grit's strategic direction. The Board and management team remain committed to driving sustainable growth and delivering long-term value.

# THE JOURNEY TO 10 Years

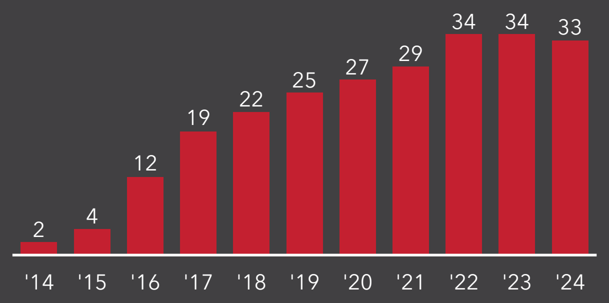
Grit Real Estate Income Group began in 2014 as a c.US$140 million office and retail-focused real estate company operating in two primary African jurisdictions (Mozambique & Morocco).

Today, 10 years later, the Group has evolved into a leading pan-African c.US$950M+ real estate company focused on investing in, developing and actively managing a diversified portfolio of assets with high quality multinational tenants, including Total Energies, the US State Department, Vodacom, CCI Global, Dentons and DP World.

## Grit Assets Under Management (AUM) 10 years view (US$'m)




## Grit Number of Assets 10 years view




Through the acquisition of a controlling stake and consolidation of Gateway Real Estate Africa, the Group has further diversified its portfolio to include several specialist sectors, such as Data Centres, Diplomatic Housing, Healthcare and Business Process Outsource (BPO)/ ICT across 11 strategic jurisdictions across Africa.

Not only is the portfolio highly diversified and de-risked, it also comprises of best-in-class, award-winning assets built to international standards, including Commodity House Phase 1 & 2 and Acacia Estate in Mozambique, Eneo at Tatu Central and Rosslyn Grove in Kenya as well as the Precinct and Falcon Curepipe Hospital in Mauritius.

The management team has achieved a series of significant milestones over Grit's 10 years of operation, including:

- Growing the Portfolio by 750%+ to c.US$950M+ in 10 years;
- Listing the Group on the London Stock Exchange in July 2018;
- Obtaining the highest level of corporate governance as evidenced by the Group stepping up to a LSE Premium Listing obtained in February 2021;
- Raised a total of c.US$300 million+ of equity from the UK, South African and Mauritius markets;
- Setting a global benchmark for Women in leadership;
- Pioneering and concluding the largest multi-jurisdictional, sustainability linked debt refinance of US$306 million at the time in 2022, led by Standard Bank;
- Spearheading the share price rerating of Botswana-listed Letlole La Rona, following the 2019 acquisition of a significant stake in the company
- Successfully concluding its asset recycling program (US$160 million over 2 years);
- Delivering on its commitment to materially reduce its administrative costs (c.US$3.7M annualised savings have been achieved in FY2024);
- Constantly maintaining a WALE of between 4.9 and 7.4 years during its first 10 years of operation
- Key Leasing highlights over the past 10 years include:
  - Securing Exxon a single tenant for 3,000m2 of GLA for the Commodity Phase II development in 2019, as well as succesfully renewing this lease on commercial terms for a further 5 years in 2024.
  - Securing the renewal of long-term leases for more than 7,565m² at Commodity Phase I in 2022.
  - Optimising Anfa Place Mall tenant mix and successfully re-tenanting the mall with key global brands following the withdrawel of H&M (2020), Al Hokair (2023) from the Moroccan market. New brands include Mango, Vans, Tommy Hilfiger, De Facto, Levi's and Costa Coffee, for an aggregate GLA of over 3,400m2.
  - Replaced Edcon tenancies (occupying c.30% GLA of the Zambian portfolio following the company's liquidation in 2018), 90% of which within six months after becoming vacant.
  - Tenant retention rate of over 90% on key tenancies, with renewals over the years including the Vodacom, KPMG and Hollard head offices in Mozambique, as well as the Bollore Logistics centre in Pemba, as well as the ATC, Majorel (Teleperformance) and Tullow renewals in Ghana all for a minimum of 5-year terms.
- Grit also successfully achieved a series of firsts and further groundbreaking milestones in its first 10 years of operation, namely:
  - First-to-market African-focused Property Company listed on the JSE, SEM and LSE
  - First Woman-Led Mauritius business to list on the SEM in 2014 and the LSE in 2018
  - First Mauritius-domiciled business to list on the LSE in 2018
  - Introduction of UK Pension Fund Investors in 2018 – most notably M&G, Ruffer
  - Largest Sub-Saharan Africa Sustainability Linked Syndication Deal led by Standard Bank in 2022 – US$306 Million
  - First Five Star Green Star Rated & Eco Districts Certified building in the Indian Ocean Islands region and the first Eco Districts commercial node in Africa – The Precinct, Grand Baie in 2023
  - EPRA Silver Awards for Best Practice Recommendations in Global Reporting and Sustainability Reporting in 2024
  - Euromoney Best Developer in Africa Award in 2023 (GREA)
  - Strategic Partnership with and milestone investment by the International Finance Corporation (IFC) into Bora Africa in 2024
  - Presidential Inauguration of Eneo at Tatu Central, CCI's new headquarters in Kenya in 2024, creating over 3 000 jobs for the country, with further growth on the horizon in the ICT/ BPO space.

In recognition of Grit's commitment to Operational and Industry Excellence, the Group and its dynamic workforce have been the recipients of various awards in recent years, shown below:

**2018**
First Mauritius-domiciled company listed on London Stock Exchange

**2019**
EY World Entrepreneur Award (Exceptional Category) Bronwyn Knight

**2020**
API Top Africa Real Estate CEO of the Year Award Bronwyn Corbett

**2020**
PWC (Mauritius) Corporate Reporting Awards Winner for Corporate Governance

**2021**
AIFA Awards Best Growing International Company

**2021**
EPRA BPR (Best Practices Recommendations Compliance) Bronze Award

We are a family of Partnerships, Setting the Global Benchmark in Africa for Developing Smart Business Solutions & Impact Real Estate that goes Beyond Buildings!

**2023**
Bonds, Loans & Capital Markets STRUCTURED LOAN DEAL OF THE YEAR AWARD

**2023**
EMEA Finance Achievements BEST REFINANCING IN AFRICA

**2023**
EPRA sBPR (Best Practices Recommendations in Sustainability Reporting) Silver Award

**2023**
EPRA BPR (Best Practices Recommendations in Global Reporting) Silver Award

**2023**
Euromoney Global Real Estate Awards BEST DEVELOPER IN AFRICA

# STRATEGIC FRAMEWORK

## How we create long term value for our stakeholders

We invest in and actively manage a diverse portfolio of assets underpinned by mainly US dollar and Euro denominated long-term lease with high-quality multi-national tenants.

We leverage our deep African real estate insights and in-country expertise to offer unique real estate solutions in property development, asset and property management as well as selected co-investment opportunities for qualifying counterparties.

Through our family of partnerships, we find opportunities to drive positive social and environmental change that transcend buildings to the benefit all current stakeholders and generations to come

## Our strategy


# OUR BUSINESS MODEL

## Creating long-term value from our high-quality portfolio and deep understanding of Africa

We combine our relationships, financial resources and the skills of our people to invest in, develop and manage a portfolio of high quality and environmentally friendly real estate assets across the African continent (excluding South Africa) for long term capital and income growth. Stakeholder, climate change and wider ESG impacts form key considerations in the strategy we pursue.

## CORE PRINCIPLES

- Deep Relationships
- Strong Tenants
- Hard Currency Leases
- Diversification

How we add value

## CORE ACTIVITIES

**Development Services**
Our client led smart solutions focus on design, amenity and innovation to create sustainable buildings in resilient sectors. Risk mitigations include maximum 20% of GAV exposed to developments and turnkey contracts obtained where possible.

**Property Investment**
We invest in quality, impact led properties with strong demand fundamentals, either be on our own or alongside co-invest partners (but with Grit retaining controlling interests). Buildings that no longer meet our investment criteria will be disposed, and capital recycled.

**Asset Management**
Deep tenant relationships allow us to tailor buildings and leases to their needs, thereby reducing vacancy, growing our income streams and adding value with smart business solutions.

## STRATEGIC OBJECTIVES

- Generate sustainable long-term total returns from a balanced portfolio
- Monetise our IP through professional services that generate fee income streams
- Attract, develop and retain talented people
- Design, deliver and operate our buildings responsibly
- Maintain strong and flexible financing

Governance and controls

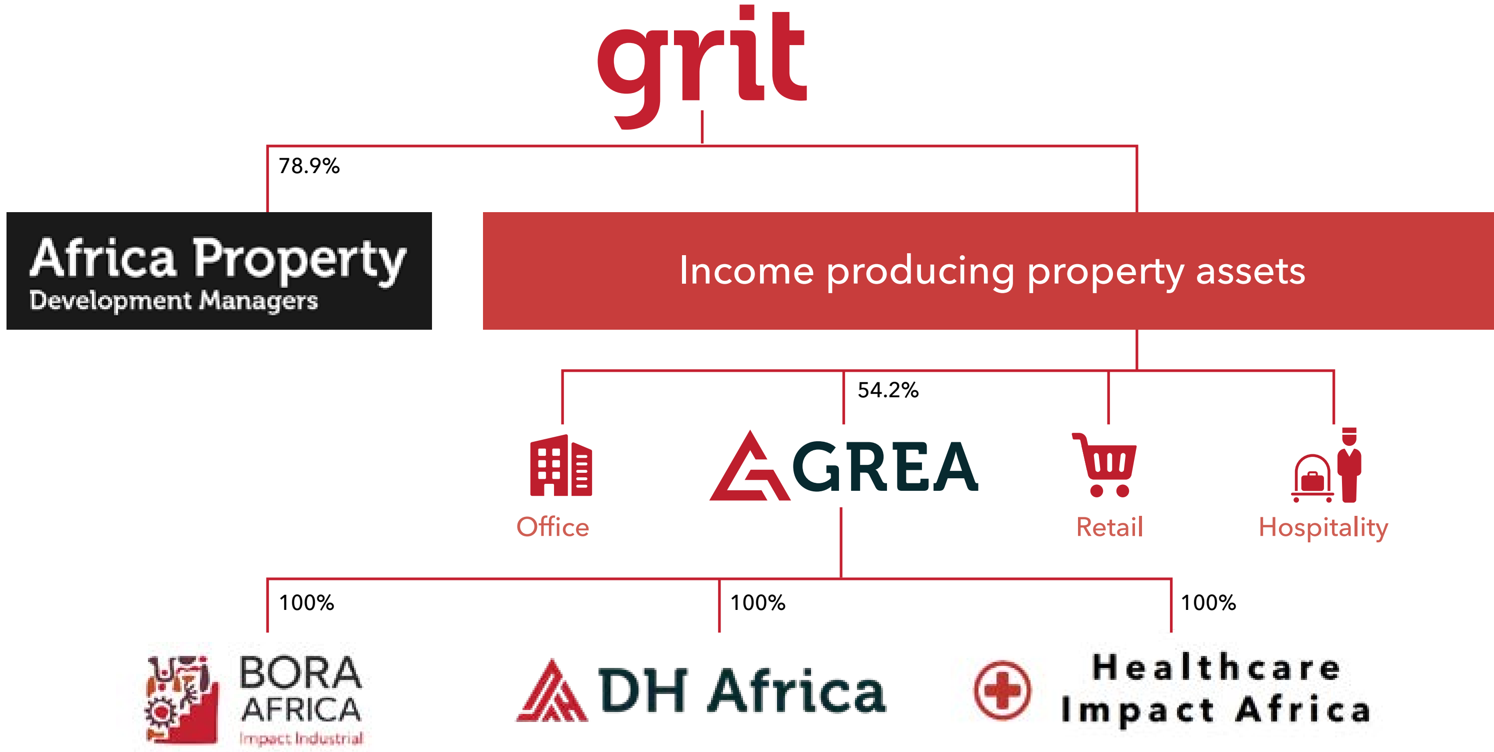
# GRIT AT A GLANCE

## Group Operating structure – Grit 2.0

The Group's operating structure has been simplified over the last 18 months, with assets where controlling interests could not be obtained or assets deemed to be non-core, disposed of. Additionally, the acquisition of controlling interests in APDM and GREA has allowed Grit to arrange its existing assets into sector specialist groupings with dedicated resources and growth strategies assigned to each.

The Grit2.0 strategy continues the focus on investing into high quality income producing real estate assets, either exclusively on Grit's balance sheet or with co-investors, with Grit aiming to retain controlling interests wherever possible. Co-investment vehicles allow for the introduction of partners and other capital providers and allow for the targeting of specific strategies and specialist resource allocations. Sector specialist vehicles, like Bora Africa and Diplomatic Housing Africa, with the largest development pipelines are now expected to be predominantly pursued through GREA. In the financial year, three new specialist vehicles were created and seeded with existing Group assets, namely Bora Africa (light industrial focus), DH Africa (diplomatic housing) and Healthcare Impact Africa (healthcare sector)

Grit 2.0 also aims to better monetise the Group's extensive intellectual property. The Group currently has on the ground operations in 11 African countries which serves as a significant competitive advantage in existing operations, but the professional services divisions will target additional revenue from providing development management and other real estate services to external third parties, allowing large parts of the Group's fixed overheads to be recovered.




## Our Portfolio

33
**properties**
(including land)

7
**sectors**
(industrial, office, retail, healthcare, data centres, hospitality, and corporate accommodation

11
**jurisdictions**


## Geographic & sectoral diversification

| # | Country | Property* |
|---|---|---|
| 1 | Morocco | AnfaPlace Mall |
| 2 | Senegal | Club Med Cap Skirring Resort |
| 3 | Mauritius | Tamassa Resort \| The Precinct \| Falcon Curepipe |
| 4 | Ghana | Capital Place \| 5th Avenue Corporate Offices \| CADS 2 Building \| Adumuah Place |
| 5 | Nigeria | Africa Data Centres |
| 6 | Ethiopia | DH1 Ethiopia - Elevation |
| 7 | Uganda | Metroplex Shopping Centre |
| 8 | Kenya | Buffalo Mall \| Imperial Distribution Centre \| Orbit Complex \| DH3 Kenya – Rosslyn Grove \| Eneo Tatu City - CCI |
| 9 | Zambia | Kafubu Mall \| Mukuba Mall \| Cosmopolitan Mall |
| 10 | Mozambique | Commodity House Phase 1 \| KPMG/Hollard Building \| Vodacom Building \| Zimpeto Square \| VDE Housing Compound \| Mall de Tete \| Bollore Warehouse \| Commodity House Phase 2 \| Acacia Estate \| Tulip Stations |
| 11 | Mali | DH4 Bamako \| GUL** \| TIP** |

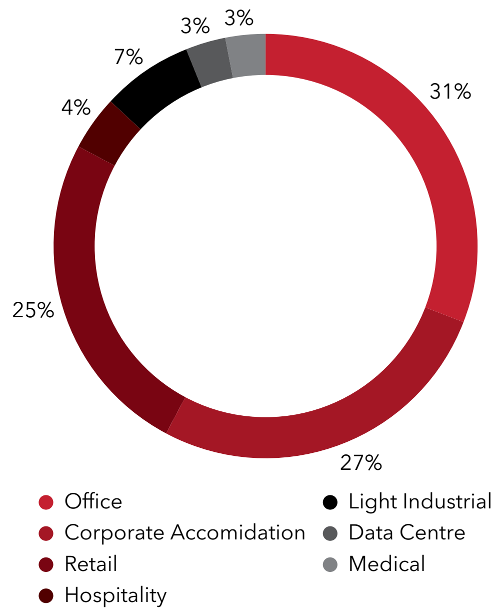
* *Includes land*
** *Land*

GRIT AT A GLANCE (CONTINUED)

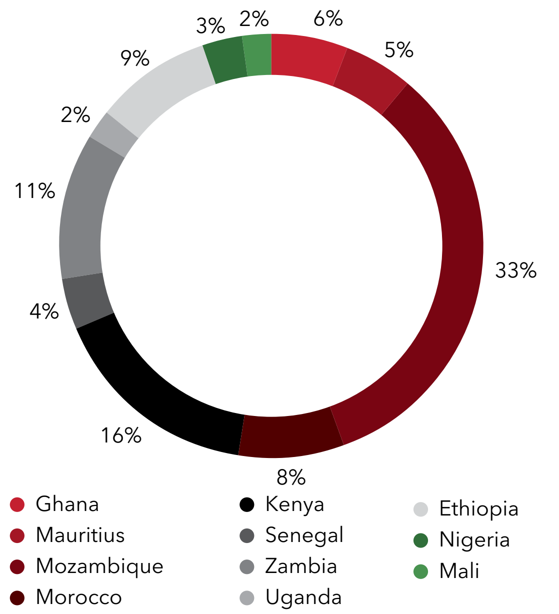
## Portfolio Exposure

The Company targets a diversified and balanced exposure to sectors and jurisdictions, providing stability in times of volatility. As part the Grit2.0 strategy the Board has determined that retail and hospitality sectors are non-core and that the portfolio will be targeted to increase exposures to more resilient impact sectors of light industrial, healthcare, office and diplomatic housing.

### Sectoral split[1] as at 30 June 2024 (%)




### Geographical split as at 30 June 2024 (%)




1. *Split by asset value; Grit economic interest.*

# OUR TENANTS

## Top 15 Tenants

Our tenant-mix is a rational blend of multinationals from various industries, contributing 67.5% of the Company's monthly portfolio income as at 30 June 2024.

| Rank | Tenant Group | Industry | Income % | Tenant Grading | Lease Covenant | Lease Currency |
|---|---|---|---|---|---|---|
| 1 | US Embassy | Consular | 15.5% | Other Global | Gross | US$ |
| 2 | Total Group | Mining and Natural Resources | 9.0% | Forbes | Gross | US$ |
| 3 | Vodacom Group | Communication | 6.1% | Forbes | Triple Net | US$ |
| 4 | LUX* | Hospitality | 4.8% | Other Global | Triple Net | EUR |
| 5 | Orbit | Industrial / Manufacturing | 4.2% | National | Triple Net | US$ |
| 6 | CCI | Communication | 3.9% | Other Global | Double Net | US$ |
| 7 | Africa Data Centres Holdings | Data Centre | 3.4% | Pan African | Triple Net | US$ |
| 8 | Club Med Cap Skirring | Hospitality | 3.30% | Other Global | Triple Net | EUR |
| 9 | VULCAN | Mining and Natural Resources | 3.2% | Other Global | Gross | US$ |
| 10 | Shoprite Holdings | Retail | 3.2% | Forbes | Gross | US$ |
| 11 | Falcon Healthcare Group | Medical | 2.7% | Other Global | Triple Net | EUR |
| 12 | Imperial Health Services | Logistics | 2.2% | Forbes | Triple Net | US$ |
| 13 | Exxon Mobil | Mining and Natural Resources | 2.2% | Forbes | Gross | US$ |
| 14 | Game | Retail | 2.2% | Forbes | Gross | US$ |
| 15 | Halliburton | Industrial / Manufacturing | 1.6% | Other Global | Triple Net | US$ |
| | | Total | 67.5% | | | |

** *Clubmed includes development rental*

## Our prime tenants

While maintaining a diversified portfolio of properties (refer to portfolio exposure above), we also ensure a diversified mix of investment grade or multinational tenants, with specific emphasis on ensuring we are not exposed to concentration risks with regards to any industry or client.

# CHIEF EXECUTIVE OFFICER'S STATEMENT

Bronwyn Corbett
Chief Executive Officer

## Grit 2.0 Strategy Implementation

### Introduction

In the year under review, our strategic transition from a generalist income real estate fund to a more specialised and streamlined entity gained significant momentum with the acquisition and consolidation of a controlling interest in GREA and APDM.

These acquisitions allow us to pivot towards internally developed, impact-led real estate assets in sub-asset classes that are more defensive and higher yielding than the traditional sectors we previously invested in. The focus sectors include:

1. Bora Africa, which will include:
    a. Light industrial and logistics assets,
    b. ICT-related assets, such as data centres; and
    c. Business Process Outsourcing ("BPO") facilities .
2. Diplomatic housing assets, which will be consolidated in DH Africa.
3. Healthcare assets under the Healthcare Impact Africa sector; and
4. Office Park Africa.



The below graphic provides the salient points of Grit's strategy transition:

| FROM Grit 1.0 | TO Grit 2.0 | IMPACT |
|---|---|---|
| 12% US$ total return per annum | 12 – 15% US$ total return per annum | Capturing the initial development yield uplift from internally developed assets. |
| Asset agnostic investment approach | Focused on internally developed impact-led assets grouped in logical sub-structures | More defensive, higher yielding assets in new sectors in response to changing environments and market demand. |
| Capital-intensive approach through ongoing acquisitions | Capital light approach through impact-led development housed in various sub-structures | Attracting investors at sub-structure level and focusing on new development opportunities. |
| Minority and co-investments | Simplified structure comprising fully or majority owned assets | Simpler structure that is more cost-effective and easier to control |
| High gearing levels | Medium-term target of c.35 – 40% LVT | Ongoing debt reduction through disposals, optimal cost of funding through refinance, attracting more equity investors and reducing debt levels. |
| Expensive retrofitting to reduce carbon footprint | Sector-leading green-rated, futureproof developments with measurable community impact | Ongoing reduction in Grit's carbon footprint and delivery on its low carbon targets; skills transfer and tangible community impact |

The financial results show that the Group's results have been significantly impacted on by the high interest rates. The agreed recapitalisation and delay of funds from the GREA capital raise (as described under the notable post balance sheet events section above) has caused a setback in the planned role out of the Grit 2.0 strategy. This has caused the Board to take short term measures that will ensure the Grit 2.0 strategy can be executed on. The focus areas include:

### 1. Simplified structure

We made significant progress in simplifying the Group's structure. This was achieved primarily through asset recycling (detailed below) and the consolidation of assets into sector-focused subsidiaries, along with the development pipeline within GREA. This restructuring enables us to pursue a broader array of co-funding and investment opportunities at the substructure level.

Notable milestones in the financial year included obtaining control over GREA and APDM, the grouping of our diplomatic housing assets into a single vehicle called DH Africa, moving Bora Africa into the GREA structure in conjunction with a US$100 million recapitalisation for GREA and advancing disposal negotiations of our large hospitality asset, Tamassa resort in Mauritius.

As alluded to in the Chairman's Statement, the combination of the businesses has already realised synergies and operational cost reductions, however, the full financial benefits of these sub-structures are expected to materialise increasingly over the next two financial years.

### 2. Focus on impact-led, more defensive assets

Despite significant progress, Africa's real estate market remains largely underdeveloped, leading to substantial premiums on quality assets that come to market. The availability of buildings in emerging sub-asset classes–such as data centres, business process outsourcing centres, healthcare facilities, and A-grade light industrial warehouses–remains highly constrained.

Since 2018, GREA has built a strong track record and pipeline of tenant-driven real estate developments in these and other sub-asset classes. Through Grit 2.0, the Group has transitioned from acquiring assets at high premiums to developing tenant-led buildings, leveraging the initial development yield uplift and annuity fee income opportunities through asset management services. This strategic approach aims to capture more value in the real estate value chain, which is expected to contribute to a higher and more sustainable Net Asset Value over the medium to long term.

Furthermore, Grit 2.0 serves as a catalyst for advancing the Group's sustainability strategy, particularly in delivering on its six sustainability pillars. We are increasingly receiving recognition for these efforts, some of which included the following in this last year:

- The Precinct, Grand Baie was awarded the First Five Star Green Star Rated & Eco Districts Certified building in the Indian Ocean Islands region and the first Eco Districts commercial node in Africa.
- EPRA Silver Awards for Best Practice Recommendations in Global Reporting and Sustainability Reporting in 2024.
- Euromoney Best Developer in Africa Award in 2023 (GREA).
- Strategic Partnership with and milestone investment by the International Finance Corporation (IFC) into Bora Africa in 2024.
- Presidential inauguration of Eneo at Tatu Central, CCI's new headquarters in Kenya in 2024, creating c. 7,600 new jobs for the country, with further growth on the horizon in the ICT/BPO space.

### 3. Asset recycling

Certain assets in the portfolio have reached maturity in the investment cycle or have been deemed non-core, leading to their classification as held for sale. Proceeds from these disposals have been earmarked for near-term debt reduction, but the key focus of these disposals, along with other asset management strategies, is to achieve a portfolio long term asset yield in excess of 8% through focusing on resilient and impact sectors (industrial, diplomatic housing, ICT/BPOs, data centres and healthcare sectors) where Grit can also capture accretive development margins.

The Group achieved its asset recycling target of US$160 million of property assets during the financial year, with most assets being sold at or close to book value. The Board have now extended this recycling programme, with notable progress being made post the balance sheet date. The Tamassa resort and Artemis Curepipe hospital, both in Mauritius and 4 other non-core assets are currently in various stages of negotiation for disposal.

Refer to the Responsibility Report
on page 40 of this Integrated Report

## Key Operational Trends

During the year under review, GREA delivered its first completed development as a Grit subsidiary, which is now added to the IFRS reported portfolio.

On 10 May 2024, Eneo @ Tatu Central, Kenya, was commissioned. The development was completed 6 months ahead of plan, 8% under budget and at a 10% development yield. The building is principally tenanted to CCI Global (CCI), a leading international call centre operator, with the balance of space occupied by financial services and other multinational companies.

The call centre segment is one of the largest in the world and has played a key role in the upliftment of countries like India and the Philippines. As Africa's largest international BPO operator, CCI has the potential to attract the likes of Amazon and Microsoft, supporting a strong development pipeline. The unveiling event demonstrated strong support from the Kenyan President and the US ambassador to Kenya, with the collaboration likely to lead to the emergence of further opportunities, which the DFI's are interested in providing financial support to.

In line with Grit's focus on impact real estate assets, significant socio-economic benefits were unlocked through the Eneo development including substantial job creation both in the construction phase and in ongoing operations in addition to the targeted EDGE Advanced and Green Star accreditation of these buildings.

## GOOD LEASING ACTIVITY IN THE CORE PORTFOLIO

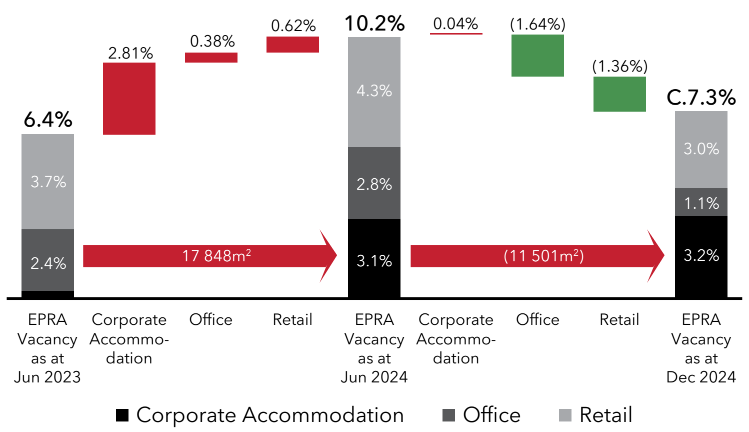
A significant number of leases were concluded or renewed during the year, which collectively helped to raise the weighted average lease expiry of the portfolio to 5.2 years (FY23 4.4 years). Grit achieved an 86% retention rate on tenants with expiring leases which included the following key transactions:

- 7-year lease renewal with the **US Embassy** in Acacia Estate corporate accommodation complex in Maputo.
- Renewal of a 3-year lease with **Exxon Mobil** in Commodity House phase 2.
- **Total** additional space leased in Commodity House 1, thereby now occupying the full building.
- **ATC** renewed a 5-year local currency lease in 5th Avenue Office Park, Ghana.
- **Majorel (Teleperformance)** 7-year lease renewal in 5th Avenue, Ghana.
- Lease renegotiations currently underway with **Orbit Africa** within the Orbit industrial park in Nairobi, Kenya. Phase 2 development has been paused pending the discussions.
- **US Embassy & UK Embassy** additional available space taken in DH1; Ethiopia, upon the exit of Safaricom with c.50% of the Safaricom units vacated taken up by the respective embassies.
- **AGL** lease renewal at Bollore facility in Pemba, Mozambique.
- In May 2024, **Jindal**, the anchor tenant in the VDE corporate accommodation estate in Mozambique renewed 115 units (57% renewal rate), however this was achieved at a significant rent reversion on prior lease.

### Vacancy increase as a result of newly completed developments

Reported EPRA vacancy for the portfolio at 30 June 2024 increased to 10.23% from 6.43% in June 2023, largely impacted by the newly completed ENEO development, which has subsequently enjoyed strong leasing activity. Excluding the impact of ENEO, the reported EPRA vacancy at 30 June 2024 would have been 8.8%. The other material impact related to the increased vacancy experienced at the VDE estate, which accounted for a further 2.9% increase. Excluding the effect of these two items, EPRA vacancy would have declined to 6.25% at 30 June 2024 as a result of good leasing activity in the retail sector.

### Group EPRA* vacancy bridge (30 Jun 2023 to 31 Dec 2024 est.)




Post balance sheet date, the asset management team has continued to secure high-quality tenants on long leases that are expected to reduce the Group EPRA vacancy rate to under 7.5% by 31 December 2024. Notable commentaries include:

### Eneo at Tatu Central (Tatu City, Kenya)

- The development was completed in May 2024 with a GLA occupancy of 67.2% at June 2024.
- The development recorded GLA occupancy levels of 85,6% as at end August 2024, with the following tenants secured:
  - Naivas
  - NCBA Bank
  - Tamarind Restaurant
  - Rendeavour
- Substantial demand from the tech industry and co-working space providers have been registered, and we expect the development to be fully let by 31 December 2024.

### The Precinct – Unity Building (Grand Baie, Mauritius)

- As at June 2024, the GLA occupancy stood at 76.5% which is expected to increase to 99.2% by December 2024, based on current leases concluded or in the process of conclusion.
- Post balance sheet date, key leases were concluded with:
  - PSG
  - ABSA Wealth
  - Intagreat
  - Workshop 17
- Substantial interest from multinational corporations for outright purchases of office space in the north of Mauritius has been received. Management has subsequently initiated the sectionalisation process of Unity Building to service this demand.



## Sector And Organisational Update

In line with our strategy to simplify the Group organisational structure we achieved the following operational milestones in the year:

On 16 February 2024 shareholders approved the sale of Bora Africa, the Groups industrial sector assets, to GREA at book value. Bora has subsequently acquired GREA's data centre asset ADC, Lagos Nigeria at book value. This positions Bora Africa as the Group's vehicle to pursue industrial and data centre assets, the focus of which will be newly developed assets going forward.

In February 2024 shareholders additionally approved the sale of Grit's 48.5% interest in Acacia Estate to DH Africa, a subsidiary with the specific mandate of furthering diplomatic housing assets. Post the balance sheet date, the Group announced preliminary discussions to join DH Africa with Verdant Ventures in a transaction that would position the enlarged platform for strong future growth.

The Board has reviewed the retail and hospitality asset portfolios and earmarked several for disposal. The Group has received indicative offers for the Artemis Curepipe hospital and Tamassa resort, both in Mauritius and expects to conclude binding transaction documents before the end of the 2025 financial year. Occupancy rates for our retail assets have steadily improved year-on-year. However, these remain targets for further asset disposals. Our strategy of concentrating on smaller malls with non-discretionary food and service retailers has delivered positive results, and we are encouraged by the new tenant activity.

The light industrial portfolio, grouped under Bora Africa continues its focus on high quality light industrial and data centre assets across East and West Africa. During the year the IFC, a division of the World Bank, subscribed for a US$16.9 million equity accounted preference note for the acquisition of ADC from GREA. Bora is currently in advanced discussion from further development funding institutions for additional preference equity subscriptions that will enable further expansion of the Bora portfolio.

Post the balance sheet date, the Group announced that its development subsidiary, GREA, is exploring opportunities to join its Diplomatic Housing assets with Verdant Ventures, a strong industry player, providing the combined entity with scale and opportunity for increased exposure in this resilient sector which provides long term, hard currency, low risk returns. GREA and Verdant co-developed the award-winning Elevation Diplomatic Residences in Addis Ababa, Ethiopia as well as the Rosslyn Grove Diplomatic Apartment and Townhouse Complex in Nairobi, Kenya. The combined entity will provide a much larger and sustainable substructure, including an enhanced focus on its main tenant (and one of the Group's largest clients), the US Government, and will allow for additional capital raising and equity contributions from third party investors.


## ESG Commitment

The Group's sustainability initiatives are centred around creating a positive community impact, empowering women, enhancing energy efficiency, and reducing carbon emissions.

The Board and executive team remains steadfast in their commitment to a five-year goal of reducing carbon emissions by 25% and improving building efficiency by 25% compared to our 2019 baseline, with significant strides already made toward these objectives.

Beyond environmental stewardship, the Group takes pride in having more than 40% of leadership roles held by women, over 65% of our workforce localized, and providing substantial support to local communities through comprehensive CSR and upliftment programs.

Our transition toward a low-carbon economy is guided by global best practices, reflecting our dedication to sustainability.

Refer to the Responsibility Report on page 40 of this Integrated Report

## Financial Performance

Despite a strong portfolio performance, prevailing higher than anticipated interest rates resulted in increased debt levels, which negatively impacted on EPRA NRV. In addition, vacancies, rental reversions and rental defaults as elaborated on above, as well as local currency devaluations placed pressure on property valuations.

This impacted the generation of distributable earnings in the period under review, resulting in the suspension of dividends for the second half of the financial year. The recovery in distributable earnings and the reduction in debt levels are both key focuses of the executive management team, elaborated on in more detail in the Chief Financial Officer's section below.

## Conclusion

The implementation of Grit 2.0 during the year under review delivered some encouraging results, although the most significant benefits will likely flow through to the bottom line in the 2025 and 2026 financial years. The Group remains positive about the African real estate landscape. Opportunities to develop and grow the business is strong. We have built a team of African real estate specialists, who are well positioned to deliver value from the high-quality Group platform.

Notwithstanding the optimal positioning of the business and solid growth opportunities ahead, our immediate focus remains on addressing challenges within our control, including the reduction of administrative costs to 1% of net operating income and reducing the overall cost of debt over the medium term funded through our asset recycling strategy and hopefully supported by an expected cycle of interest rate cuts by the US Federal Reserve.

Closely aligned to this is the ongoing reduction of debt and the concomitant improvement in key debt ratios. The disposal of the remaining non-core portfolio is a key driver of this. Our commitment to our ESG goals remains sacrosanct and will be enhanced by the ongoing delivery of GREA's pipeline as well as our ongoing transition to impact-led assets.

I wish to thank the Board for their ongoing guidance and support, as well as our shareholders for their steadfast commitment to Grit 2.0 which is expected to unlock sustainable value over the medium term.

# PORTFOLIO UPDATE

Our property assets have a weighted average lease expiry ("WALE") of 5.2 years as at 30 June 2024 (June 2023: 4.4 years), a weighted average contracted lease escalation of 2.8% per annum (June 2023 3.0% p.a.) and are underpinned by blue-chip multi-national tenants across various industries (refer to page 22 of this report for our top 15 tenants making up over 67% of our annual revenue). Grit's property portfolio comprises a total of 30 property assets (excl. land) with rentals predominantly collected monthly, of which 94% are collected in US$, Euro or pegged currencies.

WALE
5.2
YEARS

30
PROPERTY ASSETS

## EPRA Key Performance metrics

As at 30 June 2023

### Sector metrics

| Sector | GLA ($m^2$) | EPRA* NIY | EPRA Topped-up NIY | EPRA Vacancy Rate | EPRA Cost Ratios (incl. direct vacancy) | EPRA Cost Ratios (excl. direct vacancy |
|---|---|---|---|---|---|---|
| Office | 82 435 | 7.2% | 7.6% | 10.1% | (14.4%) | (13.9%) |
| Corporate Accommodation | 75 356 | 7.6% | 8.3% | 12.2% | (16.7%) | (14.1%) |
| Retail | 132 456 | 7.9% | 8.1% | 15.8% | (29.0%) | (26.5%) |
| Hospitality | 38 029 | 7.9% | 8.1% | 0.0% | 0.0% | 0.0% |
| Light Industrial | 51 807 | 9.8% | 10.4% | 0.0% | (3.3%) | (3.3%) |
| Data Centre | 994 | 8.9% | 8.9% | 0.0% | 0.0% | 0.0% |
| Medical | 5 460 | 8.5% | 8.5% | 0.0% | (0.6%) | (0.6%) |
| **Grit Group** | **386 538** | **7.8%** | **8.2%** | **10.2%** | **14.8%** | **13.3%** |

## EPRA Vacancy Rate

EPRA Vacancy Rate is expressed as a percentage being the ERV of vacant space divided by ERV of the whole portfolio as at reporting date.

This is calculated for all completed properties (investment, trading and including share of joint ventures' vacancy), but excluding those properties which are under development.

| Sector | Vacant ERV US$'000 | Portfolio ERV US$'000 | EPRA Vacancy |
|---|---|---|---|
| Office | 175 | 1 736 | 10.1% |
| Corporate Accommodation | 199 | 1 625 | 12.2% |
| Retail | 273 | 1 724 | 15.8% |
| Hospitality | - | 480 | 0.0% |
| Light Industrial | - | 408 | 0.0% |
| Data Centre | - | 200 | 0.0% |
| Medical | - | 148 | 0.0% |
| **Grit Group** | **647** | **6 321** | **10.2%** |

## EPRA cost ratios

The EPRA Cost Ratio (including direct vacancy costs) includes all operating expenses in the IFRS statements including the share of associates operating expenses.

Service fees, management fees and other non(cash items are netted against costs.

The EPRA Cost Ratio (excluding direct vacancy costs) deducts all vacancy costs related to standing assets.

TOTAL OPERATING COSTS INCLUDING DIRECT VACANCY COSTS
(10.5m)

TOTAL OPERATING COSTS EXCLUDING DIRECT VACANCY COSTS
(9.5m)

GROSS RENTAL INCOME
71.3m

EPRA COST RATIO INCLUDING DIRECT VACANCY COSTS (%)
14.8%

EPRA COST RATIO EXCLUDING DIRECT VACANCY COSTS (%)
13.3%

| EPRA Cost Ratios | | Grit Group 30 June 2024 US$'000 | Office 30 June 2024 US$'000 | Retail 30 June 2024 US$'000 | Light Industrial 30 June 2024 US$'000 | Hospitality 30 June 2024 US$'000 | Corporate Accommodation 30 June 2024 US$'000 | Data Centre 30 June 2024 US$'000 | Medical 30 June 2024 US$'000 | Other* 30 June 2024 US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating expense line per IFRS income statement - subsidiaries | | (14 474) | (2 579) | (8 347) | (275) | - | (2 158) | - | (8) | (1 107) |
| Share of operating expenses - associates | | (1 087) | (237) | (600) | (6) | - | (705) | 463 | (2) | 0 |
| **Total proportionate operating expenses** | | **(15 561)** | **(2 817)** | **(8 947)** | **(281)** | **-** | **(2 863)** | **463** | **(10)** | **(1 107)** |
| Share of operating expenses - associates of associates | | - | - | - | - | - | - | - | - | 0 |
| **Total operating expenses including associates of associates** | | **(15 561)** | **(2 817)** | **(8 947)** | **(281)** | **-** | **(2 863)** | **463** | **(10)** | **(1 107)** |
| Less: unrecoverable property expenses[1] | | 5 012 | 170 | 2 941 | 101 | - | 31 | (463) | - | 2 232 |
| **Total operating costs including direct vacancy costs** | A | **(10 549)** | **(2 647)** | **(6 006)** | **(180)** | **-** | **(2 832)** | **-** | **(10)** | **1 125** |
| Less: direct vacancy costs[2] | | 1 057 | 95 | 514 | - | - | 449 | - | - | 0 |
| **Total operating costs excluding direct vacancy costs** | B | **(9 492)** | **(2 552)** | **(5 492)** | **(180)** | **-** | **(2 383)** | **-** | **(10)** | **1 125** |
| Gross rental income line per IFRS income statement – subsidiaries | | 63 977 | 18 941 | 17 184 | 6 007 | 6 160 | 11 062 | 1 530 | 1 568 | 1 525 |
| Share of gross rental income - associates | | 12 334 | 1 177 | 3 729 | 36 | - | 6 301 | 569 | 397 | 124 |
| **Total proportionate gross rental income** | | **76 311** | **20 117** | **20 914** | **6 043** | **6 160** | **17 363** | **2 099** | **1 966** | **1 649** |
| Share of gross rental income - associates of associates | | - | - | - | - | - | - | - | - | 0 |
| **Total gross rental income including associates of associates** | | **76 311** | **20 117** | **20 914** | **6 043** | **6 160** | **17 363** | **2 099** | **1 966** | **1 649** |
| Less: gross rental income exclusions[3] | | (5 016) | (1 790) | (193) | (610) | 6 | (408) | (51) | (321) | (1 649) |
| **Gross rental income** | C | **71 295** | **18 327** | **20 721** | **5 433** | **6 166** | **16 955** | **2 049** | **1 644** | **0** |
| **EPRA cost ratio including direct vacancy costs (%)** | A/C | **14.8%** | **14.4%** | **29.0%** | **3.3%** | **-** | **16.7%** | **-** | **0.6%** | **0.0%** |
| **EPRA cost ratio excluding direct vacancy costs (%)** | B/C | **13.3%** | **13.9%** | **26.5%** | **3.3%** | **-** | **14.1%** | **-** | **0.6%** | **0.0%** |

1. *Unrecoverable property expenses include bad debts, marketing costs and letting commission.*
2. *Direct vacancy costs is calculated by applying the vacant GLA to the fixed costs of the building.*
3. *Gross rental income exclusions include IFRS adjustments such as lease incentives and straightline rental income.*

* *Other includes elimination building and other consolidation adjustments.*

## EPRA net initial yield (NIY) and Topped-up NIY

'EPRA NIY is calculated as the annualised net operating income at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property.

'The EPRA 'topped-up' NIY is calculated by making an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

| EPRA net initial yield (NIY) and Topped-up NIY | | Grit Group 30 June 2024 US$'000 | Office 30 June 2024 US$'000 | Retail 30 June 2024 US$'000 | Light Industrial 30 June 2024 US$'000 | Hospitality 30 June 2024 US$'000 | Corporate Accommodation 30 June 2024 US$'000 | Data Centre 30 June 2024 US$'000 | Medical 30 June 2024 US$'000 | Other* 30 June 2024 US$'000 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Investment property – subsidiaries | | 792 338 | 258 286 | 176 330 | 64 714 | 31 406 | 207 513 | – | 28 500 | 25 589 | – |
| Investment property – associates | | 80 683 | 12 725 | 38 065 | – | – | 29 893 | – | – | – | – |
| **Total investment property** | | **873 020** | **271 011** | **214 395** | **64 714** | **31 406** | **237 406** | **–** | **28 500** | **25 589** | **–** |
| Investment property – associates of associates | | – | – | – | – | – | – | – | – | – | – |
| Less: Undeveloped land | | (21 557) | (2 743) | (5 100) | (10 300) | – | (3 414) | – | – | – | – |
| Less: Properties under development | | – | – | – | – | – | – | – | – | – | – |
| **Completed property portfolio valuation** | A | **851 463** | **268 268** | **209 295** | **54 414** | **31 406** | **233 992** | **–** | **28 500** | **25 589** | **–** |
| EPRA annualised net operating income [1] | | 58 323 | 17 277 | 13 155 | 5 329 | 2 490 | 15 375 | – | 2 547 | 2 172 | (20) |
| Vacancy adjustments [2] | | 7 757 | 2 097 | 3 276 | – | – | 2 385 | – | – | – | – |
| **EPRA annualised net operating income plus vacancy adjustments** | B | **66 080** | **19 374** | **16 430** | **5 329** | **2 490** | **17 759** | **–** | **2 547** | 2 172 | (20) |
| Add: Annual concessions and rent free | | 3 368 | 900 | 545 | 312 | 54 | 1 558 | – | – | – | – |
| **EPRA topped up annualised net operating income plus vacancy adjustments** | C | **69 449** | **20 274** | **16 975** | **5 641** | **2 543** | **19 317** | **–** | **2 547** | **2 172** | **(20)** |
| **EPRA NIY** | B/A | **7.76%** | **7.22%** | **7.85%** | **9.79%** | **7.93%** | **7.59%** | **–** | **8.94%** | **8.49%** | **–** |
| **EPRA Topped-up NIY** | C/A | **8.16%** | **7.56%** | **8.11%** | **10.37%** | **8.10%** | **8.26%** | **–** | **8.94%** | **8.49%** | **–** |

1. *EPRA annualised net operating income comprises of the net operating income as at balance sheet date less EPRA exclusions (including non-recoverable property operating expenses).*
2. *Vacancy adjustments is calculated based on market rental for vacancies (i.e assuming a fully let property).*

## EPRA like-for-like Rental Growth

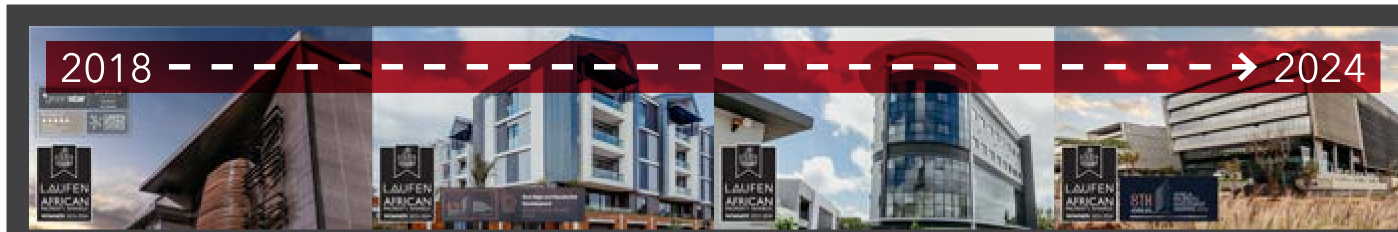
| Like(for(like rental growth | Grit Group 30 June 2024 US$'000 | Office 30 June 2024 US$'000 | Retail 30 June 2024 US$'000 | Light Industrial 30 June 2024 US$'000 | Hospitality 30 June 2024 US$'000 | Corporate Accommodation 30 June 2024 US$'000 | LLR 30 June 2024 US$'000 | Data Centre 30 June 2024 US$'000 | Medical 30 June 2024 US$'000 | Other 30 June 2024 US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| FY2024 | | | | | | | | | | |
| Gross rental income line per IFRS income statement- subsidiaries | 63 977 | 18 941 | 17 184 | 6 007 | 6 160 | 11 062 | – | 1 530 | 1 568 | 1 525 |
| Share of gross rental income- associates | 12 334 | 1 177 | 3 729 | 36 | – | 6 301 | – | 569 | 397 | 124 |
| **Total proportionate gross rental income** | **76 311** | **20 117** | **20 914** | **6 043** | **6 160** | **17 363** | **-** | **2 099** | **1 966** | **1 649** |
| Share of gross rental income- associates of associates | – | – | – | – | – | – | – | – | – | – |
| **Total gross rental income including associates of associates** | **76 311** | **20 117** | **20 914** | **6 043** | **6 160** | **17 363** | **-** | **2 099** | **1 966** | **1 649** |
| *Exclusions :* | – | – | – | – | – | – | – | – | – | – |
| Land | – | – | – | – | – | – | – | – | – | – |
| Other | (1 448) | – | – | 77 | – | – | – | – | – | (1 525) |
| Disposed Assets | (12 956) | – | (9 440) | – | (3 516) | – | – | – | – | – |
| New Assets | (2 335) | (767) | – | – | – | – | – | – | (1 568) | – |
| Pipeline Assets | – | – | – | – | – | – | – | – | – | – |
| | 59 571 | 19 350 | 11 474 | 6 120 | 2 644 | 17 363 | – | 2 099 | 397 | 124 |
| FY2023 | | | | | | | | | | |
| Gross rental income line per IFRS income statement- subsidiaries | 56 250 | 16 440 | 14 858 | 6 205 | 5 274 | 12 285 | – | – | – | 1 187 |
| Share of gross rental income- associates | 14 436 | 1 724 | 4 216 | 24 | 3 890 | 7 330 | 1 588 | 803 | 53 | (5 191) |
| **Total proportionate gross rental income** | **70 686** | **18 164** | **19 074** | **6 229** | **9 164** | **19 615** | **1 588** | **803** | **53** | **(4 004)** |
| Share of gross rental income- associates of associates | (19) | – | – | – | – | (5 467) | – | – | – | 5 447 |
| **Total gross rental income including associates of associates** | **70 666** | **18 164** | **19 074** | **6 229** | **9 164** | **14 148** | **1 588** | **803** | **53** | **1 444** |
| *Exclusions :* | – | – | – | – | – | – | – | – | – | – |
| Land | – | – | – | – | – | – | – | – | – | – |
| Other | (1 187) | – | – | – | – | – | – | – | – | (1 187) |
| Disposed Assets | (11 357) | – | (7 842) | – | (3 516) | – | – | – | – | – |
| New Assets | – | – | – | – | – | – | – | – | – | – |
| Pipeline Assets | – | – | – | – | – | – | – | – | – | – |
| | 58 122 | 18 164 | 11 232 | 6 229 | 5 648 | 14 148 | 1 588 | 803 | 53 | 256 |
| LIKE-FOR-LIKE RENTAL GROWTH | 2.49% | 6.53% | 2.15% | (1.75%) | (53.19%) | 22.73% | (100.00%) | 161.32% | 648.17% | (51.61%) |

## EPRA Capital Expenditure

| Property related capital expenditure | Investment Property 30 June 2024 US$'000 | Cost of investment properties 30 June 2024 US$'000 | Fair value of investment properties 30 June 2024 US$'000 | Lease incentive-IP 30 June 2024 US$'000 | Straight -line rental income accrual 30 June 2024 US$'000 | Right of use land-IP 30 June 2024 US$'000 | Owner Occupied Property Transfer 30 June 2024 US$'000 |
|---|---|---|---|---|---|---|---|
| Investment property - subsidiaries per IFRS income statement | 792 352 | 749 400 | 31 244 | 4 070 | 11 176 | 6 682 | (10 220) |
| Investment property - associates | 80 683 | 78 519 | 1 769 | 51 | 344 | - | - |
| **Total investment property** | **873 034** | **827 919** | **33 012** | **4 120** | **11 521** | **6 682** | **(10 220)** |
| Investment property - associates of associates | - | - | - | - | - | - | - |
| **Closing balance of Investment Property** | **873 034** | **827 919** | **33 012** | **4 120** | **11 521** | **6 682** | **(10 220)** |
| Movements* | 87 144 | 126 350 | (33 997) | 459 | 4 507 | 46 | (10 220) |
| **Opening balance of Investment Property** | **785 890** | **701 569** | **67 010** | **3 662** | **7 014** | **6 636** | **-** |
| **Movements made up of :* | - | | | | | | |
| Acquisitons | 33 701 | 37 725 | 5 422 | 20 | 754 | - | (10 220) |
| Disposals | (3 658) | 27 996 | (33 463) | 187 | 1 622 | - | - |
| Properties under development | 48 583 | 35 655 | 10 921 | - | 1 894 | 113 | - |
| Land | (107) | 62 | (101) | - | - | (67) | - |
| Refurbishment | (6 632) | 8 419 | (15 731) | 25 | 654 | - | - |
| Operating Assets | 15 258 | 19 494 | (4 045) | 226 | (418) | - | - |
| Other | 0 | (3 000) | 3 000 | - | - | - | - |
| **Total movements** | **87 144** | **126 350** | **(33 997)** | **459** | **4 507** | **46** | **(10 220)** |
| **Closing balance of Investment Property** | **873 034** | **827 919** | **33 012** | **4 120** | **11 521** | **6 682** | **(10 220)** |

## Development capabilities

The acquisition of controlling interests in GREA and APDM, concluded during the financial year, pivots the Group towards the Grit 2.0 strategy that envisages new assets being internally developed by the Group's development subsidiaries. The risk-mitigated and tenant-led development activity allows the Group to capture development margins that are accretive to the completed asset returns and additional revenue from providing development management and other real estate services to external third parties. Development risk is materially transferred to professional construction partners through fixed price or turnkey contracts and GREA largely only retains timing and final delivery risks.




**GREA**

**2018: Fully capitalised**

Equity Deployment: Strong track record

US$175 million of equity

**APDM**

**Experienced team with strong track record**

Equity Deployment:

| | |
|---|---|
| Combined Experience | More than 50 years |
| Countries | In over 40 countries |
| Projects Delivered | > US$300 million |
| Average annual revenue | > US$4 Million |

**GREA**

**2024: Balance sheet of completed property assets**

Property Portfolio now income producing.

US$500 million of current income producing assets, with further development completions expected by 2025

Through the development manager APDM, and its professional team, several projects have been successfully delivered over the the last 18 months with Eneo, Tatu City, mixed use development, the latest example of successful delivery on time and within budget. The Group's focus is on resilient sectors where GREA has specific skill, experience and delivery track record and APDM is also targeting 3rd party and external additional revenue on development activities. GREA's principal focus areas will be within its focused sub-sector vehicles

| Bora Africa | DH Africa | Healthcare Impact Africa |
|---|---|---|
| Bora Africa pursues ACQUISITIONS and DEVELOPMENT of INVESTMENT GRADE warehousing, prime logistics, light industrial, manufacturing, storage units, data centres and digital infrastructure.<br><br>In the year, Bora secured aUS$16million investment from the IFC, a division of the World Bank. | A Specialist platform, at scale, to better service Diplomatic housing clients incl. the US government<br><br>The focused Entity allows for better and more focused capital raising and debt financing. | A dedicated platform focusing on the provision of healthcare related real estate solutions across the African continent. |

GREA

| 100% | 100% | 100% |
|---|---|---|
| BORA AFRICA Impact Industrial | DH Africa | Healthcare Impact Africa |

GREA remains well capitalised to deliver further near-term pipeline, targeting development yields of between 10% and 12% that will provide Grit substantial net asset value and earnings growth once completed and once rental income streams have stabilised.

Moreover, Grit manages most of the existing and new assets through Grit Real Estate Services, earning additional revenue income.

# ENGAGING WITH OUR STAKEHOLDERS

Understanding our stakeholders is critical to the long-term success of our business. Through regular engagement with them, we build strong and sustainable relationships.

## Our Stakeholders

- Our Shareholders and Debt Providers
- Our Suppliers
- Our Tenants
- Governments and Authorities
- Our Employees
- Local Communities

| Stakeholders | | 2023/24 Outcomes and Highlights | 2024/25 Focus Areas |
|---|---|---|---|
| Shareholders & debt providers | We have an open and transparent approach to engagement with our shareholders and debt providers and see value in these long-term relationships. As it plays an important role in helping inform our strategy.<br>They expect us to generate sustainable returns, unlock value and provide regular, transparent reporting, and management engagements.<br>**Our Strategy:**<br>• Direct engagement with prospective investors and our top 20 shareholders spanning across UK, Mauritius and Africa<br>• Group engagement in hybrid, virtual and physical events<br>Other engagements include perception surveys, property tours and other industry events.<br>All material news is published via Regulatory News Services (RNS). | Investor Relations and Senior Management teams conducted over 100 one-on-one meetings, fostering direct engagement with key institutional investors and debt providers.<br>Additionally, we engaged with a number of prospective investors, further broadening our investor base and strengthening stakeholder relationships.<br>Extensive engagements were conducted with key decision-makers at various group events and conferences throughout the period. This included:<br>• Bi-annual results presentations.<br>• Participation in several key industry events, including the EAPI Summit (Kenya), API Summit (South Africa), EPRA Conference, and multiple InvestAfrica Networking Events (London).<br>The Company obtained pre emptive covenant condonements from banks.<br>28.6% of shareholders entitled to vote at our 2023 AGM, voted against our non-binding advisory vote on the Implementation Report on the Remuneration policy. The company engaged with the dissenting shareholders and sought clarity on areas of concern.<br>As part of our strategy to obtain an industry recognised ESG rating on the listed share, our sustainable business team has been relentless In getting more than 70% of our portfolios on the EDGE platform for certification - refer to page 40 in this report. | Continued focus on existing shareholder engagements in individual, group and conference meetings.<br>We continue to focus on reducing cost of funding and are investigating possible debt refinancing solutions<br>Improved Group hedging with the combination of GREA's balance sheet<br>We remain focused on the objective to achieve an industry recognised ESG rating on the listed share. |
| Suppliers | To run our business efficiently, we maintain strong relationships with all our service providers.<br>**Their expectations:**<br>• Open and fair payment terms.<br>• Long-term partnerships and collaborative approach.<br>• Transparency in business decisions and activities.<br>**How we engage:**<br>We build strong and sustainable relationships with suppliers. Focus is on shared values, business ethics compliance and service delivery to meet Grit's required expectations. | • We maintained our support of local businesses in all operating jurisdictions.<br>• Enhanced communication with service providers<br>• Engaged our key suppliers on our sustainability and ESG journey.<br>• Continued to communicate the onboarding, compliance and procurement process to all suppliers. | Continued management of our suppliers and keeping open communication.<br>Driving our core values and business ethics with all our suppliers.<br>Continued engagement on environmental and sustainability best practices. |

## ENGAGING WITH OUR STAKEHOLDERS (CONTINUED)

| Stakeholders | | 2023/24 Outcomes and Highlights | 2024/25 Focus Areas |
|---|---|---|---|
| Tenants | Grit's success is dependent on its ability to understand and respond to its tenants' needs, by delivering tailor-made Real Estate solutions.<br>**Their expectations:**<br>• Suitable and flexible lease terms.<br>• Quality, safety and sustainability of premises and amenities.<br>• Prompt and efficient communications regarding Group activities and decisions.<br>**How we engage:**<br>We actively engage with our tenants through our dedicated property management teams on service level adherence, which encourages tenant retention. | • We retained the tenancy of key global tenants by extending and pre-empting the renewals for lease terms and further secured occupancy over additional premises by meeting their expansion requirements<br>• Increased occupancy of commercial and Industrial portfolio through engagement with tenants on business expansion requirements.<br>• Engaged tenants (especially at triple-net properties) on their carbon emissions as part of our carbon emission assessment that was completed In April 2024 as disclosed under the TCFD section of this report. | Continued focus on key tenancies to ensure retention, growth and expansion opportunities are met.<br>Implementing Customer satisfaction surveys on a rotational basis across the portfolio<br>Engage with tenants on sustainability initiatives to understand their targets and incorporate into group framework. |
| Government and Authorities | Grit is committed to engaging constructively with the local authorities and government in all jurisdictions, where it operates.<br>**Their expectations:**<br>• Compliance with applicable listing rules and legislations.<br>• Proactive engagement with authorities and governments.<br>• Openness and ethical business practices.<br>**How we engage:**<br>Grit takes constructive, positive approach to working with authorities and regulatory bodies to ensure continuous compliance with all applicable listing rules, and legislations. | • Continuous compliance with all applicable listing rules, legislations and the principles of the Codes of Corporate Governance (Mauritius & UK).<br>• Filings done with authorities on time.<br>• Special Licenses obtained from Financial Services Commission (FSC) and close collaboration with authorities for development of projects.<br>• Attended to all recommendations from the FSC with respect to the Company's special licenses, after the commission's on-site inspection in 2023. | Advanced robust controls to comply with all applicable listing rules, legislations and the principles of the Codes of Corporate Governance (Mauritius & UK).<br>Impact assessment and adherence to changes to the UK Code of Corporate Governance and changes in legislation, listing rules.<br>Compliance with specific licensing requirements. |
| Local Communities | We continuously engage various Non-Governmental Organisations (NGOs) and local communities and authorities with the objective of delivering real and measurable impact. Our social initiatives empower people to make a real and lasting difference in their own lives and the communities around them. | • Refer to the Responsibility section of this IAR on page 56 with respect to our CSR initiatives. | Through the Gr1t Foundation, the Company will continue to create meaningful impact in the communities of our investment jurisdictions. |
| Employees | Grit has a talented, diverse and dedicated workforce.<br>**Their expectations:**<br>• Opportunities for growth and development.<br>• Opportunity to share ideas and make a difference.<br>• Diversity and inclusion.<br>• Rewarding work environment.<br>Wellbeing and work-life balance.<br>**How we engage:**<br>Foster an exciting, collaborative, high-performance culture and work environment that supports wellbeing, embraces diversity and challenges individuals to reach their highest potential. | • 2 148 hours of training registered within the group, we've fortified our team for a future of excellence and innovation.<br>• With 10 new recruits, our team continues to grow through a network of talent that believes in our mission and values.<br>• Employee Engagement Score was maintained at over 80%, reflecting our commitment to fostering a thriving and motivated workforce.<br>• 94% of staff know what they need to do to be successful in their role and 89% are proud to work for Grit. Through staff satisfaction as well as peer review, our commitment to fostering a culture of feedback continues to drive collaboration, growth, and excellence within our organisation. | • Talent Upcycling and internal redeployments.<br>• Impact 13 staff training programme<br>• Succession Planning- to ensure business continuity by preparing our existing leaders |

# RESPONSIBILITY

During the period under review, the Board continued to express satisfaction with the Company's sustainability agenda which falls under the mandate of the Responsible Business Committee (refer to page 146 for the responsibilities of the Responsible Business Committee). The foundations of the United Nations' Sustainable Development Goals (SDGs) and ESG frameworks remain the basis on which Grit's sustainability framework and strategy are built and the Responsible Business Committee is committed to ensure ongoing alignment of our sustainability strategy with international sustainability frameworks.

## Sustainability Highlights

| | |
|---|---|
| **Carbon emissions**<br>25% Reduction by 2025[1]<br>On track | 14%<br>On target |
| **Building efficiency**<br>25% Reduction by 2025[2]<br>On track | 16%<br>On target |
| **Gender Equality**<br>≥40% women in leadership positions[3] | 40%<br>On target |
| **Local Representative**<br>>65% local employees | 81%<br>Maintained |
| **IFC Edge certified**<br>All new developments | 3 |

1. *Using 2019 as a base year, including air travel and portfolio building electricity consumption for the following properties: Ghana – 5th Avenue, Capital Place; Kenya – Buffalo Mall; Morocco: AnfaPlace Mall; Mozambique – Acacia Estate, Hollard/KPMG Building, Vodacom Building, Commodity Phase 1, Commodity Phase 2, Vale Housing Estate, Mall de Tete, Zimpeto Square; Zambia – Cosmopolitan Mall, Kafubu Mall, Mukuba Mall*
2. *Using 2019 as a base year. Building efficiency is an internal target and is a factor of electricity consumption and water consumption that allows us to monitor the effectiveness of initiatives implemented. Data for electricity consumption as per note 1 and Data for water consumption for the following properties: Ghana – 5th Avenue, Capital Place; Morocco: AnfaPlace Mall; Mozambique – Acacia Estate, Hollard/KPMG Building, Vodacom Building, Commodity Phase 1, Commodity Phase 2, Vale Housing Estate, Mall de Tete, Zimpeto Square; Zambia – Cosmopolitan Mall, Kafubu Mall*
3. *Leadership positions defined as women occupying managerial positions and above (inclusive of board)*

## Green certifications

| | | |
|---|---|---|
| **DH3 Rosslyn Grove** | IFC EDGE LEVEL 2<br>Advanced Certification | Edge – Excellence in Design For Greater Efficiencies |
| **ENEO Tatu City** | IFC EDGE LEVEL 1<br>With as-built level 2 anticipated Q3, 2024 | Edge – Excellence in Design For Greater Efficiencies |
| **The Precinct** | 5-STAR-GREEN STAR RATING<br>from Green Building Council of South Africa | Green Building Council South Africa |
| **The Precinct** | ECODISTRICTS<br>Certification | EcoDistricts CERTIFIED |

## Awards and Recognitions

| | |
|---|---|
| IPA Best Sustainable Commercial Development: The Precinct | IPA Best Apartment/Condominium Development: Rosslyn Grove |
| IPA Best Public Service Development: Artemis Curepipe Hospital | IPA Best Office Development: Adumuah Place |
| IPA Best Commercial Office Development: Elevation Diplomatic Residences | IPA Best Office Architecture: Eneo at Tatu City |
| EUROMONEY Best Real Estate Development in Africa: Rosslyn Grove | API Best Commercial Office Development: Unity Building at The Precinct |
| API Best Alternative Asset: Artemis Curepipe Hospital | API Top Africa CEO in Real Estate: Bronwyn Corbett |
| EPRA (European Public Real Estate Association): SBPR (Best Practices Recommendations in Sustainability Reporting) - Silver | EPRA (European Public Real Estate Association): BPR (Best Practices Recommendations in Global Reporting) - Silver |

## Overview of Grit's Sustainability Framework

Grit Real Estate Income Group (Grit) is committed to sustainable development, guided by the United Nations' Global Compact 10 principles, the United Nations Sustainable Development Goals (SDGs) as well as the European Public Real Estate Association (EPRA) Sustainability Best Practices Recommendations Guidelines. Our sustainability strategy is structured by the Responsible Business Committee (RBC) to ensure alignment with these international standards and to address key environmental, social, and governance (ESG) issues within our operations.

Implemented in 2020, our sustainability framework has been and continues to be the heart of our sustainability strategy. This framework is based on 6 pillars that drive our business and the way we operate.

**Core SDGs**

### Managing our assets responsibly

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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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

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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

### Uplifting communities

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

8 DECENT WORK AND ECONOMIC GROWTH

### Developing our employees

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

10 REDUCED INEQUALITIES

### Setting the highest standards of health & safety

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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

### Protecting human rights

Human rights are basic rights that belong to everybody. They embody key values in their society such as fairness, dignity, equality and respect. They are an important means of protection for us all, especially those who may face potential abuse and neglect. At Grit, the protection of human rights and fundamental freedoms are managed from both an internal and external perspectives. The Board has a zero tolerance to risks associated to health and safety issues.

10 REDUCED INEQUALITIES

Grit's sustainability policy complements our framework and quantify our impact on the environmental and social side through 5 high level targets that the Board has set for the Company to achieve and maintain over 5 years (2019 to 2025):

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| 25%[1] reduction in Group carbon emissions by 2025 | 25%[2] improvement in building-efficiency by 2025 through reductions in electricity & water consumption | At least 40%[3] of leadership positions within Grit Group held by women | At least 65% local employee representation | All new developments will be IFC Edge certified |

1. *Using 2019 as a base year, including air travel and portfolio building electricity consumption for the following properties: Ghana – 5th Avenue, Capital Place; Kenya – Buffalo Mall; Morocco: AnfaPlace Mall; Mozambique – Acacia Estate, Holland/KPMG Building, Vodacom Building, Commodity Phase 1, Commodity Phase 2, Vale Housing Estate, Mall de Tete, Zimpeto Square; Zambia – Cosmopolitan Mall, Kafubu Mall, Mukuba Mall*
2. *Using 2019 as a base year. Building efficiency is an internal target and is a factor of electricity consumption and water consumption that allows us to monitor the effectiveness of initiatives implemented. Data for electricity consumption as per note 1 and Data for water consumption for the following properties: Ghana – 5th Avenue, Capital Place; Morocco: AnfaPlace Mall; Mozambique – Acacia Estate, Holland/KPMG Building, Vodacom Building, Commodity Phase 1, Commodity Phase 2, Vale Housing Estate, Mall de Tete, Zimpeto Square; Zambia – Cosmopolitan Mall, Kafubu Mall*
3. *Leadership positions defined as women occupying managerial positions and above (inclusive of board)*

Our 3-year ESG plan was put forward as part of our journey to update our strategy in consideration of international standards.

| | Status |
|---|---|
| **Materiality Assessment**<br>We have conducted our first materiality assessment (results published in our FY2023 Integrated Report).<br>Top 3 material issues identified included: Anti-corruption & Bribery, Health & Safety of employees and subcontractors, Privacy & Data Security | (Completed) |
| **Carbon Footprint**<br>Our first carbon footprint exercise was completed in May 2024 and consisted of data from FY 2022. This comprehensive study will allow the Company to relook at its carbon targets (scope 1, scope 2 and scope 3) using the Greenhouse Gas (GHG) Protocol to reflect on our updated and evolving portfolio and our commitment towards mitigating our climate change impact.<br>The results of the carbon footprint can be found on page 90 of this report. | (Completed) |
| **ESG Strategy**<br>We are in the process of reviewing our sustainability framework to consolidate all works that have been done in the previous years both from an ESG and impact perspectives. Our sustainability framework will also have updated targets and new KPIs to allow us to better track our sustainability performance. | (In progress) |
| **Task Force on Climate-Related Financial Disclosures (TCFD) Report**<br>The Company continues to report on its climate-related disclosures under the TCFD recommendations, while monitoring upcoming changes in reporting standards.<br>TCFD report is found on pages 86 to 103 of this report. | (Completed) |
| **ESG Report**<br>The Board is aware of the new IFRS Standards around sustainability reporting and is committed to ensure full disclosure in the long term.<br>Management has gone through the guidelines released by the IFRS Foundation regarding the ISSB Standards and working sessions have been held with the Company's ESG consultants (ESG Intellis) during which relevant sections in the Company's ESG reporting and TCFD disclosures, which fall within the reporting requirements under IFRS S1 and S2 have been identified. We are confident that the Company will be able to disclose a clear action plan to full disclosure in the long term. | |

Our ESG management system has been implemented across our entire assets portfolio in alignment with the IFC Performance standards.

## Membership and Affiliations

**UNITED NATIONS GLOBAL COMPACT**
Participant since February 2020

**GLOBAL COMPACT AND INDIAN OCEAN REGION (LOCAL NETWORK)**
Council Member

**TARGET GENDER EQUALITY**
Onboarded since July 2023

## Impact Policy and Framework

Last year marked the release of our Impact policy and Impact Report (see link for our 2023 Impact report: https://grit.group/sustainable-business/impact-report/). Three impact focus areas have been identified:

Economic Growth | Improved Livelihoods | Environmental Stewardship

These focus areas serve as guidance for our investments and initiatives, ensuring Grit has a positive and measurable impact on the communities that the Company serves and in which it operates.

| Impact Focus Area | Alignment Description | Sub Impact Area | SDG Goal and Target |
|---|---|---|---|
| Economic Growth | Catalysing economic activity through new developments<br>Sustaining economic activity through existing development | Positive Economic contribution<br>Catalysing economic activity | 8 DECENT WORK AND ECONOMIC GROWTH |
| Improved Livelihoods | Creating and sustaining decent jobs<br>Providing access to life-enhancing goods and services<br>Promoting access to economic opportunities for marginalized groups, including women<br>Remaining an active and responsible member of host countries | Creating decent jobs<br>Enhancing Stakeholder Livelihoods<br>Promoting economic inclusivity | 10 REDUCED INEQUALITIES |
| Environmental Stewardship | Responsible Consumption of resources<br>Consideration of environmental factors in the development, maintenance, and management of buildings | Environmental considerations<br>Resource responsibility<br>Reducing environmental impact | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |

## Responsible Investment

ESG Integration in Investment Process

In our commitment to responsible investment, we have made significant strides in integrating Environmental, Social, and Governance (ESG) factors into our investment processes. During the year under review, we have demonstrated this in several aspects:

1. **Policy Development:** We introduced a comprehensive ESG Policy, outlining the criteria for ESG evaluation and our commitment to sustainability and ethical governance. This policy serves as the cornerstone of the Company's investment strategy.
2. **Impact Policy:** Our Impact Policy is designed to maximize positive social and environmental outcomes through our investments. Each investment is aligned with these objectives to ensure that our capital contributes to meaningful change.
3. **Due Diligence Enhancement:** ESG considerations are now a mandatory component of our due diligence process. Every potential investment undergoes rigorous ESG screening to ensure alignment with our values and objectives. This integration helps in identifying risks and opportunities related to ESG factors early in the investment process.
4. **Contractual Agreements:** We have included ESG clauses in our contractual agreements with certain suppliers. These clauses ensure that our suppliers adhere to Grit's ESG standards and are committed to continuous improvement in their ESG performance.
5. **Team Training:** Our investment team has undergone extensive training on ESG principles and practices. This training ensures that all team members are equipped with the knowledge and skills to evaluate ESG factors effectively and make informed investment decisions.

Our dedication to responsible investment is unwavering, and we are proud of the progress we have made during the course of the year ended 30 June 2024. By integrating ESG and Impact factors into our investment processes, continuously improving our impact assessment methodologies, and engaging with stakeholders, we are driving positive change and delivering value for all our stakeholders.

## Carbon Footprint

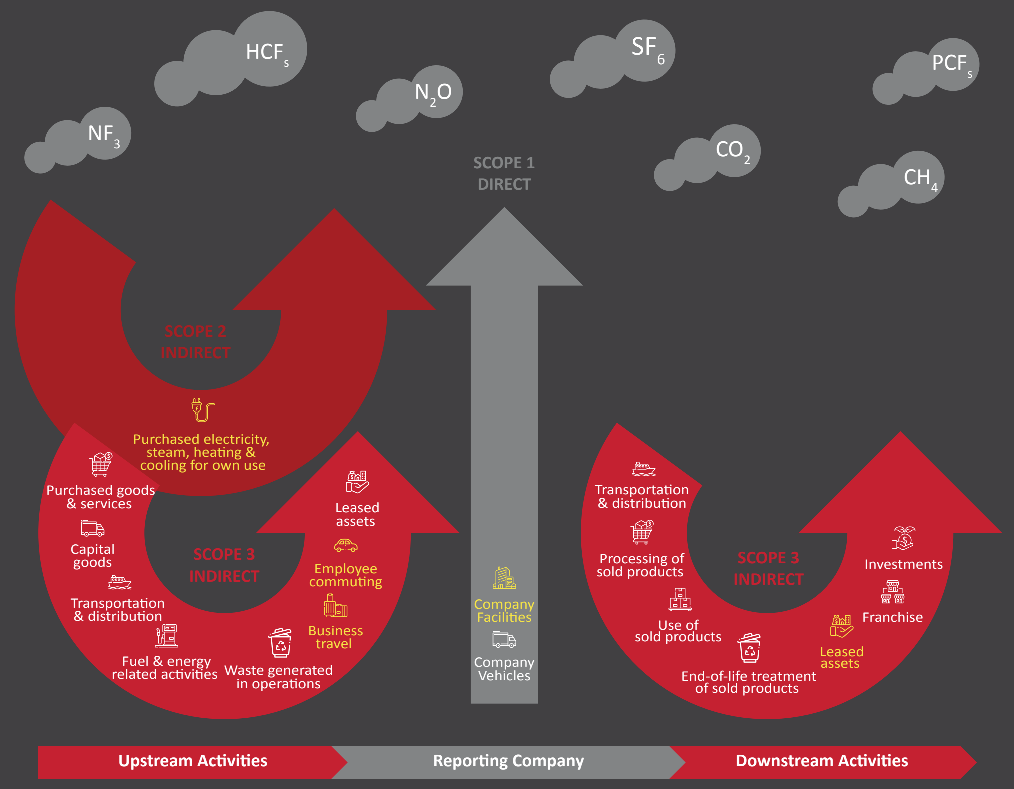
A comprehensive carbon footprint report was published in April 2024, covering emissions for the financial year ended 30 June 2023 and for properties categorized as per below table:

| Portfolio Name | Country | Sector Grouping | Types of Leases |
|---|---|---|---|
| Assets under operational control (Scope 1 and Scope 2) | | | |
| Acacia Estate | | Corporate Accommodation | Multi-Tenant Standard Lease |
| Commodity House Phase 1 | | Office | Multi-Tenant Standard Lease |
| Commodity House Phase 2 | | Office | Multi-Tenant Standard Lease |
| Hollard Building | Mozambique | Office | Multi-Tenant Standard Lease |
| Mall de Tete | | Retail | Multi-Tenant Standard Lease |
| VDE Housing Estate | | Corporate Accommodation | Multi-Tenant Standard Lease |
| Zimpeto Square | | Retail | Multi-Tenant Standard Lease |
| AnfaPlace Mall | Morocco | Retail | Multi-Tenant Standard Lease |
| Buffalo Mall | Kenya | Retail | Multi-Tenant Standard Lease |
| 5th Avenue | Ghana | Office | Multi-Tenant Standard Lease |
| Adumuah Place | | Office | Asset management |
| Capital Place | | Office | Multi-Tenant Standard Lease |
| Elevation Diplomatic Residences[1] | Ethiopia | Corporate Accommodation | Asset management |
| Metroplex Shopping Centre | Uganda | Retail | Asset management |
| Assets not under operational control (Scope 3) | | | |
| Cosmopolitan Mall | Zambia | Retail | Multi-Tenant Standard Lease |
| Kafubu Mall | | Retail | Multi-Tenant Standard Lease |
| Mukuba Mall | | Retail | Multi-Tenant Standard Lease |
| Vodacom Building | Mozambique | Office | Triple Net Lease |

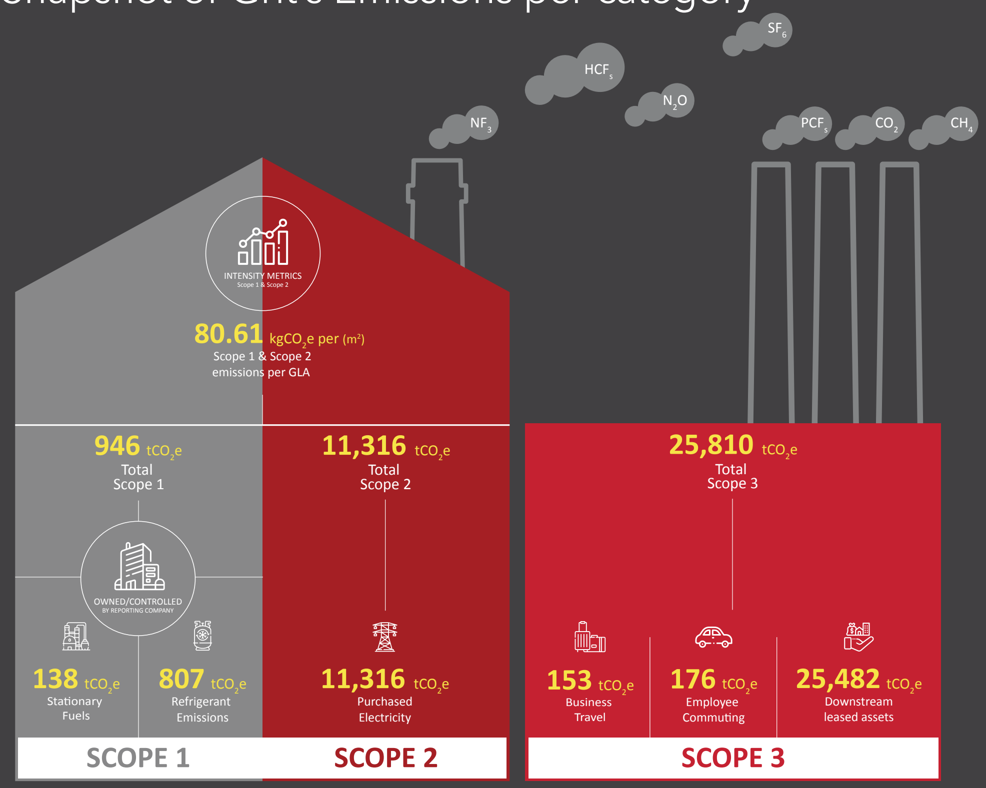
We considered the operational control approach for this study. Below is a summary of Grit's scope 1, 2 and 3 emissions for the financial year ended 30 June 2023.

1. *This building has been excluded from this report due to non-operational status. Carbon emission associated with this property will be accounted in subsequent reports when it is operational.*

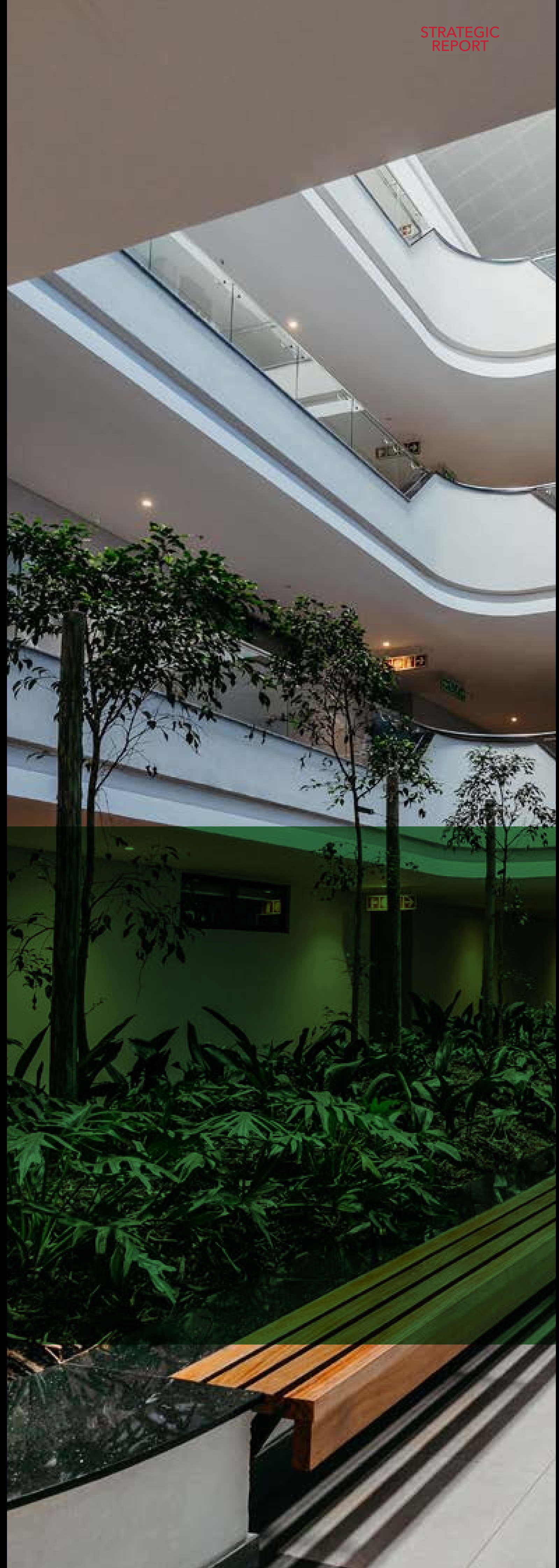
## Grit's operational boundary




## Snapshot of Grit's Emissions per category







## Future Sustainability Objectives and Strategies

The Grit 2.0 strategy aims at refining the Company's approach to pursue risk-mitigated and pre-leased developments, alongside asset management activities that generate fees, and development management complementing the sustainable property income from its existing portfolio. Since 2022, we have embarked on several projects such as looking at our impacts, conducting our materiality assessment as well as working on determining our carbon footprint to set the foundation for the upcoming sustainability strategy.

A. As part of the Grit 2.0 strategy, the entire sustainability framework is currently being reviewed:
   1. Current targets are being assessed to cater for the evolving portfolio and change in organizational structure.
   2. Carbon targets are being revisited to align with the GHG protocol and better reflect performance.
   3. Impact policy will be integrated within the sustainability framework to avoid duplication report.
   4. ESG Dashboard will be updated to reflect new targets and KPIs to be monitored.
   5. The materiality assessment will guide the prioritization of strategic areas, including communication strategies on sustainability.
   6. The Sustainability Policy will be reviewed to reflect all the above changes.

B. Alongside the revamping of our sustainability strategy, we are also working on putting in place a decarbonization strategy for both our new and existing assets. The carbon footprint will serve as a guidance to identify pain points and quick wins.

## Anticipated Challenges and Opportunities

Our commitment to sustainability is a core component of our business strategy. However, implementing green building practices, enhancing energy efficiency, creating social impact, and investing in renewable energy come with their own set of challenges. Here, we outline the key challenges we face and how we are addressing them.

**Challenges**

1. Retrofitting Existing Properties
2. Financial Implications
3. Finding the Right Partners

**Opportunities**

1. Green Building
2. Energy Efficiency
3. Social Impact
4. Renewable Energy

RESPONSIBILITY (CONTINUED)

## Challenges

### Challenge #1: Retrofitting Existing Properties

Retrofitting existing properties to meet modern sustainability standards is a significant challenge. Most of our current assets were built before the adoption of contemporary green building practices, necessitating extensive renovations to improve energy efficiency and environmental performance.

- **Technical Complexity:** Upgrading older buildings to meet green certification standards involves complex technical challenges. This includes installing new HVAC systems, improving insulation, and integrating renewable energy sources.
- **Disruption to Tenants:** Retrofitting can cause temporary disruptions to tenants, affecting their operations and satisfaction. Careful planning and communication are essential to minimize inconvenience and maintain positive tenant relationships.

### Challenge #2: Financial Implications

The financial implications of sustainability initiatives are another critical challenge. While the long-term benefits of energy efficiency and green building practices are clear, the initial investments required can be substantial.

- **High Upfront Costs:** Implementing sustainable technologies and practices often involves significant upfront capital expenditures. This includes costs for materials, labor, and new technologies, which can strain budgets and impact short-term financial performance.
- **Return on Investment (ROI):** Achieving a favorable ROI on sustainability projects can take time, particularly in markets where green premiums are not yet fully realized. Grit must carefully balance the financial risks and rewards of these investments.

### Challenge #3: Finding the Right Partners

Identifying and partnering with the right stakeholders is crucial for the success of our sustainability initiatives. This includes working with suppliers, contractors, and service providers who share our commitment to sustainability and possess the necessary expertise.

- **Quality and Reliability:** Ensuring that partners deliver high-quality, reliable services is essential. This includes selecting vendors who can provide sustainable building materials, energy-efficient technologies, and effective waste management solutions.
- **Local Expertise:** Partnering with local experts who understand the specific environmental and social contexts of the regions where Grit operates is vital. This helps us tailor our sustainability initiatives to meet local needs and maximize their impact.

Despite these challenges, we are dedicated to overcoming them by leveraging our expertise, fostering innovation, and building strong partnerships. Our commitment to sustainability is unwavering, and we are confident that by addressing these challenges head-on, we can drive long-term value for our stakeholders while making a positive impact on the environment and society.

While we acknowledge the challenges, we also recognize the vast opportunities to enhance our portfolio's environmental and social performance through our focus on green building, energy efficiency, social impact, and renewable energy.

## Opportunities

### Opportunity #1: Green Building

Green building practices present a significant opportunity for Grit to enhance the value and performance of our properties. By incorporating sustainable materials, energy-efficient designs, and environmentally friendly construction practices, we can reduce our carbon footprint and operational costs while increasing the appeal of our assets.

- **Enhanced Property Value:** Buildings that meet green certification standards, such as EDGE, typically command higher market values and rental rates. This leads to improved returns on investment and increased attractiveness to tenants who prioritize sustainability.
- **Regulatory Compliance and Incentives:** Many African countries are implementing stricter environmental regulations and offering incentives for sustainable construction. Grit can leverage these opportunities to gain a competitive edge and benefit from tax breaks, grants, and other financial incentives.
- **Resilience and Longevity:** Sustainable buildings are designed to be more resilient to environmental stresses, including climate change. This enhances the longevity and durability of our assets, reducing maintenance costs and ensuring long-term viability.

Refer to pages 86 to 103 in the TCFD section of this report for more details on the opportunities around our resilience to climate change.

### Opportunity #2: Energy Efficiency

Investing in energy efficiency is a critical strategy for reducing operational costs and minimizing our environmental impact. By upgrading our properties with state-of-the-art energy-saving technologies, we can achieve significant cost savings and improve tenant satisfaction.

- **Reduced Operating Costs:** Energy-efficient buildings consume less power, leading to lower utility bills and reduced operating expenses. These savings can be passed on to tenants, making our properties more attractive and competitive.
- **Attracting Eco-Conscious Tenants:** There is a growing demand for energy-efficient properties from tenants who are increasingly aware of their environmental impact. By offering energy-efficient spaces, Grit can attract and retain tenants who prioritize sustainability.
- **Technological Innovation:** Advances in smart building technologies, such as automated lighting and HVAC systems, provide opportunities to further enhance energy efficiency. Grit can leverage these innovations to create intelligent, responsive buildings that optimize energy use in real-time.

### Opportunity #3: Social Impact

Grit is committed to creating positive social impacts through our real estate investments. By focusing on projects that deliver tangible benefits to local communities, we can contribute to the social and economic development of the regions where we operate.

- **Community Engagement and Development:** Investing in projects that provide essential services and job creation, such as healthcare, data centres, call centres and industrial, including diplomatic housing. These projects are designed to improve the quality of life for local residents.
- **Job creation:** Partnering with local suppliers, and service providers ensures that the economic benefits of our projects are felt within the communities where we operate. This does not only foster economic growth but also strengthens community ties, promotes social stability, and enhances the overall quality of life for local residents.
- **Sustainable Building Practices:** Implemented sustainable building practices in our real estate projects to minimize environmental impact and promote long-term sustainability. This includes the use of energy-efficient materials and technologies, as well as waste reduction initiatives.
- **Social Engagement:** We actively engage with local NGOs and communities to understand their needs and identify ways we can contribute and create a positive social impact. Partnering with organizations like Buildher supports this initiative and helps us achieve our Sustainable Development Goals

### Opportunity #4: Renewable Energy

Investing in renewable energy sources is a cornerstone of our sustainability strategy. By integrating renewable energy solutions into our properties, we can reduce our reliance on fossil fuels, lower greenhouse gas emissions, and support the transition to a low-carbon economy.

- **On-Site Renewable Energy Generation:** Installing solar panels and other renewable energy systems on our properties allows us to generate clean, renewable energy on-site. This not only reduces our carbon footprint but also provides a reliable and cost-effective source of energy for our tenants.
- **Energy Independence:** By producing our own renewable energy, we can reduce our dependence on external energy suppliers and enhance the energy security of our properties. This is particularly important in regions where energy supply can be unreliable.
- **Positive Environmental Impact:** Embracing renewable energy aligns with our commitment to environmental stewardship. It enables us to contribute to global efforts to combat climate change and position Grit as a leader in sustainable real estate development.

# ENEO CASE STUDY

## Our ESG Performance

### Always considering the Environment as part of our development process

- An EIA (Environmental Impact Assessment) study was completed by Green by Choice, an outsourced Environmental consultant. We also developed an **Environmental Management Plan (EMP)** for the project which was monitored and reported on by the consultant. Green by Choice was appointed during construction period to monitor environmental compliance in accordance with the EIA license that had been issued.
- **Sustainability initiatives:** This property development is proud to emphasize its eco-friendly features, such as the utilization of locally sourced, eco-friendly, and natural materials, the installation of energy-efficient lighting, and the use of water-saving sanitary ware, to name a few. These sustainable practices are in line with Grit's impact real estate strategy.
- An **EDGE Certification** LEVEL 1 with as-built level 2 is anticipated by Q4 2024.

## Developing while making an impact

- Strong emphasis was placed on **local procurement - 74%** of total project cost.
- **Circa 3070+ jobs created**
- **Invested US$34 000** into an NGO called **BuildHer** to train and upskill women in construction related jobs on site, from laying bricks, to plastering, painting and carpentry these women were then offered employment on our construction site.

**Zero H&S incidents and zero LTI (Lost Time Injury)**


CIRCA
3 070+
JOBS CREATED

LOCAL PROCUREMENT
74%

INVESTED
US$34 000
BUILDHER


# ENVIRONMENT

| | |
|---|---|
| **Carbon emissions**<br>25% Reduction by 2025[1]<br>On track | 14%<br>On track |
| **Building efficiency**<br>25% reductions in electricity & water consumption by 2025[2]<br>On track | 16%<br>On track |
| **IFC Edge certified**<br>All new developments | 3 |

1. *Using 2019 as a base year, including air travel and portfolio building electricity consumption for the following properties: Ghana – 5th Avenue, Capital Place; Kenya – Buffalo Mall; Morocco: AnfaPlace Mall; Mozambique – Acacia Estate, Hollard/KPMG Building, Vodacom Building, Commodity Phase 1, Commodity Phase 2, Vale Housing Estate, Mall de Tete, Zimpeto Square; Zambia – Cosmopolitan Mall, Kafubu Mall, Mukuba Mall*
2. *Using 2019 as a base year. Building efficiency is an internal target and is a factor of electricity consumption and water consumption that allows us to monitor the effectiveness of initiatives implemented. Data for electricity consumption as per note 1 and Data for water consumption for the following properties: Ghana – 5th Avenue, Capital Place; Morocco: AnfaPlace Mall; Mozambique – Acacia Estate, Hollard/KPMG Building, Vodacom Building, Commodity Phase 1, Commodity Phase 2, Vale Housing Estate, Mall de Tete, Zimpeto Square; Zambia – Cosmopolitan Mall, Kafubu Mall*

## Diesel Consumption

As part of our commitment to transparently report on our emissions, we are putting in place a monitoring system covering most of our assets in terms of resource consumption.

Number of assets: 6 (Capital Place, 5th Avenue, Anfa Place, Mukuba Mall, Kafubu Mall, Cosmopolitan Mall)

**Total Diesel consumption:** 147,033 L

### Explanation of Trends

Over the past couple of years, we observed an upward trend in electricity consumption across our properties, largely due to higher occupancy rates and the return of tenant employees to offices following the COVID-19 pandemic. As businesses resumed normal operations, the consistent and intensive use of electrical systems became more pronounced.

Recognizing the need for efficient energy management, we implemented several initiatives, including LED lighting, motion sensors, timers, and energy-efficient HVAC systems. We have also reduced the number of business trips. These efforts, along with an unusual number of electricity outages in FY 2024 across several countries where our assets are located, have contributed to a decrease in electricity consumption. Consequently, we have increasingly relied on diesel-fueled generators to maintain operations.

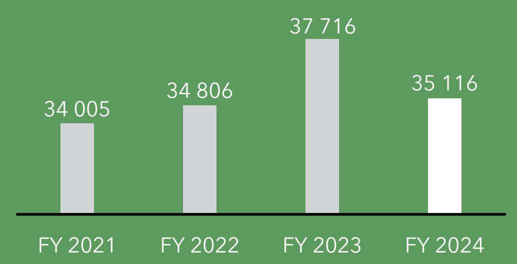
### Outlook

Looking forward, we are committed to further reducing electricity consumption across our property portfolio. Our future initiatives will focus on leveraging advanced technologies and promoting sustainable practices. Key strategies we are exploring include, continued phased retrofit of LED lighting, Renewable Energy Sources, Energy Storage Systems, Smart Energy Management Systems, Building Automation Systems, Tenant Engagement and Green Building Certifications.

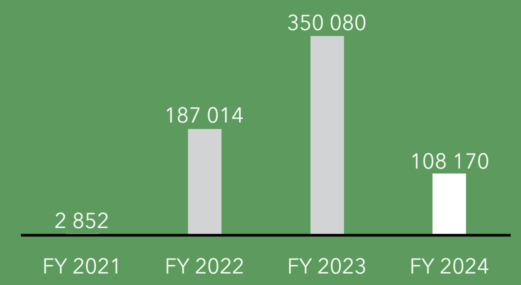
## Group Carbon Emissions

The carbon emissions reported in this section are specifically from the Grit Group and do not include any emissions from our external stakeholders such as tenants. These emissions should not be confused with the emissions disclosed under the TCFD section of this report, as those include carbon emissions from our stakeholders as required under the various scopes.

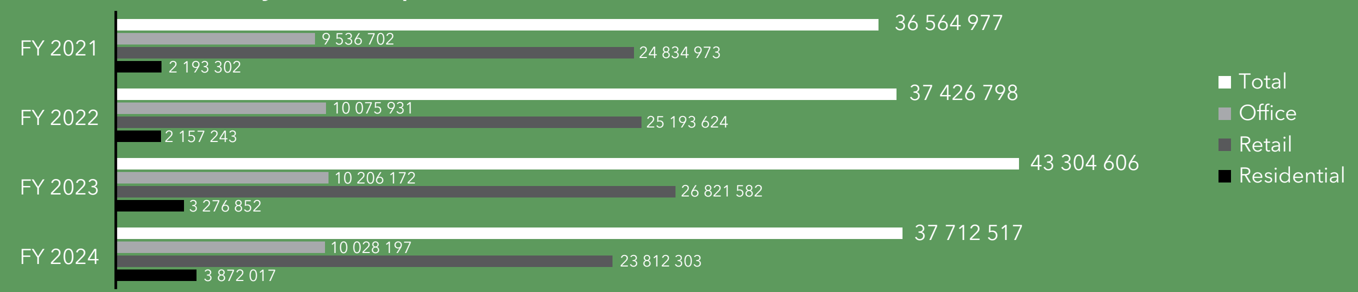
### Group Carbon emissions (Kg $CO_2$e'000)[3]




### Air Travel Carbon Emissions (Kg $CO_2$e'000)[4]



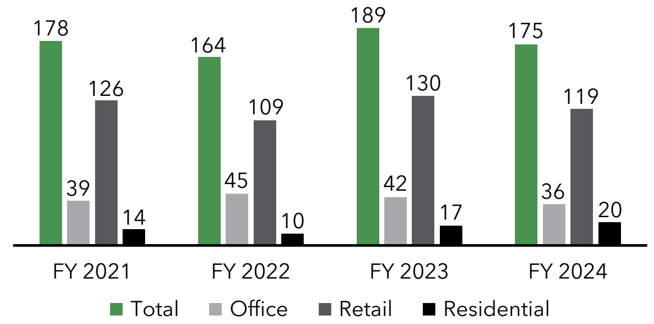

### Portfolio electricity consumption (kWh)[5]




3. *The Group Carbon Emissions include air travel and portfolio building electricity.*
4. *The air travel Carbon Emissions in above are for Grit travels only and do not include travels in the entire supply chain as disclosed under scope 3 in the TCFD section of this report.*
5. *Portfolio Electricity Consumption in kWh for 15 assets.*

## Water

### Water Consumption (KL'000)




### Explanation of Trends

The decrease in water consumption can be attributed to several key initiatives aimed at improving water efficiency across our properties:

1. **Timing of Irrigation:** By optimizing the timing of irrigation, scheduling it during early mornings and late afternoons, we have reduced water loss due to evaporation. This ensures that plants receive adequate water while minimizing wastage.
2. **Sensor Taps:** The installation of sensor taps in our properties has helped to prevent unnecessary water use by automatically turning off the water when not in use. This reduces the likelihood of water being wasted due to taps being left on.
3. **Aerators and Flow Regulators:** The use of aerators and flow regulators has further decreased water consumption by reducing the flow rate without compromising functionality. These devices mix air with water, maintaining sufficient pressure while using less water overall.

Together, these measures have significantly contributed to the reduction in water consumption, supporting our commitment to sustainability and resource efficiency.

### Outlook

Looking ahead, we are committed to further reducing water consumption across our property portfolio. Our future initiatives will focus on both technological advancements and behavioural changes to achieve this goal. Some of the key strategies we are exploring include:

| RAINWATER HARVESTING SYSTEMS | SMART WATER MANAGEMENT SYSTEMS | TENANT ENGAGEMENT - WATER CONSERVATION EFFORTS |
|---|---|---|

## Waste

Similarly, we are implementing a system to monitor waste across most of our assets. A major challenge remains getting the right partners for recycling.

Total number of sites: 6 (Capital Place, 5th Avenue, Anfa Place, Mukuba Mall, Kafubu Mall, Cosmopolitan

**Total waste:** 3,914 tonnes

## Green Building

Our new target: All new developments will be IFC Edge certified is a testament to our commitment to the sustainability of our buildings.

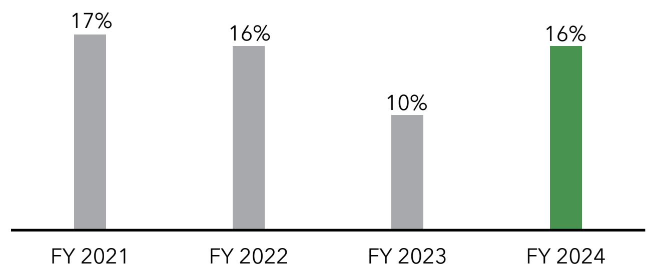
As at 30 June 2024,

- 100% of new developments completed within the past 24 months have achieved either an IFC Edge certification (Rosslyn Grove has achieved a level 2 certification) or a 5-Star-Green Star Rating Certification.
- 79% of properties are captured on the EDGE tool (including properties already EDGE Certified)

### Outlook

We remain committed to achieving IFC EDGE certification for all new developments. For our existing properties, we are actively exploring strategies to ensure they meet current environmental standards.

### Building efficiency (%)[6]




Our team has developed an internal building efficiency target to monitor sustainability of our assets and efficiency of the various initiatives implemented. This is directly correlated to the performance in terms of electricity and water consumption.

6. *Building efficiency is a factor of electricity consumption – 15 assets and water consumption – 13 assets*

# SOCIAL

## Our People, Our Promise

**Gender Equality**
≥40% women in leadership positions[1]

40%
On target

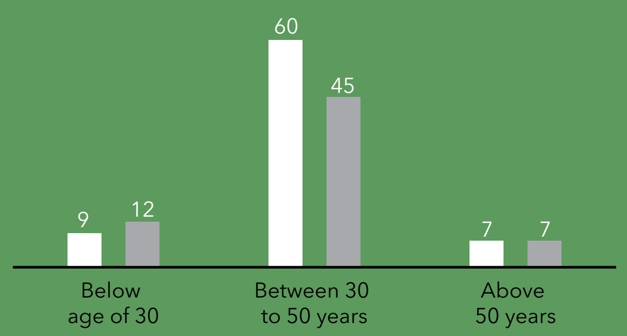
**Local Representative**
≥65% local employees

81%
Maintained

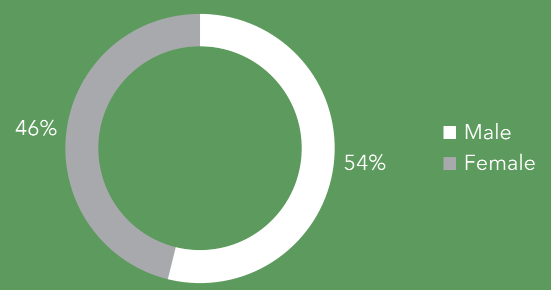
At Grit, our people are our greatest asset. We are committed to fostering an inclusive, supportive, and high-performance culture that enables every individual to reach their full potential. Through targeted initiatives in diversity, talent development, and employee well-being, we continue to build a workforce that reflects our values and drives our success.

1. *Leadership positions defined as women occupying managerial positions and above (inclusive of board)*

## Our workforce in FY 2024




## Gender Distribution (%)

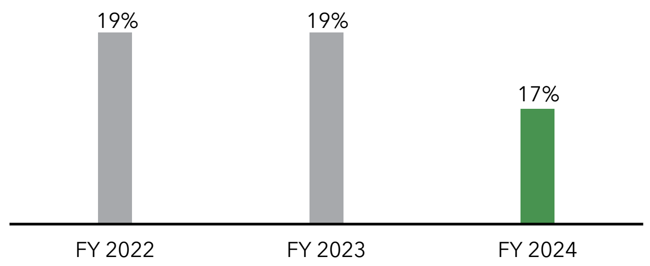



**Total Number of employees as at 30 June 2024** 140

## Attracting and Optimising talent

Talent acquisition and retention remain a priority for Grit. In FY 2024, we welcomed 10 new recruits (with 2 females) and maintained a staff turnover rate of 17%. Our continuous focus on attracting and retaining top talent ensures that we build a resilient and dynamic workforce capable of driving our strategic goals.

### Staff Turnover Rate (%)



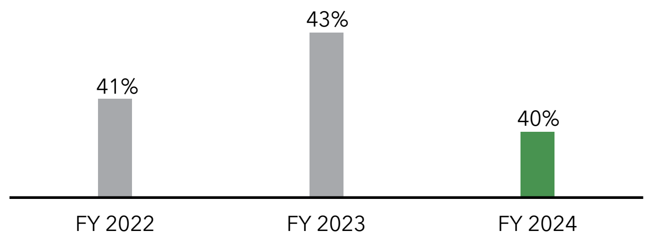

Staff turnover during the period under review dropped from 19% to 17% y-o-y. The staff turnover is mainly due to strategic decisions to streamline the Company's workforce.

## Diversity and Inclusion

We take pride in our diverse and inclusive workforce, which currently spans 12 nationalities and various age groups. Furthermore, 81% of our workforce (113 employees) consists of locals, underscoring our dedication to local representation.

40% of women (inclusive of Board) are in managerial positions, and 33% of our board positions are occupied by women, reflecting our ongoing commitment to gender diversity and empowerment.

### Women in Leadership Position (%)




## Employee well-being and satisfaction

Our employee satisfaction survey, conducted on 18 December 2023, revealed positive insights, as staff continue to enjoy several benefits provided by the Company, such as Work from Home, Casual Fridays and Company Doctor:

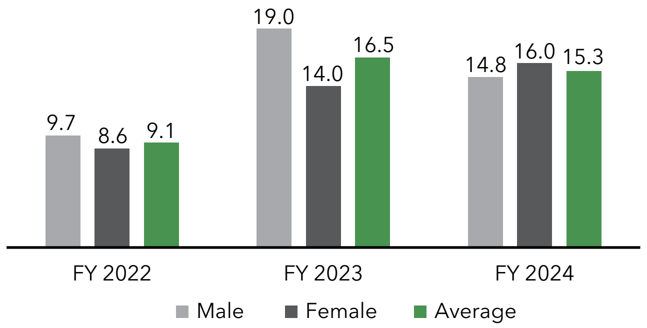
| 81% | 80% | 94% |
|---|---|---|
| of employees expressed satisfaction with their work environment. | of staff would recommend Grit as a great place to work. | of employees know what they need to do to be successful in their roles, and 89% are proud to work for Grit. |

## Training and Development

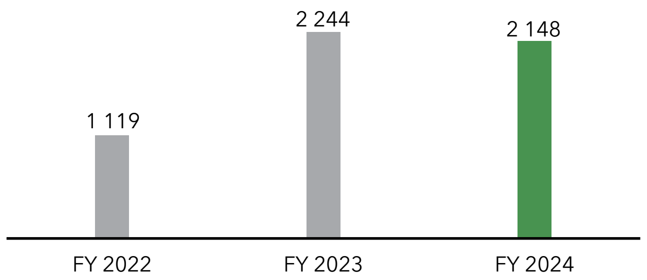
In FY 2024, we continued investing in training and development, with a total of 2,148 training hours delivered. US$ 49,472.81 was spent on training and development of our staff. Udemy remains our main learning platform.

This investment underscores our dedication to continuous learning and skill development, ensuring our team is well-equipped to meet the challenges ahead.

### Average Employee Training Hours




### Total Hours of Training




100% of employees received performance appraisal reviews.

## Health & Safety

Our primary aim is the prevention of accidents, injuries and loss or damage, ultimately creating and providing a safe and healthy environment for our employees, clients, customers, contractors, sub-contractors and the community. Our Occupational Health and Safety (OHS) Management System is meticulously designed based on the ISO45001 international standard, ensuring a robust framework for identifying, managing, and mitigating risks associated with our operations.

### FY2024 Highlights

**ISO45001 Certification:** Successfully maintained our ISO45001 certification, reinforcing our commitment to international OHS standards.

**Zero Fatalities and Injuries:** Achieved zero fatalities and serious injury across all our sites, reflecting our robust safety protocols.

**Comprehensive Training:** Delivered over 430 hours of safety training to employees.

**Employee Engagement:** Increased employee participation in safety committees, toolbox talks and OHS initiatives.

### FY2025 Focus Areas

Continuous Improvement: Further refine our OHS Management System to ensure alignment with evolving best practices and regulatory requirements.

Enhanced Stakeholder Engagement: Strengthening our engagement with tenants and stakeholders to promote a shared commitment to safety.

Automation and Technology: Exploring and implementing new technologies to enhance our safety monitoring and reporting capabilities.

Enhanced Contractor Management: Further enhancing the monitoring and compliance measures for our suppliers and contractors to ensure they adhere to our high safety standards and practices.

## Our Commitment to Safety

At GRIT, we are committed to maintaining the highest standards of health and safety across our entire property portfolio. Our approach is built on a foundation of proactive risk management, continuous improvement, and a culture of safety that permeates every aspect of our operations. Here is an overview of our key principles and strategies:

### Proactive Risk Management

Comprehensive Risk Assessments: We conduct thorough risk assessments to identify potential hazards and implement measures to mitigate them. These assessments are regularly reviewed and updated to ensure ongoing relevance and effectiveness.

Preventative Measures: By prioritising preventative measures, we aim to reduce the likelihood of incidents. This includes regular maintenance, safety inspections, and adherence to best practices in all aspects of our operations.

### Safety Culture

Leadership Commitment: Our leadership team is dedicated to fostering a culture of safety. They lead by example and ensure that health and safety are integral to all decision-making processes.

Group Health and Safety Committees: We have a Group Health and Safety Committee and committees in each investment jurisdiction. These committees play a crucial role in overseeing health and safety initiatives, ensuring compliance, and promoting best practices.

Employee Engagement: We actively engage employees in health and safety initiatives, encouraging their input and participation in creating a safer work environment. This includes issuing monthly toolbox talks covering important OHS and ESG topics.

Regular Training and Education: We provide ongoing health and safety training for all employees, ensuring they are well-informed about potential risks and equipped with the knowledge to work safely.

Incident Reporting and Analysis: Incident and near-miss reporting is integral to our health and safety management. Each report is thoroughly investigated, and findings are used to improve our safety protocols and prevent future occurrences.

### Compliance and Standards

Regulatory Compliance: We ensure compliance with all relevant health and safety regulations and standards in the countries where we operate. This includes regular audits and reviews to maintain adherence.

Best Practice Adoption: We stay abreast of industry developments and incorporate best practices into our health and safety policies and procedures.

### Health and Wellbeing

Safe Working Environment: We strive to create safe and healthy working environments that enhance the well-being of our employees, tenants, and visitors.

### Emergency Preparedness

Emergency Response Plans: We have robust emergency response plans in place, tailored to the specific risks of each property. These plans are regularly tested and updated.

Crisis Management: In the event of a crisis, our crisis management teams are trained to respond swiftly and effectively, minimising impact and ensuring the safety of all stakeholders.

## Continuous Improvement

Utilising the ISO 45001 framework, the GRIT Group has developed and continuously refined a comprehensive Occupational Health and Safety (OHS) Management System. This system provides a structured approach to managing health and safety practices across our property portfolio, ensuring proactive identification of potential hazards, risk assessment, and prompt mitigation actions. It also ensures compliance with health and safety laws and other relevant regulations within our investment jurisdictions.

In April 2023, Grit successfully completed the ISO 45001 accreditation audit, and we were officially granted ISO certification in June 2023. This certification covers properties under our operational and management control, including our Head Office in Mauritius, two assets in Ghana, three assets in Zambia, one asset in Kenya, and seven assets in Mozambique. This milestone highlighted our unwavering commitment to the highest standards of occupational health and safety.

In April 2024, we successfully maintained our ISO 45001 certification through a rigorous surveillance audit. This process reaffirmed our dedication to fostering a work environment that prioritises the well-being of our employees, tenants, contractors, and visitors. It is a testament to our pursuit of excellence in occupational health and safety practices and our adherence to regulatory standards. Our continuous improvement efforts involve:

- Ongoing Employee Training: We provide regular training initiatives to ensure that all employees are well-versed in health and safety protocols.
- Regular Safety Audits: We conduct regular internal and external safety audits to identify areas for improvement and ensure compliance with ISO 45001 standard.
- Industry Collaboration: We collaborate closely with industry experts to stay abreast of the latest best practices and incorporate them into our OHS management system.
- Transparent Communication: We maintain clear communication channels to ensure that crucial safety information reaches all stakeholders promptly.

While achieving and maintaining ISO 45001 certification is significant, it is not the end of our pursuit. We remain resolute in our commitment to continuously enhance our occupational health and safety practices, setting new benchmarks for safety and well-being within our organisation.

## Giving Back to the Community – GR1T Foundation

GR1T Foundation was founded by GRIT in 2022 with a purpose and objective:

- Protection of the Planet: To create and support initiatives focusing on the protection of the environment, including life on land and life below water;
- Human Development: To deliver real and measurable social impact to the people of Africa by creating and supporting social initiatives that empower people to make a real and lasting difference in their lives and the communities around them.

During the period under review, the Company gave back US$65,000 to the various communities through the Gr1t Foundation.

At Grit we believe that there is a positive relationship between human development and practicing physical sports. Exercise is associated with improvements in health, cognitive processes, sociability, productivity (due to better physical and mental health) and quality of life in general.

For the year-ended 30 June 2024, the Company sponsored several sports ambassadors for US$308,000 – see details of sports ambassadors below, sponsored during the review period:

### Sports Ambassadors that we support

Surprise Maphumulo
James Ribbink
Brian Furcy
Matthew McGillivary
Ariane Ochoa
Chad du Toit

### Buildher Programme

Gr1t Foundation has partnered with Buildher Kenya to support 30 female cohorts in their training programs through the Rosslyn Grove Project. An evaluation has shown that after four months of training, Buildher Kenya participants report an average income increase of 300%. This Grit-sponsored cohort demonstrated a 100% job retention rate one year after completing the program. During the program, participants transition from being unskilled workers to acquiring semi-skilled capabilities, enhancing their marketability and expanding job opportunities.

### All Life Matters Animal Sanctuary

Gr1t Foundation collaborates with All Life Matters Animal Sanctuary (ALM) in Mauritius, supporting its low-cost veterinary clinic and animal rescue sanctuary. ALM not only contributes to animal welfare but also educates the public on responsible pet ownership and sterilization, providing employment to local staff and positively impacting the local economy.

# GOVERNANCE

## A responsible business

Overseeing ESG matters remains essential to us, as it enables the Board to gain a more comprehensive understanding of how its decisions affect key stakeholders and the environment. Throughout the period under review, the Board was kept informed about significant market changes, including the identification of emerging trends and risks. These factors are integrated into Board strategic discussions.

Management has overall accountability for ESG matters through the Responsible Business department, which reports directly into the Responsible Business Committee - refer to page 86 of the TCFD report for more details on our ESG governance.


# EPRA SUSTAINABILITY PERFORMANCE MEASURES

## EPRA indicators

### Environment indicators

| EPRA Code | Performance Measure | Metrics | Coverage | FY2023 | FY2024 | Like-for-Like Performance (LfL) FY2024 vs FY2023 | Trend | Additional Information |
|---|---|---|---|---|---|---|---|---|
| **Elec-Abs** | Total electricity consumption | kWh | 15 assets (out of 24) | 40 304 606 | **37 712 517** | (6%) | Decreasing | |
| **Elec-LfL** | Like-for-like total electricity consumption | kWh | Office - 6 assets | 10 206 172 | **10 028 197** | (2%) | Decreasing | Recognizing the need for efficient energy management, we implemented several initiatives, including LED lighting, motion sensors, timers, and energy-efficient HVAC systems. We have also reduced the number of business trips. These efforts, along with an unusual number of electricity outages in FY 2024 across several countries where our assets are located, have contributed to a decrease in electricity consumption. Consequently, we have increasingly relied on diesel-fuelled generators to maintain operations. |
| | | | Retail - 7 assets | 26 821 582 | **23 812 303** | (11%) | Decreasing mostly linked to load shedding in Zambia, where there was an increase in generator usage | |
| | | | Residential - 2 assets | 3 276 852 | **3 872 017** | 18% | Increasing | |
| **DH&C-Abs** | Total district heating & cooling consumption | kWh | Not applicable - All our assets under monitoring consumes electricity from the grid of their respective countries with generators as backups for power outages. | | | | | |
| **DH&C-LfL** | Like-for-like total district heating & cooling | kWh | Not applicable - All our assets under monitoring consumes electricity from the grid of their respective countries with generators as backups for power outages. | | | | | |
| **Fuels-Abs** | Total fuel consumption | kWh | (6 assets - 5th Avenue, Capital Place, AnfaPlace, Mukuba Mall, Kafubu Mall, Cosmopolitan) | 350 490 | **1 470 331** | 320% | Increasing - mostly linked to load shedding in Zambia, where there was an increase in generator usage | Diesel is used to power on-site generators during power outages.<br>Conversion factor used: 10kWh per L of diesel as indicated here: https://www.sustainabilityexchange.ac.uk/files/cambridge_regional_college_sus_how_much_energy_do_you_use_pdf.pdf<br>Recognizing the need for efficient energy management, we implemented several initiatives, including LED lighting, motion sensors, timers, and energy-efficient HVAC systems. We have also reduced the number of business trips. These efforts, along with an unusual number of electricity outages in FY 2024 across several countries where our assets are located, have contributed to a decrease in electricity consumption. Consequently, we have increasingly relied on diesel-fuelled generators to maintain operations. |
| **Fuels-LfL** | Like-for-like total fuel consumption | kWh | N/A | - | **-** | | | Historic data are not available except for 5th Avenue Place and Capital Place. We are, however, currently in the process of implementing relevant processes for data collection and monitoring. |
| **Energy-Int** | Building energy intensity | kWh/m²/year | 15 assets | 200 | **187** | (6%) | Decreasing | Recognizing the need for efficient energy management, we implemented several initiatives, including LED lighting, motion sensors, timers, and energy-efficient HVAC systems. We have also reduced the number of business trips. These efforts, along with an unusual number of electricity outages in FY 2024 across several countries where our assets are located, have contributed to a decrease in electricity consumption. Consequently, we have increasingly relied on diesel-fuelled generators to maintain operations. |
| | | | Office - 6 assets | 276 | **272** | (2%) | Decreasing | |
| | | | Retail - 7 assets | 223 | **198** | (11%) | Decreasing | |
| | | | Residential - 2 assets | 75 | **88** | 17% | Increasing | |
| **GHG-Dir-Abs** | Total direct greenhouse gas (GHG) emissions | tonnes $CO_2$e | N/A | 29.4 | **123.5** | 320% | Increasing | Conversion factor used: 0.84 kg $CO_2$ per L (https://ghgprotocol.org/sites/default/files/Emission_Factors_from_Cross_Sector_Tools_March_2017.xlsx).<br>We are currently in the process of conducting our full carbon footprint accounting, during which we will be able to disclose our full scope 1 emissions across the relevant assets for FY2025. |
| **GHG-Indir-Abs** | Total indirect greenhouse gas (GHG) emissions | tonnes $CO_2$e | 15 assets | 37 483 | **35 073** | (6%) | Decreasing | Conversion factor used: 0.93 kg CO2 e per kWh of electricity generated as indicated in the ESKOM 2019 sustainability report. We are currently in the process of conducting our full carbon footprint accounting, during which we will be able to disclose our full scope 2 emissions across the relevant assets for FY2025. |
| | | | Office - 6 assets | 9 492 | **9 326** | (2%) | Decreasing | |
| | | | Retail - 7 assets | 24 944 | **22 145** | (11%) | Decreasing | |
| | | | Residential - 2 assets | 3 047 | **3 601** | 18% | Increasing | |
| **GHG-Int** | Greenhouse gas (GHG) emissions intensity from building energy consumption | tonnes $CO_2$e/m²/year | 15 assets | 0.186 | **0.174** | (6%) | Decreasing | |
| | | | Office - 6 assets | 0.257 | **0.253** | (2%) | Decreasing | |
| | | | Retail - 7 assets | 0.207 | **0.184** | (11%) | Decreasing | |
| | | | Residential - 2 assets | 0.069 | **0.082** | 19% | Increasing | |

# EPRA SUSTAINABILITY PERFORMANCE MEASURES (CONTINUED)

| EPRA Code | Performance Measure | Metrics | Coverage | FY2023 | FY2024 | Like-for-Like Performance (LfL) FY2024 vs FY2023 | Trend | Additional Information |
|---|---|---|---|---|---|---|---|---|
| **Water-Abs** | Total water consumption | cubic metres (m³) | 13 assets | 189 316 | **174 727** | (8%) | Decreasing | The decrease in water consumption can be attributed to several key initiatives aimed at improving water efficiency across our properties: 1. **Timing of Irrigation:** By optimizing the timing of irrigation, scheduling it during early mornings and late afternoons, we have reduced water loss due to evaporation. This ensures that plants receive adequate water while minimizing wastage. 2. **Sensor Taps:** The installation of sensor taps in our properties has helped to prevent unnecessary water use by automatically turning off the water when not in use. This reduces the likelihood of water being wasted due to taps being left on. 3. **Aerators and Flow Regulators:** The use of aerators and flow regulators has further decreased water consumption by reducing the flow rate without compromising functionality. These devices mix air with water, maintaining sufficient pressure while using less water overall. |
| **Water-LfL** | Like-for-like total water consumption | cubic metres (m³) | Office - 6 assets | 41 793 | **36 309** | (13%) | Decreasing | |
| | | | Retail - 6 assets | 130 450 | **118 668** | (9%) | Decreasing | |
| | | | Residential - 1 assets | 17 073 | **19 750** | 16% | Increasing | |
| **Water-Int** | Building water intensity | m³/m²/Year | 13 assets | 1.113 | **1.027** | (8%) | Decreasing | |
| | | | Office - 6 assets | 1.132 | **0.983** | (13%) | Decreasing | |
| | | | Retail - 6 assets | 1.136 | **1.034** | (9%) | Decreasing | |
| | | | Residential - 1 assets | 0.928 | **1.073** | 16% | Increasing | |
| **Waste-Abs** | Total weight of waste by disposal route | tonnes | 6 assets - 5th Avenue, Capital Place, AnfaPlace, Makuba Mall, Kafubu Mall, Cosmopolitan | 4 497 | **4 062** | (10%) | Decreasing | We are implementing a system to monitor waste across most of our assets. A major challenge remains getting the right partners for recycling. |
| **Waste-LfL** | Like-for-like total weight of waste by disposal route | tonnes | Historical data not available for comparison | | | | | |
| **Cert-Tot** | Type and number of sustainability certified assets | Total number by certification/ rating/ labelling scheme | 0 | 2 | **4** | 100% | | |

# EPRA SUSTAINABILITY PERFORMANCE MEASURES (CONTINUED)

## Social Indicators

| | | | | FY2023 | | FY2024 | | | |
|---|---|---|---|---|---|---|---|---|---|
| **EPRA Code** | **Performance Measure** | **Metrics** | **Employee Categories** | **Male** | **Female** | **Male** | **Female** | **Trend** | **Additional Information** |
| **Diversity-Emp** | Employee gender diversity | Percentage of employees (%) | Board | 67% | 33% | 67% | 33% | Maintained | |
| | | | Total Employees | 52% | 48% | 54% | 46% | N/A | |
| | | | Leadership positions | 58% | 42% | 60% | 40% | Slight decrease but within target set | No double counting of employees who are both in board and in managerial roles |
| **Diversity-Pay** | Gender pay ratio | Ratio | Not calculated | | | | | | |
| **Emp-Training** | Employee training and development | Average hours | Average number of hours | 19 | 14 | 14.8 | 16 | Increasing but slight decrease per female employee | Average training hours per employee = 15.3 as opposed to 14 in FY 2023<br>Note: Calculation methodology was different in FY 2023 |
| **Emp-Dev** | Employee performance appraisals | Percentage of employees | All employees | 100% of employees, irrespective of gender, undergo annual performance appraisals. | | 100% of employees, irrespective of gender, undergo annual performance appraisals. | | | |
| **Emp-Turnover** | New hires and turnover | Total number of new hires | N/A | 29 | 29 | 8 | 2 | | 10 new hires |
| | | Rate of new employee hires (%) | N/A | 50% | 50% | 80% | 20% | | We calculated percentage of female and male hired |
| | | Rate of employee turnover (%) | N/A | 19.1% | | 17% | | | |
| **H&S-Emp** | Employee health and safety | Injury rate, absentee rate, and number of work related fatalities | | 0 | | 0 | | | |
| **H&S-Asset** | Asset health and safety assessments | Percentage of assets (%) | | 100% | | 100% | | | |
| **H&S-Comp** | Asset health and safety compliance | Number of incidents | | No incidents noted | | No incidents noted | | | |
| **Comty-Eng** | Community engagement, impact assessments | Percentage of assets and development programmes | | GR1T Foundation fully operational | | Impact assessment report was conducted beginning of 2023. | | | See section on GR1T Foundation and Impact metrics in our Sustainability Report |

## Governance Indicators

| EPRA CODE | Performance Measure | Metrics | Refer to Integrated Annual Report FY2022 | Refer to Integrated Annual Report FY2023 | Refer to Integrated Annual Report FY2024 |
|---|---|---|---|---|---|
| **Gov-Board** | Composition of the highest governance body | Total number | Pages 80 to 83 | Pages 98 to 100 | **Pages 108 to 111** |
| **Gov-Selec** | Process for nominating and selecting the highest governance body | Narrative on process | Pages 101 to 105 | Pages 119 to 127 | **Pages 128 to 133** |
| **Gov-COI** | Process for managing conflicts of interest | Narrative on process | Page 99 | Page 116 | **Page 122** |

CORPORATE GOVERNANCE REPORT
Page 104

# CHIEF FINANCIAL OFFICER'S STATEMENT

Gareth Schnehage
Chief Financial Officer

## Presentation of financial statements

The consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. Alternative performance measures (APMs) have also been provided to supplement the IFRS financial statements as the Directors believe that this adds meaningful insight into the operations of the Group and how the Group is managed. European Public Real Estate Association ("EPRA") Best Practice Recommendations have been adopted widely throughout this report and are used within the business when considering the operational performance of our properties. Full reconciliations between IFRS and EPRA figures are provided in notes 14 to 16. Other APMs used are also reconciled below.

"Grit Proportionate Interest" income statement, presented below, is a management measure to assess business performance and is considered meaningful in the interpretation of the financial results. Grit Proportionate Interest Income Statement (including "Distributable Earnings") are alternative performance measures. In the absence of the requirement for Distributable Reserves in the domicile countries of the group, Distributable Earnings is utilised to determine the maximum amount of operation earnings that would be available for distribution as dividend to shareholders in any financial period. This factors the various company specific nuances of operating across a number of diverse jurisdictions across Africa and the investments' legal structures of externalising cash from the various regions. The IFRS statement of comprehensive income is adjusted for the component income statement line items of properties held in joint ventures and associates. This measure, in conjunction with adjustments for non-controlling interests (for properties consolidated by Grit, but part owned by minority partners), form the basis of the Group's distributable earnings build up, which is alternatively shown in Note 15 "Distributable earnings".

| IFRS Income statement to distribution reconciliation | Audited IFRS 30 June 2024 US$'000 | Extracted from Associates 30 June 2024 US$'000 | Unaudited Grit Proportionate Income statement 30 June 2024 US$'000 | Unaudited Non-Controlling Interest US$'000 | Unaudited Grit Economic Interest Income Statement 30 June 2024 US$'000 | Unaudited Distributable Earnings 30 June 2024 US$'000 |
|---|---|---|---|---|---|---|
| Gross property income | 63 977 | 13 618 | 77 595 | (12 170) | 65 425 | 65 080 |
| Property operating expenses | (12 366) | (1 719) | (14 085) | 2 254 | (11 831) | (11 762) |
| **Net property income** | **51 611** | **11 899** | **63 510** | **(9 916)** | **53 594** | **53 318** |
| Other income | 345 | 6 278 | 6 623 | (664) | 5 959 | 5 765 |
| Administrative expenses | (17 951) | (4 501) | (22 452) | 1 906 | (20 546) | (19 105) |
| Net impairment charge on financial assets | (3 217) | (181) | (3 398) | 1 011 | (2 387) | 1 357 |
| **Profit from operations** | **30 788** | **13 495** | **44 283** | **(7 663)** | **36 620** | **41 335** |
| Fair value adjustment on investment properties | (27 930) | (2 067) | (29 997) | 3 685 | (26 312) | - |
| Fair value adjustment on other financial liability | (2 236) | - | (2 236) | - | (2 236) | - |
| Fair value adjustment on other financial asset | (949) | (516) | (1 465) | 1 361 | (104) | - |
| Fair value adjustment on derivative financial instruments | (2 475) | - | (2 475) | - | (2 475) | - |
| Fair value loss on revaluation of previously held interest | (23 874) | - | (23 874) | - | (23 874) | |
| Share-based payment expense | (90) | - | (90) | - | (90) | - |
| Share of profits from associates and joint ventures | 7 142 | (7 142) | - | - | - | - |
| Loss arising from dilution in equity interest | (12 492) | - | (12 492) | - | (12 492) | - |
| Loss on derecognition of loans and other receivables | 1 | - | 1 | - | 1 | - |
| Foreign currency gains | 886 | 2 057 | 2 943 | 1 018 | 3 961 | - |
| Impairment of loans and other receivables | - | - | - | (32) | (32) | - |
| Loss on extinguishment of other financial liabilities and borrowings | (1 353) | - | (1 353) | - | (1 353) | - |
| Gain on disposal of property, plant, and equipment | 33 | - | 33 | - | 33 | - |
| Other transaction costs | (8 871) | (185) | (9 056) | 1 172 | (7 884) | - |
| **(Loss) / profit before interest and taxation** | **(41 420)** | **5 642** | **(35 778)** | **(459)** | **(36 23)** | **41 335** |
| Interest income | 4 882 | 1 465 | 6 347 | (1 418) | 4 929 | 4 929 |
| Finance charges | (53 536) | (8 270) | (61 806) | 9 387 | (52 419) | (46 099) |
| **(Loss) / profit before taxation** | **(90 074)** | **(1 163)** | **(91 237)** | **7 510** | **(83 727)** | **165** |
| Taxation | 1 132 | 1 169 | 2 301 | (1 285) | 1 016 | (1 177) |
| **(Loss) / Profit after taxation** | **(88 942)** | **6** | **(88 936)** | **6 225** | **(82 711)** | **(1 012)** |
| **Retirement benefit obligation through OCI** | **32** | **-** | **32** | **-** | **32** | **-** |
| **NCI of associates through OCI** | **-** | **(6)** | **(6)** | **6** | **-** | **-** |
| **(Loss) / Profit after taxation and after NCI of associates** | **(88 910)** | **-** | **(88 910)** | **6 231** | **(82 679)** | **(1 012)** |
| **VAT credits utilised** | | | | | | **2 197** |
| **Distributable earnings** | | | | | | **1 185** |

## Financial and Portfolio summary

The Grit Proportionate Income Statement is further split to produce a Grit Property Portfolio Revenue2 and NOI 2 analysis by sector. Grit's Property Portfolio Revenue has increased 9.8% from the prior year with the change in ownership of GREA from 35.01% in FY2023 to 54.22% in FY2024 and the consolidation of GREA with effect from 30 November 2023. Additionally, the annualised impact of properties brought into use during the latter part of FY2023 as well as the impact of ENEO CCI being brought into commercial use during the financial year, post the consolidation of GREA, contributed to growth while the impact of BHI and LLR, that were disposed of in FY2023, partially offset this resulting in a net increase in NOI by 7.9% from the prior year.

| Sector | Revenue FY2024 Reported US$'000 | Revenue FY2024 Change in ownership[3] US$'000 | Revenue FY2024 Step up from joint venture to subsidiary and GREA associates to associates[4] | Revenue FY2024 Year-on-year comparable basis US$'000 | Revenue FY2023 Reported US$'000 | Revenue FY2023 Change in ownership[3] US$'000 | Revenue FY2023 Year-on-year comparable basis US$'000 | Change in Revenue Reported % | Change in Revenue Year-on-year comparable basis % | Rental Collection[1] FY2024 % |
|---|---|---|---|---|---|---|---|---|---|---|
| Retail | 20 914 | 535 | 443 | 19 936 | 19 074 | 110 | 18 964 | 9.7% | 5.1% | 96.2% |
| Hospitality | 6 160 | – | – | 6 160 | 9 164 | 3 889 | 5 275 | (32.8%) | 16.8% | 87.0% |
| Office | 20 117 | 285 | (96) | 19 928 | 18 163 | 1 078 | 17 085 | 10.8% | 16.6% | 91.2% |
| Light industrial | 6 043 | (65) | – | 6 108 | 6 229 | – | 6 229 | (3.0%) | (1.9%) | 46.9% |
| Corp Accommodation | 18 647 | 1 341 | 2 246 | 15 060 | 14 147 | 460 | 13 687 | 31.8% | 10.0% | 97.1% |
| Medical | 1 966 | 34 | 108 | 1 824 | 53 | 11 | 42 | 3 609.4% | 4 242.9% | 97.0% |
| Data Centre | 2 099 | 516 | 700 | 883 | 803 | 135 | 668 | 161.4% | 32.2% | 122.7% |
| LLR portfolio | – | – | – | – | 1 588 | 1 588 | – | (100.0%) | 0.0% | 0.0% |
| Corporate | 1 649 | – | – | 1 649 | 1 444 | – | 1 444 | 14.2% | 14.2% | 0.0% |
| **TOTAL** | **77 595** | **2 646** | **3 401** | **71 548** | **70 665** | **7 271** | **63 394** | **9.8%** | **12.9%** | **91.1%** |
| Subsidiaries | 63 977 | 261 | 1 155 | 62 560 | 56 249 | 1 001 | 55 248 | 13.7% | 13.2% | |
| Associates | 13 618 | 2 385 | 2 246 | 8 988 | 12 538 | 5 810 | 6 728 | 8.6% | 33.6% | |
| **SUBTOTAL** | **77 595** | **2 646** | **3 401** | **71 548** | **68 787** | **6 811** | **61 976** | **12.8%** | **15.4%** | |
| GREA Associates | – | – | – | – | 1 878 | 460 | 1 418 | (100.0%) | (100.0%) | |
| **TOTAL** | **77 595** | **2 646** | **3 401** | **71 548** | **70 665** | **7 271** | **63 394** | **9.8%** | **12.9%** | |

| Sector | NOI FY2024 Reported US$'000 | NOI FY2024 Change in ownership[3] US$'000 | NOI FY2024 Step up from joint venture to subsidiary and GREA associates to associates[4] | NOI FY2024 Year-on-year comparable basis US$'000 | NOI FY2023 Restated[4] US$'000 | NOI FY2023 Change in ownership[3] US$'000 | NOI FY2023 Year-on-year comparable basis US$'000 | Change in NOI Reported % | Change in NOI Year-on-year comparable basis % |
|---|---|---|---|---|---|---|---|---|---|
| Retail | 13 994 | 311 | 284 | 13 399 | 12 363 | 70 | 12 293 | 13.2% | 9.0% |
| Hospitality | 6 160 | – | – | 6 160 | 9 164 | 3 889 | 5 275 | (32.8%) | 16.8% |
| Office | 17 355 | 217 | (265) | 17 403 | 16 139 | 870 | 15 269 | 7.5% | 14.0% |
| Light industrial | 5 789 | (69) | – | 5 858 | 5 995 | – | 5 995 | (3.4%) | (2.3%) |
| Corp Accommodation | 15 615 | 1 267 | 2 007 | 12 341 | 11 545 | 439 | 11 106 | 35.3% | 11.1% |
| Medical | 1 956 | 34 | 108 | 1 814 | 53 | 11 | 42 | 3 590.6% | 4 219.1% |
| Data Centre | 2 099 | 743 | 700 | 656 | 148 | 118 | 30 | 1 318.2% | 2 086.7% |
| LLR portfolio | – | – | – | – | 1 455 | 1 455 | – | (100.0%) | 0.0% |
| Corporate | 542 | – | – | 542 | 2 023 | – | 2 023 | (73.2%) | (73.2%) |
| **TOTAL** | **63 510** | **2 503** | **2 834** | **58 173** | **58 885** | **6 852** | **52 033** | **7.9%** | **11.8%** |
| Subsidiaries | 51 610 | 108 | 827 | 50 675 | 46 625 | 870 | 45 755 | 10.7% | 10.8% |
| Associates | 11 900 | 2 395 | 2 007 | 7 498 | 10 740 | 5 543 | 5 197 | 10.8% | 44.3% |
| **SUBTOTAL** | **63 510** | **2 503** | **2 834** | **58 173** | **57 365** | **6 413** | **50 952** | **10.7%** | **14.2%** |
| GREA Associates | – | – | – | – | 1 520 | 439 | 1 081 | (100.0%) | (100.0%) |
| **TOTAL** | **63 510** | **2 503** | **2 834** | **58 173** | **58 885** | **6 852** | **52 033** | **7.9%** | **11.8%** |

1. Rental Collections represents the amount of cash received as a percentage of contractual income. Contractual income is stated before the effects of any rental deferment and concessions provided to tenants.
2. Grit adjusted property portfolio Revenue, Operating expenses and Net Operating Income are unaudited alternative performance measurements
3. Change in ownership relate to the impact of the change in the Group's proportionate share in GREA from 35.01% during FY2023 to 54.22% during FY2024. During FY2023 the group disposed of their interests in BHI and LLR and forms part of the change in ownership numbers presented for that year.
4. On 30 November 2023 the Group obtained control over GREA and APDM and consolidated the results of these entities within effect from this day. Due to the consolidation of GREA the GREA associates became associates of the Group. The impact of these changes are reflected in these columns.

The **retail sector** benefitted from strong leasing activity and recovery in performance in Mukuba and Kafubu Malls (Zambia), which are now largely fully let, while Cosmopolitan Mall (Lusaka) has also seen good leasing activity and reduced vacancies. Buffalo Mall introduced Chandarana as a new significant anchor tenant. Further improved leasing activity is expected in the new financial year. AnfaPlace Mall is starting to show improved trading turnovers from the additional tenants that have enhanced the tenant mix.

The **hospitality sector** results were impacted by the disposal of BHI during the prior year, which contributed to the reduction in both reported revenue and NOI during the year. The year-on-year improvement in comparable revenue and NOI was largely driven by Club Med development revenues earned during the year as part of the Phase 1 development that was undertaken during FY2024.

The **office sector** assets benefited from the annualisation impact of the Precinct property in Mauritius that was completed during the latter part of FY2023 as well as the completion of the ENEO project in Kenya that were brought into commercial use during FY2024. These positive impacts were partially offset by rental reversions in Ghana and one-off fees generated in Mozambique and Ghana during FY2023 not occurring in FY2024.

The **light Industrial sector** results were largely impacted by lease incentives and once-off discounts provided to industrial tenants in Mozambique.

**Corporate accommodation** sector was positively impacted by the of change in ownership, the step up of the Kenya and Ethiopian properties to joint ventures of the Group on consolidation of GREA as well as lease escalations in Kenya and offset by rental reversions on renewal of lease terms on properties in Mozambique.

**Medical assets** increased mainly as a result of the annualised impact of the Artemis Curepipe hospital that was completed toward the end of FY2023 as well as the impact of change in control percentage and consolidation of GREA during the period.

**Corporate sector** reduction in both revenue and NOI is due to revenue streams that existed between joint venture parties and recognised under revenue and NOI in previous years, now being eliminated on consolidation post the acquisition of GREA and APDM as subsidiaries to the Group.

## Cost control

During the financial year ended 30 June 2024 the Group commenced its cost savings programme along with streamlining of activities as a result of the consolidation of the subsidiaries. Subsequently, the Group decreased ongoing administrative expenses by 14.0% on a year-on-year basis. The administrative expense ratio as a percentage of total income producing assets reduced to 1.85% at 30 June 2024 from 2.42% at 30 June 2023. The Group remains committed to reducing the administrative expenses of the Group to 1% of total income producing assets.

| Administrative expenses | 30 June 2024 US$'000 | 30 June 2023 US$'000 | Movement US$'000 | Movement % |
|---|---|---|---|---|
| Total Administrative expenses reported under IFRS | 17 951 | 22 578 | (4 627) | (20.5%) |
| Less: Transaction costs | – | (1 706) | (1 706) | (17.6%) |
| Total administrative expenses | 17 951 | 20 872 | (2 921) | (14.0%) |
| Administrative cost ratio as % of income producing assets | 1.85% | 2.42% | (0.57%) | (23.7%) |

## Material finance costs increases

Global interest rates rose materially in the 2023 financial year and were then at these higher levels for the full year under review to 30 June 2024. The weighted average cost of debt rose to 10.0% (from 8.4% at the end of June 2023) largely driven by these increases. The Group held hedging instruments amounting to US$200 million that mitigates the impact of interest rate fluctuations, however during the financial year, US$100 million of our SOFR hedges expired and were reinitiated at higher levels. The consolidation of GREA during the year further contributed to an overall year-on-year increase in net finance cost. Annual contractual lease escalations over the portfolio that are mostly linked to US consumer price inflation partially shield the increase in ongoing funding costs.

The US$13.2 million increased charge resulted in a significant impact on the financial results for the year. The reported net finance charge includes an amortisation of loan issuance costs and the impact of hedging activities.

| Administrative costs | 30 June 2024 US$'000 | 30 June 2023 US$'000 | Movement US$'000 | Movement % |
|---|---|---|---|---|
| Finance costs as per statement of profit or loss | 53 536 | 39 582 | 13 954 | 35.3% |
| Less: Interest income as per statement of profit or loss | (4 882) | (4 096) | (786) | 19.2% |
| Net finance costs - IFRS | 48 654 | 35 486 | 13 168 | 37.1% |

## Interest rate risk exposure and management

The exposure to interest rate risk at 30 June 2024 is summarised below and the table highlights the value of the Group's interest-bearing borrowings that are exposed to the base rates indicated below:

| Lender | Total US$'000 | SOFR US$'000 | EURIBOR US$'000 | PLR[1] US$'000 | Fixed US$'000 |
|---|---|---|---|---|---|
| Standard Bank Group | 334 358 | 291 040 | 43 318 | – | – |
| State Bank of Mauritius | 75 502 | 32 189 | 42 280 | 656 | 377 |
| NCBA Bank Kenya | 30 587 | 30 587 | - | - | - |
| Investec Group | 30 288 | - | 30 288 | - | - |
| International Finance Corporation | 16 100 | 16 100 | - | - | - |
| ABSA Group | 10 000 | 10 000 | - | - | - |
| Nedbank Group | 15 400 | 15 400 | - | - | - |
| Cooperative Bank of Oromia | 10 491 | - | - | - | 10 491 |
| SBI (Mauritius) Limited | 5 408 | - | 5 159 | - | 249 |
| Housing Finance Corporation | 4 131 | - | - | - | 4 131 |
| Private Equity | 5 046 | - | - | - | 5 046 |
| AfrAsia Bank Limited | 15 | - | - | 15 | - |
| SUB-TOTAL | 537 326 | 395 316 | 121 045 | 671 | 20 294 |
| Transferred to liabilities associated with assets held for sale | (37 066) | – | (36 715) | (656) | – |
| TOTAL EXPOSURE - IFRS | 499 955 | 395 316 | 84 330 | 15 | 20 294 |
| EXPOSURE % | 100.0% | 79.1% | 16.9% | 0.0% | 4.1% |

*1. PLR – Mauritius Prime Lending Rate*

The Group utilises hedging instruments, as well as back-to-back arrangement with joint venture partners to partially mitigate against the risk of rising interest rates. Taking this into consideration along with the impact of fixed interest instruments the Group is 61.0% hedged on its US$ SOFR exposure but remains largely unhedged to movements in EURIBOR and the Mauritian prime lending. The hedged position of the Group on 30 June 2024 is detailed below.

| Interest rate risk mitigation | Total US$'000 | SOFR US$'000 | EURIBOR US$'000 | PLR[1] US$'000 | Fixed US$'000 |
|---|---|---|---|---|---|
| Total exposure - IFRS | 499 955 | 395 316 | 84 330 | 15 | 20 294 |
| Less: Hedging instruments in place | (200 000) | (200 000) | – | – | – |
| Less: Partner loans offsetting group exposure | (21 034) | (21 034) | – | – | – |
| Net exposure (after hedging and other mitigating instruments) - IFRS | 258 627 | 174 282 | 84 330 | 15 | - |

*2. PLR – Mauritius Prime Lending Rate*

The following hedging instruments with floating benchmarks of US$ - SOFR-Compounded 3 months, were effective on 30 June 2024. The hedging instruments contributed to reduce the weighted average cost of debt of the Group by c. 0.41% and finance charges by US$2.02 million.

| Instrument | Notional Amount US$'000 | Maturity Date US$'000 | Cross Currency Norminal Amount Euro US$'000 | Fixed Rate US$'000 | Floor Rate US$'000 | CAP Rate US$'000 |
|---|---|---|---|---|---|---|
| Collar | 25 000 | October 2024 | – | – | 2.20% | 3.50% |
| Collar | 25 000 | October 2025 | – | – | 2.20% | 3.50% |
| Collar | 25 000 | October 2026 | – | – | 2.20% | 3.50% |
| Collar | 100 000 | October 2025 | – | – | 3.00% | 4.75% |
| Cross currency swap | 6 250 | August 2024 | 6 371 | 2.97% | – | – |
| Cross currency swap | 6 250 | October 2024 | 6 371 | 3.04% | – | – |
| Cross currency swap | 6 250 | April 2027 | 5 847 | 6.79% | – | – |
| Interest rate swap | 6 250 | June 2027 | – | 7.62% | – | – |
| Total notional amount of hedging instrument in place | 200 000 | | | | | |

Post balance sheet date the group settled a cross-currency swap that matured in August 2024 with a nominal value of US$6.25 million and entered into the following hedging instruments that increased the overall hedges in place for SOFR debt from US$200.0 million to US$256.6 million.

| Instrument | Notional Amount US$'000 | Maturity Date US$'000 | Fixed Rate US$'000 | Floor Rate US$'000 | CAP Rate US$'000 |
|---|---|---|---|---|---|
| Collar[1] | 12 832 | June 2029 | – | 3.00% | 4.40% |
| Cross currency swap | 25 000 | June 2027 | 3.65% | – | – |
| Interest rate swap | 25 000 | September 2027 | 3.48% | – | – |
| Total notional amount of hedging instrument placed post balance sheet date | 62 832 | | | | |

*1. The instrument has a floating benchmark of Term SOFR – 3 months*

Management monitor and manages the business relative to the WACD, which is the net finance costs adjusted for the effects of hedging instruments that are in place as a percentage of the interest-bearing borrowings due at the reporting date. A sensitivity of the Group's expected WACD to further movements in base rates are summarised below:

| All debt | WACD % | Movement vs current WACD bps | Impact on Finance Costs vs Current WACD[1] US$'000 |
|---|---|---|---|
| At 30 June 2024 (including hedges) | 10.00% | – | – |
| At 31 October 2024 (including hedges) | 9.77% | – | – |
| +50 bps | 10.01% | 0.24 | 1 261 |
| +25 bps | 9.89% | 0.12 | 630 |
| -50 bps | 9.45% | (0.31) | (1 716) |
| -100 bps | 9.11% | (0.70) | (3 541) |
| -200 bps | 8.41% | (1.52) | (7 307) |

*1. Impact determined on interest-bearing borrowings on 30 June 2024 amounting to US$500.2 million.*

## Portfolio performance

Income producing assets increased by US$109.2 million on a year-on-year basis largely due to the acquisition and consolidation of GREA (US$141.8 million) and DH1 Elevation (US$76.9 million). This was partially offset by revaluations of properties during the year of US$30.0 million as well as the elimination of pre-existing relationships that were accounted for under other assets included within investment in associates and joint ventures in prior years being eliminated post consolidation of GREA during the current year.

| Composition of income producing assets | 2024 US$'m | 2023 US$'m |
|---|---|---|
| Investment properties | 792.4 | 628.8 |
| Investment property included within 'Investment in associates' | 80.7 | 126.1 |
| Investment property included under non-current assets classified as held for sale | 49.0 | – |
| | **922.1** | **754.9** |
| Deposits paid on investment properties | 5.0 | 5.9 |
| Other assets included within investments in associates and joint ventures (excluding investment property) | – | 71.0 |
| Other investments, property, plant and equipment, intangibles and related party loans | 44.1 | 30.2 |
| **Total income producing assets** | **971.2** | **862.0** |

## Property valuations

Reported property values based on Grit's proportionate share of the total property portfolio (including joint ventures and GREA associates) increased by 11.1%, primarily driven by the consolidation of GREA, and property acquired through the step up from joint venture to subsidiary (DH1 Elevation), which forms part of the change in ownership line as well as the completion of the ENEO CCI project in Kenya and other capital expenditure incurred during the year that contributed US$20.7 million and US$22.1 million respectively to the increase.

This was offset by the classification of Tamassa as a non-current asset held for sale as well as property valuation adjustments amounting to US$30.0 million that were incurred. The fair value of the light industrial sector was mainly impacted by the Orbit complex in Kenya, where a new framework agreement was entered into with the tenant for a reduced space. The corporate accommodation impact is largely driven by rental reversions and reduced space requirements in Mozambique.

| Sector | Opening Property Value US$'000 | Forex movement US$'000 | Asset recycling US$'000 | Development assets completed in the year US$'000 | Additions US$'000 | Change in ownership US$'000 | Other US$'000 | Fair value movements US$'000 | Closing Property Value US$'000 | Total Valuation Movement % |
|---|---|---|---|---|---|---|---|---|---|---|
| Retail | 212 709 | (4 856) | – | – | – | 10 500 | 641 | (4 599) | 214 395 | 0.8% |
| Hospitality | 79 992 | (1 530) | (49 000) | – | 8 329 | – | (6) | (6 379) | 31 406 | (60.7%) |
| Office | 215 446 | – | – | 47 990 | 353 | 8 748 | (102) | (1 424) | 271 011 | 25.8% |
| Light industrial | 79 450 | – | – | – | 669 | (1) | 610 | (16 014) | 64 714 | (18.5%) |
| Data Centres | 14 390 | – | – | – | 229 | 13 564 | 51 | 266 | 28 500 | 98.1% |
| Medical | 10 547 | (331) | – | – | 2 454 | 13 111 | 321 | (1 376) | 24 726 | 134.4% |
| Corporate Accommodation | 156 701 | – | – | – | 9 875 | 66 592 | 1 576 | (13 723) | 221 021 | 41.0% |
| GREA under construction | 16 669 | – | – | (27 269) | 189 | 12 526 | 1 895 | 13 252 | 17 262 | 3.6% |
| **Total** | **785 904** | **(6 717)** | **(49 000)** | **20 721** | **22 098** | **125 040** | **4 986** | **(29 997)** | **873 035** | **11.1%** |
| Subsidiaries | 628 777 | (2 487) | (49 000) | 20 721 | 2 054 | 215 211 | 5 006 | (27 930) | 792 352 | 26.0% |
| Associates | 123 780 | (4 230) | – | – | 20 044 | (56 824) | (20) | (2 067) | 80 683 | (34.8%) |
| **SUBTOTAL** | **752 557** | **(6 717)** | **(49 000)** | **20 721** | **22 098** | **158 387** | **4 986** | **(29 997)** | **873 035** | **16.0%** |
| GREA Associates | 33 347 | – | – | – | – | (33 347) | – | – | – | (100.0%) |
| **TOTAL** | **785 904** | **(6 717)** | **(49 000)** | **20 721** | **22 098** | **125 040** | **4 986** | **(29 997)** | **873 035** | **11.1%** |

## Acquisition of Africa Development Managers Limited ("APDM") and Gateway Real Estate Africa Limited ("GREA")

On 30 November 2023, the Group obtained control of GREA and APDM. These entities were previously classified as joint ventures and have now been reclassified as subsidiaries following amendments made to their respective shareholder agreements, with control achieved through changes to the contractual terms, rather than through an exchange of additional consideration. The Group now consolidates GREA's entire network of real estate investments, enhancing the Group's strategic presence across key markets.

Prior to the acquisition, GREA and APDM were classified as investments in joint ventures and accounted for using the equity method in both the separate financial statements of the Company and the Group's consolidated financial statements. The Group remeasured the previously held equity interests in GREA and APDM at fair value, with the resulting losses recognized in the income statement under "Fair value loss on revaluation of previously held interests."

| Investment | Equity accounted carrying amount US$'000 | Fair value US$'000 | Loss recognised US$'000 |
|---|---|---|---|
| GREA Group | 107 049 | 94 050 | 12 999 |
| APDM | 33 610 | 22 735 | 10 875 |
| **TOTAL** | **140 659** | **116 785** | **23 874** |

Further details of the GREA and APDM acquisition can be found in Note 12a to the annual financial statements below..

## Asset acquisition

Through the acquisition of GREA (refer to Note 12a), the Group also acquired GREA's investments in joint ventures, DH One Real Estate PLC ("DH1") and DH3 Kenya Limited ("DH3"), assets co-owned with Verdant Ventures ("Verdant"), a U.S.-based real estate company. GREA and Verdant are currently exploring the potential for a merger of their respective diplomatic housing platforms, which would further consolidate their market leadership in this sector.

On 18th June 2024, an addendum to the shareholder agreement of DH1 between GREA and Verdant was signed, resulting in changes to its governance structure, that has now shifted control to GREA. As a result, the Group has consolidated DH1 as of 30 June 2024, triggered by contractual changes in the shareholder agreement rather than through the exchange of consideration. Refer note 12b in the annual financial statements below.

## Transaction with non-controlling interest – disposal of BORA Africa

The Group identified an opportunity to create a specialised property platform focused on logistics, light industrial, manufacturing, and digital infrastructure properties. Bora Africa, a subsidiary of the Group, was established on 30 September 2023 and seeded with five property assets that were already part of the Group's portfolio in Kenya and Mozambique. On 26 June 2024, GREA subscribed for 9 999 shares in Bora Africa, increasing its shareholding to 99.99%. Despite the transfer, Bora Africa remains consolidated within the Group as GREA is also a subsidiary. However, the transfer of Bora Africa to a partially owned entity has resulted in a decrease in Grit's effective shareholding in Bora Africa. Refer note 12c in the financial statements for further information.

## GREA rights issue

On 28 June 2024, GREA issued a call notice to its shareholders, including Grit and PIC, as part of its US$100 million rights issue.

The capital call portion receivable from PIC has been recognised as a receivable of US$48.5 million and has been classified as a capital call receivable under trade and other receivables. Refer Note 5 to the annual financial statements.

While all conditions precedent for the PIC Capital Investment have been satisfied the release of the US$48.5 million was delayed as a result of South Africa's recent regulatory directive, restricting state-owned entities from investing in low-tax jurisdictions or using these as conduits for offshore investments.

Notwithstanding this directive, the South African Reserve Bank ("the SARB") on 30 October 2024 advised that the South African Minister of Finance has approved the request by the PIC, on behalf of the Government Employees Pension Fund of South Africa ("GEPF") to participate in the rights issue as part of the capital raise exercise, subject to the condition that GREA redomicile from Mauritius to Kenya, within the next 12 months. Shareholders are further advised that the redomiciliation process is currently underway and expected to be completed imminently.

## Asset recycling

The Group continued with its asset recycling strategy during the year, primarily focused on assets held in non-core sectors. The Tamassa resort disposal is expected to be concluded within FY2025 and consequently has the assets and liabilities pertaining to Tamassa has been classified under non-current assets classified as held for sale as more fully described under note 6 to the annual financial statements. Post balance sheet the disposal process of the Artemis Curepipe hospital commenced and is expected to be concluded in FY2025.

## Interest bearing borrowings movements

On 30 June 2024 the Group had a total of US$501.2 million in interest-bearing borrowings outstanding as compared to US$396.7 million at the end of the comparative period. The increase in these balances is largely driven by the acquisition and consolidation of GREA during the year that contributed US$88.2 million to the increase, the consolidation of Diplomatic Housing 1 in Ethiopia that contributed US$10.8 million as well as a net increase in borrowings that were largely driven by additional borrowings provided to Gateway CCI upon completion of the development phase of the ENEO CCI project during the year. These increases were partially offset by borrowings relating to the Tamassa Resort that were classified to liabilities associated with assets held for sale and amounted to US$37.1 million.

| Movement in reported interest-bearing borrowings for the year (subsidiaries) | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
|---|---|---|
| Balance at the beginning of the year | 396 735 | 425 066 |
| Proceeds of interest bearing-borrowings | 79 075 | 324 459 |
| Loan reduced through disposal of subsidiary | – | (19 404) |
| Loan acquired through asset acquisition | 10 770 | 4 369 |
| Loan acquired through business combination | 88 240 | – |
| Reclassify to held for sale disposal group | (37 066) | – |
| Loan issue costs incurred | (2 658) | (7 355) |
| Amortisation of loan issue costs | 3 539 | 3 368 |
| Foreign currency translation differences | (1 612) | 4 761 |
| Interest accrued | 49 510 | 40 432 |
| Interest paid during the year | (48 453) | (38 834) |
| Debt settled during the year | (36 916) | (340 127) |
| **As at 30 June** | **501 164** | **396 735** |

For more meaningful analysis, a further breakdown is provided below to better reflect debt related to non-consolidated associates. At 30 June 2024, the Group had a total of US$562.5 million in interest-bearing borrowings outstanding, comprising US$537.5 million held in subsidiaries (inclusive of liabilities associated with asset held for sale) and US$25.0 million proportionately consolidated and held within its joint ventures.

| | 30 June 2024 | | | | 30 June 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| Sector | Debt in Subsidiaries US$'000 | Debt in joint ventures US$'000 | Total US$'000 | % | Debt in Subsidiaries US$'000 | Debt in joint ventures US$'000 | Total US$'000 | % |
| Standard Bank Group | 287 930 | 7 500 | **295 430** | 52.52% | 269 147 | 28 881 | 298 028 | 65.18% |
| State Bank of Mauritius | 75 503 | – | **75 503** | 13.42% | 35 361 | 2 769 | 38 130 | 8.34% |
| Investec Group | 30 288 | – | **30 288** | 5.38% | 34 722 | – | 34 722 | 7.59% |
| Absa Group | 10 000 | 17 500 | **27 500** | 4.89% | – | 14 157 | 14 157 | 3.10% |
| Maubank | – | – | **–** | – | 712 | – | 712 | 0.16% |
| Nedbank Group | 15 620 | – | **15 620** | 2.78% | 15 635 | 7 772 | 23 407 | 5.12% |
| NCBA Bank Kenya | 30 588 | – | **30 588** | 5.44% | 17 500 | – | 17 500 | 3.83% |
| Private Equity | 5 046 | – | **5 046** | 0.90% | 4 725 | – | 4 725 | 1.03% |
| International Finance Corporation | 16 100 | – | **16 100** | 2.86% | 16 100 | – | 16 100 | 3.52% |
| Housing Finance Corporation | 4 131 | – | **4 131** | 0.73% | 4 369 | – | 4 369 | 0.96% |
| Afrasia Bank Limited | 15 | – | **15** | 0.00% | – | 21 | 21 | 0.00% |
| SBI (Mauritius) Ltd | 5 407 | – | **5 407** | 0.96% | – | 2 078 | 2 078 | 0.45% |
| Stanbic Bank | 46 428 | – | **46 428** | 8.25% | – | – | – | – |
| Cooperative Bank of Oromia | 10 491 | – | **10 491** | 1.87% | – | 3 303 | 3 303 | 0.72% |
| **TOTAL BANK DEBT** | **537 547** | **25 000** | **562 547** | **100.00%** | **398 271** | **58 981** | **457 252** | **100.00%** |
| Transferred to liability associated with asset held for sale | (37 371) | | | | | | | |
| Interest accrued | 9 588 | | | | 7 725 | | | |
| Unamortised loan issue costs | (8 600) | | | | (9 261) | | | |
| **As at 30 June** | **501 164** | | | | **396 735** | | | |

## Capital commitments

Upcoming capital commitments in the current financial year include:

- Club Med Senegal phase 2 redevelopment: US$22.9 million up to June 2026; and
- DH4 Bamako development: US$53.4 million up to January 2027.

## Net Asset Value and EPRA Net Realisable Value

Further reconciliations and details of EPRA earnings per share and other metrics are provided in notes 14 to 16.

### Comments

| Net asset value evolution | Unaudited US$'m | Unaudited US$'cps |
|---|---|---|
| IFRS NAV as reported | 300 650 | 62.6 |
| Financial instruments | 789 | 0.2 |
| Deferred tax in relation to fair value gain of investment properties | 48 217 | 10.0 |
| **EPRA NRV at 30 Jun 2023** | **349 656** | **72.8** |
| Portfolio valuations attributable to subsidiaries | (27 930) | (5.8) |
| Portfolio valuations attributable to joint ventures | (2 067) | (0.4) |
| Other fair value adjustments | (6 176) | (1.3) |
| Transactions with non-controlling interests | 12 198 | 2.5 |
| Other non-cash items (including other non-controlling interest) | (21 922) | (4.8) |
| Loss arising from dilution in equity interest previously held | (12 492) | (2.6) |
| Cash losses | (1 012) | (0.2) |
| Movement through FCTR | (4 593) | (1.0) |
| Movement through revaluation reserve | 2 429 | 0.5 |
| Dividend paid | (7 227) | (1.5) |
| Coupon paid on preference dividends through retained earnings | (4 534) | (0.9) |
| Other equity movements | 2 885 | 0.6 |
| **EPRA NRV Before Dilution** | **279 215** | **57.9** |
| Effect of treasury shares | (98) | (0.0) |
| **EPRA NRV at 30 Jun 2024** | **279 117** | **57.9** |
| Deferred Tax on Properties | (40 437) | (8.4) |
| Derivatives | (26 742) | (5.5) |
| **IFRS NRV at 30 Jun 2024** | **211 938** | **44.0** |

## Material uncertainty relating to going concern

The Directors' assessment of the Group and Company's ability to continue as a going concern is required when approving the financial statements.

The Directors have modelled a 'base case' and a 'severe but plausible downside' of the Group and Company's expected liquidity and covenant position for a going concern assessment period through to March 2026, which is a period of at least 12 months following the approval of these financial statements. The Director's going concern assessment has involved a comprehensive review of the Group's risk register, an analysis of trading performance both pre and post year-end, extensive consultations with independent property valuers, and a review of operational indicators and economic data relevant to the Group's markets. As part of this, the Group and Company have a number of secured financing facilities that contain covenants requiring the Group and Company to maintain specified financial ratios including loan to value ratios, debt service and interest cover ratios.

The forecasts assume that the receivable of US$48.5 million due from the Public Investment Corporation SOC Limited of South Africa (PIC), as their contribution to the US$100 million rights issue called by Gateway Real Estate Africa Limited ("GREA") on 28 June 2024, will be received by December 2024 at the latest. The payment was due within seven days of the rights issue being called and has been delayed due to an additional requirement for approval by the South African Reserve Bank before cash can be transferred out of South Africa.

This indicates the existence of a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

The Directors consider that all substantive conditions relating to the capital raise are fulfilled and were confirmed in writing by the PIC, except for the approval of the transaction by the South African Reserve Bank. The conditions that were fulfilled include inter alia:

- Under the terms of the GREA shareholder agreement the PIC has a contractual obligation to participate once a call notice issue is issued and the PIC (as the investment manager acting on behalf of the GEPF) confirmed in writing that they will participate in the rights issue, which was confirmed in September 2023.
- The capital raise has been approved by the Board of GREA in October 2023.
- The South African Government Employee Pension Fund ("GEPF") provided shareholder approval on the 29th of April 2024.

In response to the submission made by the PIC to the SARB on 8 May 2024, the SARB had indicated that the exchange control application was declined based on the South African National Treasury's current tax directive, whereby state-owned entities may not invest in low-tax havens and may not use low-tax jurisdictions as a conduit for offshore investments where such investments (especially to the rest of Africa) could be launched from South Africa.

On 14 of October 2024, the SARB notified the PIC of the immediate withdrawal of the decision to decline the application of the PIC's participation in the GREA rights issue.

On 30 October 2024, the SARB issued a letter confirming that the Minister of Finance has approved the request by the PIC, on behalf of the Government Employee Pension Fund, to participate in the rights issue subject to the condition that GREA will redomicile to Kenya. The Directors have commenced the redomiciling process. At the date of this report, it is expected that the process will be completed by November 2024. In light of this, the timing of the receipt of the funds remains uncertain.

Once the SARB approves the transaction an updated draw request will be submitted to the PIC, whereafter payment is expected within 3 to 5 days, as confirmed by the PIC. The Directors' note, however, that the timing of the receipt of funds is outside their control.

The forecasts assume that the funding can be used to repay debt to reduce the interest charge, decrease the Group LTV position and to provide additional liquidity to the Group. If the Group, through the Company, is unable to obtain the required funding by December 2024, it would need to seek alternative finance arrangements which may not be forthcoming. Consequently, these conditions represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

### Mitigating Actions

In response to these uncertainties, the Company has undertaken several mitigating actions to enhance its liquidity position and ensure its ability to continue as a going concern including:

- Execution of the asset disposal strategy that the Group has embarked on, with the sale of both Tamassa and the Artemis Curepipe hospital close to being finalised, whilst further disposals within non-core sectors having started.
- The Company continues to use derivative financial instruments and has increased the hedged percentage of the debt portfolio, which over the short to medium term is expected to reduce Group finance costs as described under the Chief Financial Officer's statement.
- Execution of targeted administrative and other cost savings initiatives.

Despite these mitigation measures, the material uncertainty concerning the timing of the receipt of the funding from PIC means that the Group and Company may not be able to realize its assets and discharge its liabilities in the normal course of business. Therefore, the appropriateness of the going concern assumption is dependent on the successful execution of these plans.

Due to the level of uncertainty the Directors made significant judgement in incorporating the receipt of the receivable from the PIC in the forecast scenario.

## Base Case model

The base case reflects the Directors' best expectations going forward and incorporates board-approved forecasts for the relevant period, adjusted for current business changes. Key assumptions other than those discussed above include:

1. Contractual lease income assumes of a weighted average lease expiry of 5.23 years at 30 June 2024 and average contractual lease escalations of 2.89% being applied over the forecast period.
2. Expected take up of vacancies from ordinary letting activities is assumed which is updated for any leases concluded post balance sheet date
3. Base interest rates are projected to decrease to 4.88% (US Dollar SOFR) and 3.20% (Euro) until March 2025 and December 2024 respectively, before further declines to 3.58% and 2.33% by April 2026.
4. The impact of interest rate hedging contracts valued at US$256.6 million that was secured up to the date of this report on finance costs is incorporated in the financial model – details of the interest rate hedging contracts secured are more fully described in the Chief Financial Officer's statement.
5. Depreciation of the various African currencies versus the US Dollar, most notably the New Mozambique Metical depreciating by 14.3%, the Ethiopian Birr depreciating by 77.6% and the Kenyan Shilling depreciating by 12.7% over the period, whilst the Euro is forecasted to appreciate by 1.9% against the US Dollar over the period.
6. Property valuations that assume constant discount and exit capitalisation rates to those applied by the independent valuers for the year ended 30 June 2024, while applying the cashflow assumptions relating to leasing activities and foreign exchange impacts as mentioned above.
7. Six new development projects are assumed in the model that is expected to be funded through a combination of recapitalisation initiatives and debt instruments.
8. Six property disposals are assumed in the model based on the asset recycling strategy of the Group that targets mostly the non-core sectors of the Group being retail and hospitality. The proceeds of the property disposals are forecasted to be offset against Group debt.
9. The conversion of the Drive in Trading financial guarantee into a related party loan facility post-balance sheet date, bearing interest at 3-month SOFR plus 5.28% with repayment over three years starting 1 November 2024 are incorporated in the model prepared.
10. No ordinary dividend distributions are included in the model over the forecast period.

## Severe but plausible downside model

In the severe but plausible downside scenario the base case assumptions are used as baseline and the following key adjustments were made:

1. No new equity funding and debt instruments are included in the forecast, except those that have been secured up to the date of the report.
2. Base interest rates have been stretched to assume a scenario that rates will remain consistent for longer than those assumed in the base case. The resultant assumed rates are:
   - SOFR base rates remain at actual current levels of 4.88% up to September 2025 before gradually reducing to 4.38% in April 2026.
   - 3month Euribor rates are maintained at c.3.28% for the period up to end of December 2024 and thereafter gradually decreases to 2.80% by April 2026.
3. Impact of foreign currency fluctuations is modified with further depreciation of currencies versus the USD being assumed, most notably the Euro depreciating by al 1.03% over the period and movements in various African currencies of up to 18.8% from the base case scenario..
4. No new property developments are assumed, and property capital expenditure forecasted is limited to contractually obliged spent remaining at the date of this report.
5. Property disposals, limited to the disposal of the Artemis Curepipe hospital by March 2025..
6. Only contractual preference share coupons that are due to be paid during the forecast period is included in the forecast model.

Although unconditional approval from the SARB and the associated timing of the payment of funds from PIC is modelled under both scenarios, the Directors' note that timing of the payment of funds is outside of their control.

For both scenarios, the Group has identified potential risks to its covenants and obtained specific condonements from its financiers if the forecasted scenarios materialise. These condonements require key actions undertaken by management that include the repayment of specific loan balances. The next repayment in relation to this is due on the 8th of November 2024, which will be partly funded through a new facility entered with Maubank Limited ("Maubank"). At the date of this report, the funds from Maubank have not been received, however, the agreement between the parties has been signed and is deemed to be unconditional with funds to be disbursed imminently. Furthermore, receipt of the US$48.5 million is required in order to comply with the condoned covenant tests by 31 December 2024.

In addition, a facility of the Group with ABSA (Mauritius) Limited of US$35.0 million matures during the going concern assessment period. Prior to the date of the financial statements, management entered into a binding legal agreement that confirms the extension of the facility to 31 March 2026, however the final signing of the documentation is conditional on normal banking conditions that management has reviewed and assessed to be within the Group's control.

Under both the base case and the severe but plausible downside scenario the material uncertainty relating to the timing of the receipt of the receivable from the PIC relating to the GREA rights issue may result in the Group and Company being unable to meet its continued obligations as they fall due and may result in covenant pressures in future measuring periods if the receipt of the PIC funds are delayed beyond December 2024 as assumed under the various scenarios.Consequently, these conditions represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

The Board, based on the considerations highlighted above, and the recently obtained SARB approval believes that the funds will be received from the PIC within the timelines assumed under the various scenarios, which together with other remedies that are within management's control and continued support from our existing lenders, concluded that it is appropriate to prepare the annual financial statements on a going concern basis.

The financial statements do not include any adjustments that might be necessary if the Group or the Company is unable to continue as a going concern.

# VIABILITY STATEMENT

## Assessment period

The Board continues to assess the appropriate timeframe for evaluating the Group's viability on an annual basis. Based on current circumstances, a two-year horizon ending 30 June 2026 is considered suitable.

This decision is made through consideration of several near-term strategic initiatives designed to secure the Group's medium-to-long-term sustainability, including:

- **Debt Reduction:** Implementing asset recycling strategies to reduce debt levels.
- **Cost Optimization:** Aiming to reduce administrative costs to 1.2% of total income-producing assets.
- **Hedging:** Increasing the Group's hedge position to mitigate the impact of fluctuating finance costs.
- **Strategy Integration:** Embedding the GRIT 2.0 strategy following the acquisitions of GREA and APDM.

While the primary focus is on the two-year horizon, the Board has also considered longer-term factors that include:

- **Lease Portfolio:** A strong portfolio of high-quality tenants with a weighted average lease expiry of 5.23 years at 30 June 2024 and a proven track record of tenant retention.
- **Currency Exposure:** Most lease agreements are denominated in hard currencies, reducing exposure to volatile local currencies.
- **Debt Maturity:** A weighted average debt expiry of 2.73 years post covenant waivers and a strong history of successful debt refinancing.
- **Interest Rate Hedging:** Utilization of interest rate derivatives to mitigate the impact of volatile interest rates.

For the reasons outlined above, the Directors consider it feasible and appropriate to report on the Group's viability over a two-year period to 30 June 2026.

## Classification of long-term debt as current at 30 June 2024

The Group has experienced financial challenges during the year, driven by rising finance charges and delays in receiving the GREA capital raise proceeds of US$48.5 million from the PIC as discussed in note 1.1. These factors have impacted financial covenants, notably the Loan to Value (LTV) and the Interest Cover Ratio (ICR), which, consequently, were not met on certain loans as at 30 June 2024. The next formal assessment and reporting of the covenant conditions is due on 31 October 2024, the Group proactively engaged with lenders before and after the balance sheet date regarding waivers and covenant condonements. Although it was not possible for the Group to secure all condonements and waivers by 30 June 2024 due to timing constraints in the formal approval process, it successfully obtained them after the balance sheet date and prior to the signing and approval of the financial statements. These waivers and condonements cover the period from 30 June 2024 to 30 April 2026.

IAS 1–Presentation of Financial Statements mandates the classification of long-term borrowing facilities as current where financial covenants have not been met at balance sheet date, and when covenant condonements or waivers are not received by the balance sheet date. Given the waivers and condonements were obtained after 30 June 2024, the Group did not have the unconditional right as of the balance sheet date to defer settlement for the next twelve months on the impacted borrowing facilities. Consequently, on 30 June 2024, the Group reclassified US$279.9 million of borrowing facilities from non-current to current interest-bearing borrowings. Subsequent to receiving the covenant condonements and waivers post year-end, the Group has reclassified these borrowing facilities back to non-current interest-bearing borrowings – please refer to note 41 for more information.

To improve its financial position, the Group is advancing strategic initiatives, including recycling non-core assets, optimizing costs, and increasing hedging on debt from 50% to 75%. Additionally, the completion of the GREA capital raise and the application of its proceeds toward debt reduction are expected to alleviate future covenant pressures, particularly enhancing the Group's LTV position.

## Viability assessment

The Group's forecast cash flows and financial covenant compliance have been stress-tested to assess its resilience to potential risks. Key risks, as detailed on pages 82 to 85, could impact on the Group's ability to continue operations in its current form. The Board has implemented appropriate mitigating actions, including internal controls, risk management policies, and insurance.

The risks are continuously monitored and reported to the Board and corrective action is taken where necessary.

The Directors have paid particular attention to the economic outlook, the availability of finance and working capital liquidity, adherence to financial covenants and the Group's ability to meet its targets in current market conditions over the assessment period. The remaining principal risks, whilst having an impact on the Group's business model, are not considered by the Directors to have a reasonable likelihood of impacting on the Group's viability over the two-year period to 30 June 2026.

In preparing the forecast cash flows the Board has identified a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. The uncertainty primarily arises from the timing of the receipt of the proceeds from the Public Investment Corporation SOC Limited of South Africa ("PIC") on a capital raise called for by one of the Group's subsidiaries, Gateway Real Estate Africa Ltd ("GREA"), and amounting to US$48.5 million. The receipt of these funds is subject to regulatory approval in South Africa, primarily unconditional exchange control approval that is required from the South African Reserve Bank ("SARB") and the subsequent remittance of cash to GREA, that is out of the control of the Group. The receipt of these funds is essential for the Group's short-term liquidity and longer-term financial stability.

Continued compliance to the financial covenants linked to the borrowings of the Group has been assessed taking into consideration that at 30 June 2024 the Group did not meet certain financial covenants, and the affected loans were reclassified as current liabilities at 30 June 2024. It is important to note that formal waivers / condonements were received post balance sheet date for the period 30 June 2024 to 30 April 2026.

In response to the specific uncertainties and risks identified the Group is undertaking several mitigating actions to enhance its liquidity position and ensure its future financial viability. These measures include:

- **Asset Disposal:** Executing a strategic asset disposal plan, including the sale of the Tamassa resort and the Artemis Curepipe hospital.
- **Hedging:** Increasing the hedged percentage of the debt portfolio from the current level of 50% to 75%.
- **Cost Optimization:** Implementing targeted administrative and other cost-saving initiatives. The Directors have modelled a 'base case' and a 'severe but plausible downside' of the Group's expected liquidity and covenant position for the period 1 July 2024 to 30 June 2026.

### Base case

The base case reflects the Directors' best expectations going forward and incorporates board-approved forecasts for the relevant period, adjusted for current business changes. Key assumptions other than those discussed above include:

- Contractual lease income assumes of a weighted average lease expiry of 5.23 years at 30 June 2024 and average contractual lease escalations of 2.89% being applied over the forecast period.
- Expected take up of vacancies from ordinary letting activities is assumed which is updated for any leases concluded post balance sheet date.
- Base interest rates are projected to decrease to 4.88% (US Dollar SOFR) and 3.20% (Euro) until March 2025 and December 2024 respectively, before further declines to 3.58% and 2.33% by June 2026.
- The impact of interest rate hedging contracts valued at US$256.6 million that was secured up to the date of this report on finance costs is incorporated in the financial model – details of the interest rate hedging contracts secured are more fully described in the Chief Financial Officer's statement.
- Depreciation of the various African currencies versus the US Dollar, most notably the New Mozambique Metical depreciating by 14.3%, the Ethiopian Birr depreciating by 77.6% and the Kenyan Shilling depreciating by 12.7% over the period, whilst the Euro is forecasted to appreciate by 1.9% against the US Dollar over the period.
- Debt facilities that mature in April 2026 and amounting to US$45 million are assumed to be renewed based on the proven ability of the Group historically to successfully conclude the refinancing of debt instruments.
- Property valuations that assume constant discount and exit capitalisation rates to those applied by the independent valuers for the year ended 30 June 2024, while applying the cashflow assumptions relating to leasing activities and foreign exchange impacts as mentioned above.
- Six new development projects are assumed in the model that is expected to be funded through a combination of recapitalisation initiatives and debt instruments.
- Six property disposals are assumed in the model based on the asset recycling strategy of the Group that targets mostly the non-core sectors of the Group being retail and hospitality. The proceeds of the property disposals are forecasted to be offset against Group debt.
- The conversion of the Drive in Trading financial guarantee into a related party loan facility post-balance sheet date, bearing interest at 3-month SOFR plus 5.28% with repayment over three years starting 1 November 2024 are incorporated in the model prepared.
- No ordinary dividend distributions are included in the model over the forecast period.

### Severe but plausible downside scenario

In the severe but plausible downside scenario the base case assumptions are used as baseline and the following key adjustments were made:

- No new equity funding and debt instruments are included in the forecast, except those that have been secured up to the date of the report.
- Base interest rates have been stretched to assume a scenario that rates will remain consistent for longer than those assumed in the base case. The resultant assumed rates are:
  - SOFR base rates remain at actual current levels of 4.88% up to September 2025 before gradually reducing to 4.38% in June 2026.
  - 3month Euribor rates are maintained at c.3.28% for the period up to end of December 2024 and thereafter gradually decreases to 2.80% by June 2026.
- Impact of foreign currency fluctuations is modified with further depreciation of currencies versus the USD being assumed, most notably the Euro depreciating by al 1.03% over the period and movements in various African currencies of up to 18.8% from the base case scenario.
- No new property developments are assumed, and property capital expenditure forecasted is limited to contractually obliged spent remaining at the date of this report.
- Property disposals, limited to the disposal of the Artemis Curepipe hospital by March 2025.
- Only contractual preference share coupons that are due to be paid during the forecast period is included in the forecast model.

For both scenarios, the Group has identified potential risks to its covenants and obtained specific condonements from its financiers if the forecasted scenarios materialise. These condonements require key actions undertaken by management that include the repayment of specific loan balances. The next repayment in relation to this is due on the 8th of November 2024, which will be partly funded through a new facility entered with Maubank Limited ("Maubank"). At the date of this report, the funds from Maubank have not been received, however, the agreement between the parties has been signed and is deemed to be unconditional with funds to be disbursed imminently. Furthermore, receipt of the US$48.5 million is required in order to comply with the condoned covenant tests by 31 December 2024.

In addition, a facility of the Group with ABSA (Mauritius) Limited of US$35.0 million matures during the going concern assessment period. Prior to the date of the financial statements, management entered into a binding legal agreement that confirms the extension of the facility to 31 March 2026, however the the final signing of the documentation is conditional on normal banking conditions that management has reviewed and assessed to be within the Group's control.

Having considered the various factors the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period ending 30 June 2026.

# RISK MANAGEMENT FRAMEWORK

Being primarily focused on Africa, we are acutely aware of factors influencing the growth and demand for office space on the continent. We are also affected by broader macroeconomic, geopolitical, and property-related risks and uncertainties. Given these challenges, conducting business with prudence and foresight remains a fundamental principle at Grit.

This approach is ingrained in our risk management framework, which aims to mitigate uncertainty around the likelihood and impact of risks. Our strategy involves managing risks internally, transferring them to third parties with greater capacity or expertise, or eliminating them if they exceed our risk tolerance in relation to the Company's strategic objectives. Our risk management framework is consistently aligned with the Group's overall strategy.

While ongoing risk monitoring is standard practice, we conduct extensive quarterly sessions with various risk owners to assess the evolution of current and emerging risks. These sessions are pivotal for developing and refining appropriate risk management strategies. We regularly review and enhance our risk management framework and procedures to ensure effective identification, monitoring, and management of all potential and emerging risks.

A crucial aspect of our risk management approach involves evaluating the effectiveness of controls against residual risks, as detailed on the heat maps in page 85 of this report.

As of 30 June 2024, the Company's risk management framework is structured as follows:

## Board

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

## C-Suite & Executive Committee

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

## Risk Owners

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

## Group Functions/Operational Divisions

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

## Group Functions/ Operational Divisions

**Facilities | Property | Asset Management**

**Risk, Legal and Compliance**

**Human Capital & Payroll**

**Investment**

**Information Technology**

**Treasury**

**Finance (including Tax)**

**Strategic Projects**

**Investor Relations & Business Development**

**Development**

**Business Intelligence**

## Group Risk & Compliance Functions

## Group-wide Risk Register

## Internal Audit

Board

Audit & Risk Committees

External Audit

C-Suite & Executive Committee

## Other committees

### Risk Committee

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

### Audit Committee

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

### Group Risk & Compliance Functions

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

### Internal Audit

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

## Managing Risk: A Core Business Culture at Grit

Fostering a culture of prudence and sound judgement is a business ethos which is ingrained in every employee at Grit and mirrored by our stakeholders. This underscores our vision of nurturing a network of partnerships, where our steadfast corporate practices resonate through our business collaborations.

Throughout the year under review, we evaluated and strengthened our operational policies and procedures to align with our risk management strategy. This internal control measure aims to mitigate operational risks and anticipate macroeconomic factors that could impact the Company's strategic goals.

We remain steadfast in our commitment to combat climate change and adhere to international standards such as the UN Sustainable Development Goals (SDGs) and recommendations such as those by the Taskforce on Climate-related Financial Disclosures (TCFD). For detailed insights into our assessment of climate change impacts and related opportunities, please refer to pages 86 to 103 in the Responsibility section of this report.

The Risk Committee continues to facilitate a comprehensive bottom-up approach to risk identification and management. This framework ensures that risk owners assess residual risks within their respective functions and report through the Responsible Business department to the Risk Committee, culminating in oversight by the Board. Refer to the structure below for further details on our risk governance structure.

**Board**

**Risk Committee**

**C-Suite & Executive Committee**

Head of Functions (Risk owners)

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

## Our Risk Governance

The Board has delegated responsibility of risk management to the Risk Committee, as outlined in our Risk Charter (available at https://grit.group/wp-content/uploads/2021/12/risk-committee-charter.pdf).

As detailed in our risk management framework on page 78, management and board committees collaborate with subject matter experts across the organization to identify, mitigate, and monitor operational and specific risks. This collaborative approach ensures that significant risks are escalated to the Risk Committee (or the Board, where necessary), and assessments are conducted considering the Group's overall risk tolerance, currently set at "low" as of 30 June 2024.

Documented business risks are recorded and stored in the Company's Group Wide Risks Register, and shared with the Risk Committee quarterly for review and discussion regarding principal risks (refer to page 82 to 85 of this report for details on the top ten risks). During the financial year ended 30 June 2024, the Company identified specific emerging risks (refer to page 86 of this report for an update on our emerging risks identified and reported in the previous financial year) that could affect business objectives in the short to medium term (12 to 24 months). The Risk and Audit Committees oversee information technology and specific tax risks through detailed quarterly reports provided by the relevant consultants.

## Our principal and emerging risks

### Principal risks

The Company has identified several principal risks and uncertainties that could hinder the Group's achievement of its strategic objectives, through our continuous evaluation of risks. The Risk Committee and management have assessed how these risks can be mitigated, utilizing a blend of internal controls, risk management strategies, and insurance coverage where applicable. The Company's actions to manage each type of risk include:


As of 30 June 2024, the Group has identified its principal risks and uncertainties, detailed on pages 82 to 85 of this report, along with corresponding mitigation actions and potential impacts on the Group's operational and strategic objectives. The Risk Committee and Board closely monitor the top ten risks, which have been identified as having the greatest potential impact on the Company, as outlined in pages 78 to 79 of this report under our risk management and governance framework.

Acknowledging that the severity of these principal risks exceeds the approved Group risk tolerance level, set at "low," the Board and Risk Committee are continuously reassessing and implementing more effective mitigating controls on a periodic basis to reduce their severity. Refer to page 140 of the Risk Committee report for focus areas in the upcoming financial year, FY2025.

Our comprehensive Group Wide Risks Register categorizes and assesses every potential risk faced by the Group, providing a reliable platform for ongoing monitoring and control of all operational risks.

During the review period, there was no significant movement in the total risk scores of the key risks that affected the Company in the previous financial year, FY2023. However, with the consolidation of GREA and APDM from 30 November 2023, the Company has experienced some pressure on its financial covenants risks as disclosed in the CFO report.

As of 30 June 2024, three of the top ten risks are finance-related, one is IT-related, two to external factors (global financial recession and climate change), one to operations, one to strategic and two to development. For year-on-year changes in our principal risks, details on management actions for each principal risk, and outcomes, please refer to pages 82 to 85 of this report.

### y-o-y movement in our principal risks*

| Principal Risks as at 30 June 2024 | Movement in Risk Score from FY2023 to FY2024 |
|---|---|
| Liquidity Risk | › |
| Interest Rate Risk | › |
| Covenant Risk | › |
| Cyber Attack | › |
| Delay impactnof Projects Under Construction | › |
| Development Risks | › |
| Resilience to Climate Change | › |
| Global Economic Depression/Financial Recession Risk | › |
| Capital Raising Risk | › |
| Valuation Risk (Currency + Leases) | › |

* *Principal risks shown are not in any order of ranking*

Movements reflect total risk score from FY2023 to FY2024. The severity of all principal risks to the business remained unchanged y-o-y.

Throughout the past year, rising interest rates have significantly affected our cost of debt. For detailed insights into how interest rates impact us, please see the risk management section refer to note 37 on page 265 of this report. Additionally, refer to page 82 for an overview of our strategies to mitigate these effects.

The increase in debt costs due to fluctuating interest rates has posed challenges to meeting our short-term financial obligations. However, our treasury team's diligent cash flow management has effectively mitigated liquidity risks to a satisfactory level. For specific details on our actions to address liquidity risks, please see note 37 on page 265.

As of the previous financial year (FY2023) and as mentioned earlier, we have integrated development-related risks into our risk management framework and assessment. Notably, two new risks–delay impacts from projects under construction and overall development risks–have been identified among our principal risks, mainly due to GREA. These risks are closely monitored and managed by both the Risk Committee and management. For details on our strategies to mitigate development-related risks, please refer to pages 84 to 85.

The principal risks identified during the review period that could potentially impact the Group's strategic objectives are outlined below. Please note that these risks are not ranked by severity:

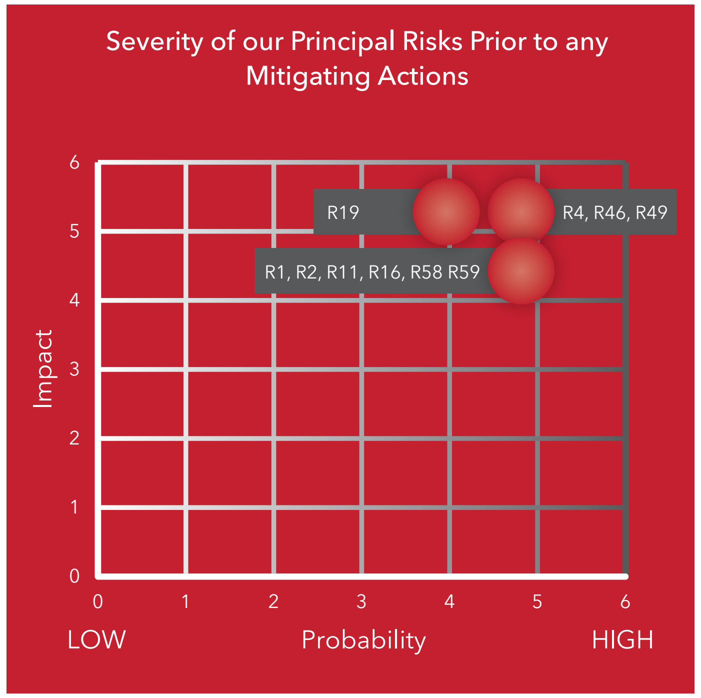
| Risk & Description | Consequence (Impact) | Risk Mitigation |
|---|---|---|
| **1 Interest Rate Risk** | | |
| • Risk that interest rates on loan impact on interest cost.<br>• Risk that interest rates rise and impact investment rates.<br>• Risk that the maximum deductible interest is capped at a low rate | Impact on interest expense allowed and therefore on the tax payable.<br>Impact on interest income.<br>Affect the profitability of the Group and return on investments. | The Group on occasion uses derivative instruments to convert a proportion of its floating rate debt to fixed rate debt in order to hedge the interest rate risk arising, principally, from capital market borrowings.<br>Permitted derivatives to be used for debt management purposes and limits for these derivatives are set out below:<br>• Interest Rate Swaps<br>• Interest Rate Caps<br>• Interest Rate Collars<br>• Cross currency swaps (EUR and US$)<br>circa 50% of debt hedged through instruments described above.<br>• Ability to access debt from multiple jurisdictions and currencies.<br>• Limited duration of loan terms. Existing terms of loans are currently kept at a maximum of five years. Renegotiation of loan terms takes place in advance of expiry of existing loan arrangements. |
| **2 Covenant Risk** | | |
| Failure to adhere to individual loan covenant clauses | • Financiers will either call back their facilities or reject any request for a refinance<br>• Reputational damage<br>• Leads to increased finance costs thereby affecting the Group's DSR.<br>• Inability to raise further funds | • Negotiate Covenant Adjustments - Engage with lenders to renegotiate covenants and where we anticipate facing compliance pressure, strive to obtain condonements in line with the Company's Base and Reasonable Worst Case scenario projections for forecast planning.-<br>• Equity Cures and Permanent Debt Reduction - Negotiate equity cures and permanent debt reductions to restore compliance with facilities that are at risk of breaching covenants.<br>• 18 - 24-Month Covenant Forecasting to monitor covenant performance and detect potential non-compliance.<br>• Covenant Relaxation Requests - Based on the forecasting outcomes, seek covenant relaxations where necessary to maintain compliance. |
| **3 Cyber Attack** | | |
| Successful attacks, via cyberspace, targeting an enterprise's use of cyberspace. | • Risk of cybercrime such as hacking, phishing, waling, ransomware heightened<br>• Disruption of operations, fraud and reputational damage. | • Independent external 'penetration' tests have been conducted by Broll SA on the Broll Online system.<br>• Multifactor authentication exists for remote access to our systems as well as emails.<br>• Incident response and remediation policies are in place.<br>• The Group's data is protected by anti-virus software and firewalls that are frequently updated.<br>• Annual staff awareness and training programmes are implemented.<br>• Security measures are regularly reviewed by the IT Liaison Committee.<br>• Different levels and layers of security in place inbound and outbound and various back up technologies<br>• Internal Auditors' review of our Group DR and BCP. |

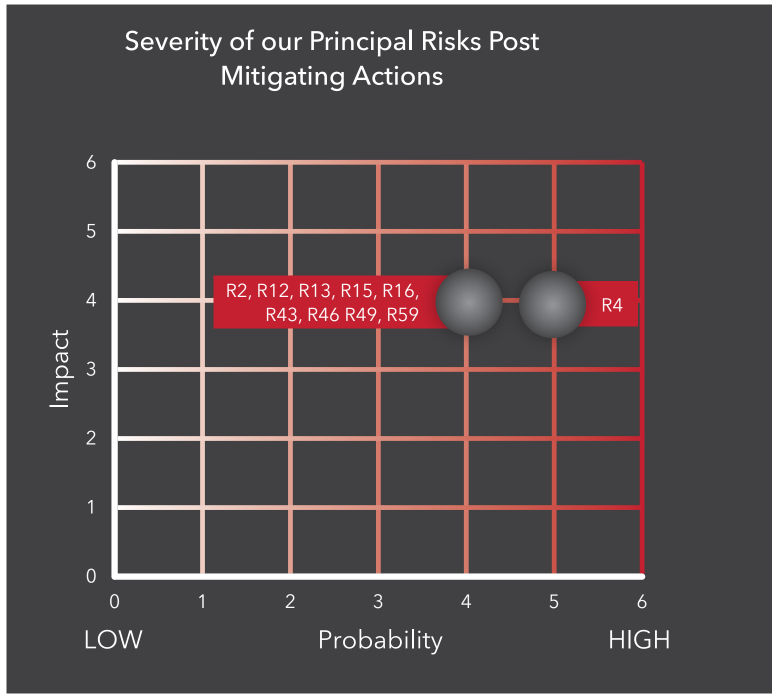
| Risk & Description | Consequence (Impact) | Risk Mitigation |
|---|---|---|
| **4 Liquidity Risk** | | |
| Risk that the company will be unable to meet short term financial obligations | Liquidity or cash is unavailable to meet obligations leading to financial distress / Not be able to meet its financial commitments as and when they fall due, because of insufficient funds. | • Cash balances are held in US$ for as long as possible.<br>• Overdraft facilities are taken in consideration of the overall Group debt exposure.<br>• The working capital requirements for each entity should be determined in the currency of the requirements.<br>• Frequent cashflow monitoring sessions with senior management and C-Suite for planning.<br>• Initiate early refinancing and extension discussions to avoid any major cash events and to maintain the Group's maturity profile at a healthy level.<br>• Liquidity risk of the Group is management centrally by the Treasury team at head office for easy communication with executives and relevant stakeholders. |
| **5 Resilience to Climate Change** | | |
| Risks faced by Grit, if the Group fails to respond appropriately and sufficiently to climate change risks or fails to benefit from the potential opportunities. | Resilience to climate change could lead to reputational damage, loss of income and/or property values and loss of our licence to operate. In addition, there is a risk that the cost of construction materials and providing energy, water and other services to tenants will rise because of climate change. | • Ensure the Board remains consistently updated on the disclosure requirements around climate-change and best practice standards.<br>• Climate-related risks and opportunities should remain a recurring agenda item in Board discussions.<br>• Perform science-based tests to identify the specific climate-related risks that could impact the Company and set targets for risk management.<br>• Management to measure performance of the Company towards meeting targets and report to Risk Committee and Board |
| **6 Capital Raising Risk** | | |
| Risk that investors do not participate in capital raise. | • Impacts potential investments / growth<br>• Reputational risks | • Maintain balance of debt/equity in policy limits<br>• Appointment of sponsors with deep knowledge of the market, to assist in raising capital.<br>• Build strong relationships with the various stakeholders in the entire capital raising cycle through to pay-down.<br>• Have a fallback liquidity plan in the event of an unsuccessful capital raise – refer to the CFO's report in page 64 for more details on what the Company has done to address the risk of Capital raising during the period under review. |
| **7 Global Economic Depression/Financial Recession Risks** | | |
| Risk of Economic depression due to unforeseen circumstances (Pandemics and catastrophic climatic conditions) | • Impact on share price.<br>• Impact on company performance and dividend pay-out.<br>• Staff job security at stake. | • Review of contracts with tenants.<br>• Secure higher quality tenants with low risk.<br>• Tenants with essential services who need to ensure business continuity.<br>• Policies and controls under liquidity/treasury management |

# RISK MANAGEMENT FRAMEWORK (CONTINUED)

| Risk & Description | Consequence (Impact) | Risk Mitigation |
|---|---|---|
| **8 Valuation Risks (currency + leases)** | | |
| Valuation Risks: Unfavourable movement in Currency and drop in contractual and market rentals, impacting property value. | • Impact on property value as at valuation date, hence affecting:<br>- Loan to value LTV (debt covenants)<br>- NAV Net Asset Value<br>• Decrease in the market value of the asset on completion of the development (impairment), especially for properties held in the short-term, with an immediate off-take anticipated on completion of construction. | • Valuation policy in place with methodology on choice of external experienced valuer.<br>• Valuation Committee ensuring compliance with policy.<br>• Independent meetings between valuation committee and external valuers.<br>• Operations teams (Real Estate and Treasury) continue to observe the LTV in their monthly reports.<br>• Real Estate team liaise with Treasury to ascertain the impact of renewals on the value of assets.<br>• GREA ensures a pre-agreed off-take price is agreed with the purchaser (off-taker) of properties held in the short-term with an immediate off-take anticipated on completion of construction. |
| **9 Development Risk** | | |
| Development risk: Risks associated with the contractors, the professionals and consultants failing to perform their duties in accordance with the objectives set by the Company. Risk of failure of/delay in property development. Risk that permits are not obtained on a timely basis leading to delays in projects and delayed revenue. | • Delay in project could have an impact on IC-approved ROI and cash flow to meet financial requirements.<br>• Loss of key tenants | • Healthy start is applied for early detection on any development project<br>• Diligent review performed on contractors and professionals/consultants prior to appointment and at end of project (performance review in line with KPIs)<br>• Implementing proper contractual agreements between parties and with penalty clauses and completion guarantees.<br>• Engaging with strategic partners<br>• Maintain good relationships with authorities responsible for delivering permits. |

| Risk & Description | Consequence (Impact) | Risk Mitigation |
|---|---|---|
| **10 Delay Impact of Projects Under Construction** | | |
| Delay impact of projects under construction: Delay in the completion of projects under construction could have significant impacts on a development, from both a TPC and ROI perspective. | • Delay in the completion of projects under construction could have significant impacts on a development, from both a TPC and ROI perspective.<br>• Delay could lead to a penalty from the tenant, depending on the lease contract.<br>• Delay could have an impact on cashflow, if rentals are not received as early as expected (loss of rental) | • Maintaining project specific risk registers to monitor risks around each project, with mitigating strategies.<br>• Bi-weekly project meetings onsite, to identify any delays and implement action plans.<br>• Impose a penalty fee (per calendar day) on the principal contractor, for any delays in the project program.<br>• Performing various stress test scenarios developed to ensure the worst case scenarios still reflect a feasible project. |




**Overall, the Board is confident that a thorough evaluation of the company's principal risks has been completed and that the emerging risks identified in the previous reporting period, relating to the Company's compliance with the AML-CFT (Anti-Money Laundering / Countering the Financing of Terrorism) requirements of the Financial Services Commission (FSC) are under control.**

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Clear and concise reporting to all our stakeholders continued to remain a fundamental business ethos for the Company during the period under review. This commitment extends to our disclosure of the risks and opportunities associated with climate change and their direct impact on our business. For more details on the importance of climate change considerations in our risk management strategy, refer to pages 78 to 79 of this report.

Over the past two financial years (FY2022 and FY2023), we have been reaffirming our support of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD or "the Task Force). We are committed to managing and reporting climate-related risks and opportunities across our operations to ensure stakeholders understand our strategy in response to these risks and opportunities. We also outlined the actions we, as a Company, are taking to contribute to the reduction of climate change within our circle of control.

In the previous reporting period (FY2023), we gave an update on the status of the short-term and long-term actions as reported in FY2022, which were meant to drive the Company to full compliance with the recommendations of the Task Force. This report includes updates on actions taken during the period under review, towards our roadmap and disclosures implementation table, found on pages 92 to 95.

As of 30 June 2024, the climate-related financial disclosures in this report are partially aligned with the recommendations of the Task Force. However, the Board is comfortable with the level of action taken by Management in addressing climate-related risks under the approved risk management framework (refer to pages 78 to 79 for more details on the framework) and as part of the Group wide risk assessment.

We are confident that having completed our carbon footprint assessment during the review period as disclosed in this report and as we progress to setting new climate-risk-related targets within the timelines as disclosed in the strategic section of this TCFD report, the Company will be able to provide disclosures that fully comply with the TCFD recommendations or any other future Sustainability Standard such as the ISSB Standards and UK Listing Rules requirements.

## Governance

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

Climate change remains a major concern for our business. The Board holds overall responsibility for establishing a long-term, environmentally friendly strategy in response to the risks and opportunities related to climate change. For more details, please refer to page 88 of this report.

The Board has delegated responsibility for various aspects of climate-related risks and opportunities to the sub-Committees of Grit. This delegation is done through the Board's charter and is aligned with the purpose of each sub-Committee and the expertise of its members, as outlined in their charters. For more details on the expertise of the Board Committees, refer to page 124 of the report.

#### Climate risk Group governance structure

| | |
|---|---|
| **The Board** | • Ultimately responsible and accountable for climate-related risks and opportunities affecting the business. |
| **Responsible Business Committee** | • Has been assigned the responsibility to drive the Company's ESG agenda including its climate-related matters. The Committee has overall responsibility for the direction which the Group will take, through its Sustainability and ESG strategy, inclusive of climate-related aspects.<br>• The Committee meets at least three times a year to ensure the Board makes informed decisions in consideration of all climate-related aspects (refer to page 146 of this report for composition of the Responsible Business Committee). |
| **Nomination Committee** | • Ensures the Board takes climate-related skills and expertise into consideration when assessing Board composition and identifying needs for upskill. The Committee meets at least three times a year (refer to page 128 of this report for composition of the Nomination Committee). |
| **Audit Committee** | • Has the duty of ensuring that the Company complies with best practice reporting standards with regards to the reflection of climate-related risks and capital expenditure in our financial statements. The Committee meets at least three times a year (refer to page 134 of this report for composition of the Audit Committee). |
| **Risk Committee** | • Through its risk management framework (refer to pages 78 to 79 of this report) the Risk Committee ensures appropriate identification, monitoring and management of the climate-related risks that affect the business. The Committee meets at least three times a year (refer to page 140 of this report for composition of the Risk Committee). |
| **Remuneration Committee** | • The Remuneration Committee includes climate-related performance metrics as part of the Company's performance metrics when setting the KPI's for both short and long term incentives (refer to page 148 of the Remuneration Committee Report). |
| **ESG Executive Committee** | • The ESG Executive Committee (ESG Exco) has been delegated with the responsibility to supervise the implementation of the Company's Sustainability Policy and execution of Board ESG strategies. During the year under review, the ESG Exco carried out its duty of overseeing and directing Grit's approach to climate-related risks and opportunities, ensuring continuous discussion and involvement at the Board level.<br>• The ESG Exco is a business operating committee and meets on an ad hoc basis to discuss ESG-related matters inclusive of climate change. |

**Flow of communication**

Whereas the Board maintains oversight of all climate-related aspects of the Company, the Responsible Business Committee (RBC) has been tasked with driving our Sustainability and ESG agenda in alignment with the overall Group strategy. During its scheduled meetings, the RBC discusses ESG matters based on a set agenda. The Committee receives reports on various climate-related targets and metrics from the ESG Exco and its sub-committees, namely the Sustainability and EcoGrit Committees. Discussions and action points from these meetings are communicated to the Risk Committee and the Board to support informed decisions and planning. For more details on the Board and Committees' skills and experiences in dealing with climate-related matters, refer to page 128 of this report.

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

Our Head - Responsible Business (Moira van de Westhuizen), chairs the Company's ESG Exco, which is responsible for the day-to-day oversight of climate-related matters. During the year under review, this operational committee met monthly and included key department members such as Andries Smit (MD - Grit Real Estate Services) and Rui Moca (Head - Facilities Management), who are part of the asset management team. They play a crucial role in determining the Group's capital expenditure requirements during budgeting and consider our carbon reduction goals through building efficiency as part of the development and asset management plan.

Shevira Bissessor (Head – ESG), Ojong Nso (Head – Risk & Compliance) and Moira van de Westhuizen, are part of the Responsible Business department and are deeply involved in various ESG, risk, and compliance-related aspects, including climate-related risks and their reporting.

Sub-committees and other business units and departments are fully abreast with the outcomes of the ESG Exco discussions, for execution and progress reporting back to the ESG Exco. This information is then communicated to the Group's Executive Committee (C-Suite) and the Responsible Business Committee, and ultimately to the Board, in the form of a performance report and data dashboard that includes climate-related targets and metrics.

#### Key governance actions during the year under review

In consideration of the priorities established in the previous financial year, the Board is pleased to disclose the following key actions undertaken during the year under review:

| | |
|---|---|
| **The Board** | • The Board was updated on the status of the actions presented by senior management from the strategy sessions held in FY2023, which was inclusive of the Company's ESG ambitions and the climate-change-inclusive IMPACT the Group would want to create in its operating environments. |
| **Responsible Business Committee** | • Continued to perform quarterly review of the achievement of our ESG targets and metrics as well as on the Company's carbon footprint evaluation carried out by ESG Intellis, as part of our plan to move towards a low carbon economy. |
| **Audit Committee** | • Inquired about the Company's implementation of the most recent carbon accounting and climate-related regulations relevant to the Company's operations. |
| **Risk Committee** | • Conducted a comprehensive assessment of the Company's risk management initiatives concerning key risks, including climate change, by scrutinizing and challenging the proposed management actions.<br>• Monitored the Company's advancements in assessing the materiality of our carbon footprint and tracked the progress of our strategy to transition towards a low-carbon economy. |
| **ESG Executive Committee** | • Continuously supervised and guided Grit's strategy regarding climate change, emphasizing building efficiency and sustainability initiatives, facilitating ongoing discussions with the Responsible Business Committee (RBC), and engaging at Board level. |

### Looking ahead

- In FY2025, we aim to further improve the understanding of climate-related risks and opportunities among our Board, Committees, and senior management. We plan to continue the enhancement of our strategy implementation processes to effectively address these risks. As the importance of expertise in this area continues to be recognized, the Board is committed to upskilling Committee members and will collaborate closely with the Responsible Business department and ESG consultants. This collaboration will drive the implementation of the Company's plan to transition to a low-carbon economy and set key environmental and climate-related targets.
- In the upcoming financial year, management would continue to place a significant focus on reporting the company's climate-related risk targets and metrics, ensuring timely communication to all stakeholders. In pursuit of continual report improvement, Grit will annually review its footprint boundary (refer to page 45 for more details on our footprint boundary) and actively seek opportunities to expand its reporting scope, particularly in the realm of scope 3 emissions categories. To ensure relevant, complete, consistent, transparent, and accurate emissions reporting, we would enhance data collection across all assets. This will lead to a more precise and comprehensive inventory, with growing emphasis on accounting for Scope 3 emissions.

## Strategy

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

Given that climate-related issues often have medium to long-term implications and considering that Grit's investment properties have service lives spanning several decades, our approach to assessing climate-related risks and opportunities spans different time horizons. Specifically, we categorize these horizons as 0–5 years for short-term, 5–15 years for medium-term, and 15+ years for long-term considerations.

While we completed our carbon footprint assessment during the review period and set strategic action plans for transition to a low carbon future, management is still in the process of conducting science-based tests with scenario analysis on the Company's portfolio – refer to action plans for full disclosure in page 92 of this strategy section. The climate-related risks and opportunities that could impact our business as identified in the previous reporting periods (FY2022 and FY2023) remain unchanged in FY2024. These risks continue to be monitored and managed in alignment with the Company's risk management framework, which is detailed in pages 78 to 79 of this report. Our focus remains on achieving our ESG targets and metrics, which are reported quarterly to the Responsible Business Committee.

| Risks / Time horizons | Short-term | Medium-term | Long-term |
|---|---|---|---|
| Transition risks | There is a trend towards **stricter legislation** across the Group's investment jurisdictions, driven by governments' emphasis on achieving "net-zero" targets. The aim is to bolster conservation finance in Africa and demonstrate governmental commitment to the UN Climate Change Conference. Key strategies include promoting socio-economic growth in these nations, developing robust policies, and establishing regulatory frameworks that encourage adoption of environmentally friendly technologies and practices. | **Legislative measures** related to climate change in the jurisdictions in which we operate have typically had extended implementation timelines. We expect that the impact and probability of this transition risk will remain unchanged from the near to medium term.<br><br>We anticipate a **growing demand** in the medium term for **energy-efficient** and **environmentally friendly buildings** from our multinational tenants and the market. This trend is expected to directly influence the Company's ability to secure long-term leases with these blue-chip companies. | We anticipate that over the long term, as **climate change legislation** becomes enforceable across all jurisdictions, the Company's risk impact and likelihood are unlikely to change, as we are actively pursuing low carbon emission initiatives.<br><br>We foresee no variation in the severity of **changes in consumer demand** over the long term, thus maintaining a risk profile alike that in the medium term. |
| Physical risks | In the short term, the Group's portfolios in Mauritius, Mozambique, and Morocco face a moderate risk of **flooding damage**. Our assessment is based on historical flooding patterns in these coastal regions, although scientific testing of this scenario has not been conducted.<br><br>**Drought**, a common physical risk associated with climate change due to reduced rainfall, is not anticipated to affect any of our portfolios in the short term, including Mozambique, Kenya, and Ethiopia. However, it remains among the most prevalent climate-related risks identified by the Company that could impact our business – refer to page 91 for more details on the impact of physical risk on the Company under various scenarios. | Although **flooding** poses a potential threat to our property portfolio in the medium term, we anticipate minimal damage as our portfolios in Mozambique, Mauritius, and Morocco are situated outside high flood zones. Therefore, the risk of flooding is considered moderate in the medium term.<br><br>In the medium term, our property portfolio in Mozambique may face a moderate risk of **drought** due to climate change.<br><br>We monitor **coastal erosion** as a potential risk, particularly for our shoreline properties in Mauritius and Morocco. However, we believe the risk is minimal in the medium term due to the less sandy nature of the shorelines in these regions and the wave strength. | There are no anticipated changes in the intensity or frequency of **flooding** in the long term, thus the risk profile is expected to remain same as that in the medium term.<br><br>Due to ongoing temperature increases and decreased precipitation, management anticipates a rise in both the intensity and frequency of **droughts** in the long term.<br><br>We foresee no alteration in the intensity or frequency of **coastal erosion** over the long term, thereby maintaining a consistent risk profile as in the medium term. |
| Opportunities | • Implementing a sustainability strategy that aligns with the socio-economic objectives of governments opens pathways to alternative and cost-effective sources of finance, such as Impact Finance, which the Group continues to pursue as part of its growth strategy.<br>• Aligning our carbon reduction efforts with market and tenant demands for sustainable workspaces is expected to result in higher rental premiums over the medium to long term.<br>• Anticipating a decrease in operating expenses in the medium term through the implementation of energy-efficient initiatives across our property portfolio.<br>• The Group plans to invest capital in both existing and pipeline portfolios to ensure climate resilience and suitability over the long term, while making a positive environmental impact. | | |

For details on management's response and associated costs for each identified transition and physical risk, as well as opportunities, please refer to page 97 in this report.

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

As a pan-African real estate company focused on investing in, developing and actively managing a diverse portfolio of assets across selected African countries, we inevitably confront climate-related challenges. These issues manifest in our property acquisitions, developments, renovations, portfolio management, and engagements with stakeholders such as tenants, professionals, financiers, and regulators.

The impact of these challenges is expected to intensify with increasing demands from tenants and stakeholders for buildings with higher sustainability standards, alongside a more compelling regulatory environment. Consequently, the Company has implemented a sustainability strategy that guides its corporate approach to addressing these issues. This strategy is supported by our sustainability framework and policy documents, which govern Grit's asset management activities.

For detailed information on these documents, please refer to our corporate governance section at https://grit.group/about-us/#corporate-governance specifically, under 'policies' and 'framework'.

Our sustainability framework and policy documents outline how the Group manages climate-related risks within the Company's property and asset management activities. This includes monitoring six major pillars and corresponding KPIs to ensure the risks identified do not adversely impact our operations.

Management is focusing on enhancing the risk monitoring and assessment working document reported under the Risk Management section of this report (refer to pages 96 to 98) for climate-related risks. While this working document is already implemented, in terms of identifying and monitoring the cause and effect of each climate-related risk on the business, there is still some work to be done with respect to putting together a financial plan for execution on strategy – refer to strategic action plan disclosed in page 90 of the strategy section of this report. This strategy is envisaged to be fully implemented by FY2026.

We continue to anticipate that changes in consumer demand and more stringent government regulations on carbon emissions will likely occur in the short to medium term. This will have an impact on Grit's business as the Company incurs costs to make its portfolio more energy efficient.

Our carbon footprint was assessed during the year under review, in line with the recommendations of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol) methodology, which covers three types of emissions: Scopes 1, 2 & 3, which have been disclosed under the metrics and targets section of this report, in pages 99 to 100.

Based on the findings of the carbon footprint analysis, we have identified strategic actions that would reduce the Company's emissions towards a low carbon future - refer to page 90 of this report for more details on the strategic action plan. The objective here being for the plan to encompass all business units and departments, thereby effectively reducing our carbon footprint and exposure to climate risk.

Below is an illustration of how the plan could impact key aspects of our business:

#### Asset management

Our plan for transition to a low carbon economy is aligned with our Sustainability Framework and Policy documents. These documents detail our commitment to creating and executing innovative, sustainable asset management solutions that increase value for occupants. Our strategy emphasizes cost-effective systems and techniques that boost energy efficiency, lower water consumption, and support responsible waste management, all while prioritizing environmental considerations for all stakeholders and reporting thereof.

#### Financial planning

**(CAPITAL EXPENDITURE & ALLOCATION)**

We consistently integrate our ESG initiatives into the Group's annual budget and provide quarterly reports on their progress to the Responsible Business Committee. Our financial planning is aligned with these initiatives and environmental capital expenditures. The Company would embark on a search for a cost-effective data capturing and reporting tool, as identified in the low carbon economy action plan outlined on pages 90 of the strategy section of this report. We are confident that being able to accurately collect data on our carbon footprint in a timely approach would aid in capital resource allocation in the near term.

#### Property Acquisitions

Grit's primary business model focuses on developing and acquiring yield-accretive properties and executing asset management throughout the value chain. Central to our value chain is the impact we create on the environment, governed by our sustainability framework and policy documents. We are currently integrating climate-related risk mitigating actions into our technical due diligence (DD) process for acquisitions. This approach will help us determine the actual carbon cost of each transaction and provide guidance on transitioning to a low-carbon economy.

Throughout the period under review, the Company continued to implement IFC performance standards around E&S as a reporting requirement.

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

Although we have not yet conducted any science-based tests to assess the impact of identified climate-related risks on the Company, management has continued to monitor the severity of climate change on our properties and organization through our environmentally sustainable initiatives aligned with our ESG strategy – refer to pages 42 to 43 in this report. Through our carbon emission assessment, we have been able to put together a strategic action plan (refer to Table below), which management is confident would drive the Company's transition to a low carbon future:

### Proposed Strategic Action Plan for Transition to a Low Carbon Future

| Short Term | Medium Term | Long Term |
|---|---|---|
| Optimising AC efficiency | Set ambitious reduction targets | Sustainable refrigerant transition |
| Data collection and monitoring | Diversified energy sourcing | Offset remaining emissions |
| Promote sustainable travel practices | Comprehensive scope 3 management | Offset remaining emissions |
| Integration of sustainability in leasing practices | Internal carbon pricing | |
| Collaboration with stakeholders | Implement a comprehensive climate action plan | |
| Integrate sustainable construction approach | | |

These actions align with Grit's commitment to sustainability and will drive tangible progress in reducing the Company's carbon footprint over time.

We acknowledge that without having conducted science-based tests, the Company is not yet fully aligned with this specific recommendation.

As indicated further below in this strategy section, our focus for the next review period – FY2025 would be to engage with the Company's ESG consultants to run science-based tests to identify what climate-related risks could affect our properties and the severity of the impact thereon. This process has already kicked off as disclosed below on pages 92 to 95.

As we continue to operate in regions prone to climate-related risks such as floods, droughts, and coastal erosion, our properties are susceptible to increased physical stress. This could significantly elevate our capital and operating expenses in the long term. A key component of the Company's business model focuses on acquiring yield-accretive, sustainable income-earning properties in carefully selected African countries that meet our investment criteria, and on building strong partnerships with key stakeholders. Refer to pages 99 to 100 of the metrics and targets section in this report for more details on our plan of action around collaboration with stakeholders and integrating a sustainable construction approach, as part of our plan towards a low carbon future.

Through Grit's Sustainability Framework and Policy (ESG strategy documents), ESG Exco can evaluate the resilience of the Company's strategy in managing identified climate-related risks. Our ESG strategy defines the key performance measures identified by the Responsible Business Committee and the Board, enabling the Company to continue demonstrating its resilience to climate change. Throughout the year under review, while conducting a thorough carbon footprint evaluation, we also remained focused on achieving energy efficiency and carbon reduction in our property portfolios, thereby ensuring we meet our primary sustainability pillar of designing and delivering environmentally conscious and efficient spaces, which aligns to one of our action plans for transition towards a low carbon future as disclosed in page 90 in this report.

The Company's sustainability strategy is founded on the concept of continuous improvement. Management is confident that this approach ensures a high degree of both climate and financial resilience, as all factors related to the currently identified climate-related risks disclosed on pages 92 to 95 of the strategy section in this report are considered in the execution of the strategy. We believe that the science-based tests will confirm similar levels of resilience, and these findings will be disclosed in FY2025.

After completing a thorough evaluation of the Company's Greenhouse Gas emissions across various jurisdictions during the period under review, we acknowledge that we have not yet performed any science-based tests on the impact of climate-related risks under various scenarios for the current reporting period. Nonetheless, we have relied on the World Bank report, "Turn Down the Heat: Climate Extremes, Regional Impacts, and the Case for Resilience." This report, prepared by scientists at the Potsdam Institute for Climate Impact Research and Climate Analytics, forecasts the impact of climate change in sub-Saharan Africa. The research aims to provide a climate forecast based on the best available evidence, supplemented with advanced computer simulations in selected regions worldwide.



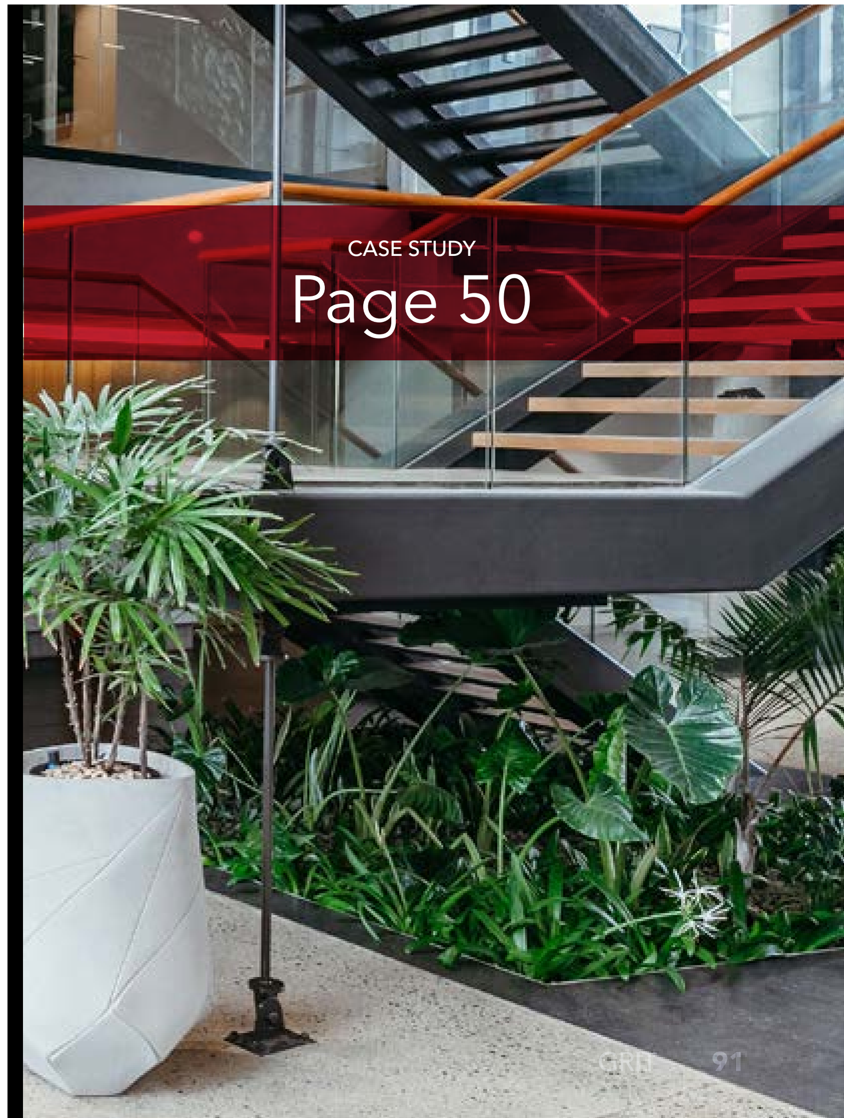
| Climate Risk | 0.8°C Warming (Currently Observed) (2020s) | 2°C Warming (2040s) | 4°C Warming (2080s) |
|---|---|---|---|
| **Heat Extremes** (Unprecedented heat extremes) | Absent | About 15 percent of land in austral summer months (DJF) | >55 percent of land in austral summer months (DJF) |
| **Drought** | Increasing drought trends observed since 1950. | Likely risk of severe drought in southern and central Africa, increased risk in west Africa, possible decrease in east Africa but west and east African projections are uncertain. | Likely risk of extreme drought in southern Africa and severe drought in central Africa, increased risk in west Africa, possible decrease in east Africa, but west and east African projections are uncertain. |
| **Aridity** | Increased drying. | Area of hyper-arid and arid regions grows by 3 percent. | Area of hyper-arid and arid regions grows by 10 percent. |
| **Sea-level Rise** | | 70cm (60cm-80cm) by 2080-2100. | 105cm (85-125cm) by 2080-2100 |
| **Water availability** (run-off/ground water recharge) | | 50 – 70 percent decrease in recharge rates in western southern Africa and southern west Africa; 30 percent increase in recharge rate in some parts of eastern southern Africa and east Africa. | Increase in blue water availability in east Africa and parts of west Africa; decrease in green water availability in most of Africa, except parts of east Africa. |
| **Rainfall/ Precipitation** (Flooding risk) | Central Africa | 10%-20% increase in most equatorial Africa. | No prediction |

*Source: Turn Down the Heat: Climate Extremes, Regional Impacts, and the Case for Resilience https://documents.worldbank.org/curated/en/2013/06/17862361/*

Based on the findings from various scenarios, management remains confident that the Company's current property investment strategy and identified action plans for transition towards a low carbon future are well-aligned with the targets that will be established once science-based tests are performed. Therefore, we do not anticipate any major changes to our strategic approach in addressing climate-related risks.

Our initiative to integrate sustainable construction practices is already underway in several of our development projects. For instance, the recently completed Eneo CCI Building in Kenya, detailed in the CEO report on page 26 and page 50 (Case Study), exemplifies our commitment. Additionally, developments such as "The Precinct" in Mauritius, reported in FY2023, have achieved an EcoDistrict certification under the EcoDistricts Protocol. As previously reported, this protocol provides a robust framework for sustainable urban development, focusing on meeting the needs of local populations while enhancing economic vitality within neighborhoods and districts. This certification continues to mark a significant milestone in our journey towards responsible real estate development and a low carbon future.

Management continues to acknowledge the impact of climate change on the business. A key component of our future strategy is to transition to a low carbon business in the long term. To accomplish this, the Company must effectively address both the transition and physical risks and opportunities associated with climate change. While we are yet to set new climate-related targets, our sustainability strategy encompasses certain climate-related targets which we have been monitoring over the years. We are now even more confident of creating more impact, as we have finalized our carbon footprint report and recommended actions to be considered for a low carbon future.



As highlighted in various sections of this TCFD disclosure, we remain committed to implementing our energy reduction and other environmentally sustainable initiatives aligned with our ESG strategy (refer to pages 42 to 43 of this report for more details on our ESG strategy). These efforts provide a solid foundation for the execution of our strategic action plan for transition to a low carbon future:

| Environmentally sustainable Initiatives* | Related sustainability pillars - metrics | Climate-related risk which metrics and targets respond to | Page(s) in which metrics are reported |
|---|---|---|---|
| • Increasing energy reduction and efficiency in our assets. | • Managing our assets responsibly | • Stringent legislation.<br>• Demand for more energy-efficient and environmental-friendly buildings. | Pages 42 to 43 |
| • Increasing renewable energy procurement e.g. sustainable clean energy procurement such as solar energy given the regions in which we invest, with as opportunity, upper hand in the market, reduction in energy cost as well as our carbon footprint. | • Designing and delivering environmentally conscious and safe, healthy, and efficient spaces. | • Stringent legislation.<br>• Demand for more energy-efficient and environmental-friendly buildings. | Pages 42 to 43 |
| • Reducing the embodied carbon associated with our development schemes through the consideration of the EDGE certification as part of our investment decisions. We have achieved this through the EcoDistrict certification obtained for The Precinct in Mauritius. | • Designing and delivering environmentally conscious and safe, healthy, and efficient spaces.<br>• Uplifting communities. | • Stringent legislation.<br>• Demand for more energy-efficient and environmental-friendly buildings.<br>• Significant Changes in weather causing flooding, drought, and coastal erosion. | Pages 42 to 43 |

* *Refer to detailed breakdown of initiatives and metrics in our Sustainability report - https://grit.group/about-us/#corporate-governance under "reports".*

## How we have embedded TCFD recommendations in our reporting:

| Pillar/ description | Recommendation | Fully / Partially disclosed | Where recommendations are disclosed / reasons why partially disclosed | Update on actions in FY2024 | Actions plan for full disclosure in FY2025 |
|---|---|---|---|---|---|
| **Governance:**<br>Disclose the organisation's governance around climate-related risks and opportunities. | Describe the Board's oversight of climate-related risks and opportunities. | Fully | Governance Framework Page 112<br>Board Skills and Experience Page 124 | • Enhanced Board knowledge on climate-related risks through ongoing training and discussions.<br>• Climate risks remain a recurring item on the Company's Risk Committee agenda. | • Ensure the Board remains consistently updated on the climate-related risks and opportunities that could affect the business.<br>• Climate-related risks and opportunities should remain a recurring agenda item in Board discussions.<br>Ongoing |
| | Describe management's role in assessing and managing climate-related risks and opportunities. | Fully | Governance Section: Management's Role in Assessing Climate Risks Page 86<br>Governance Framework Page 112 | • Management's responsibility in identifying and assessing climate-related risks and opportunities was reaffirmed, with roles and responsibilities clarified accordingly. | • Fully aligned with the recommendation to detail management's role in assessing and managing climate-related risks and opportunities.<br>Ongoing |

GOVERNANCE Page 86 | STRATEGY Page 88

| Pillar/ description | Recommendation | Fully / Partially disclosed | Where recommendations are disclosed / reasons why partially disclosed | Update on actions in FY2024 | Actions plan for full disclosure in FY2025 |
|---|---|---|---|---|---|
| **Strategy:**<br>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material. | Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. | Partially | Partially disclosed as science-based tests have not yet been run on various scenarios.<br>Strategy Section: Risks and opportunities Page 88 | • Although science-based tests to identify climate-related risks (physical) affecting the Company have not been conducted, management has continued to monitor and assess identified climate-related risks and opportunities that could impact the business in FY2024. | • Science-based tests will be conducted to clearly identify climate-related risks that could impact the Company. Cost allocation to implement the actions disclosed in this strategy section of the report would be prioritized as guided by the carbon footprint evaluation which the Company has recently conducted on the portfolio<br>Short term: 1 year<br>• Management and the Board will conduct regular reviews of the risks and opportunities that impact the Company as part of our ongoing risk management function, which will be disclosed in our TCFD reporting or any other reporting standard as may be required.<br>Ongoing |
| | Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | Partially | Partially disclosed as science-based tests on various scenarios have not yet been conducted<br>Strategy Section: Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning Page 89 | • Although we have not yet conducted science-based tests to assess the likelihood and impact of potential climate-related risks that could affect the Company, we have however continued to assess the impact of identified physical risks on our business and integrate the cost of Management response into our annual budgeting process for financial planning. | Management will conduct a comprehensive assessment to evaluate the impact of identified climate-related risks and opportunities on the organization's operations, strategy, and financial planning. This assessment will be carried out based on the science-based tests to be performed across various scenarios<br>Short term: 1 year<br>In the absence of science-based tests, management will continue to assess the impact of identified physical risks on our business and will integrate the cost of response into the company's annual budgeting process.<br>Ongoing |
| | Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | Partially | Partially disclosed, as science-based tests have not yet been conducted to assess the resilience of the Company's strategy under various scenarios.<br>Strategy Section: Resilience of the organisation's strategy Pages 90 to 91 | • Whereas the Company had engaged consultants in the field of SBTi in FY2023 for an illustration of a testing tool, management focused on performing a thorough evaluation of the Company's carbon footprint in the current review period. This would guide cost allocation strategies, as Grit strives to implement the actions disclosed in pages 92 to 95 in this strategy section. | • Management would rely on the evaluation of the Company's carbon footprint to guide on what regions to prioritize in terms of capital allocation, for a low carbon future.<br>As part of this exercise, our outsourced ESG consultants would perform a full assessment of the resilience of the Company's strategy under different climate-related scenarios.<br>Short term: 1 year |

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) (CONTINUED)

| Pillar/ description | Recommendation | Fully / Partially disclosed | Where recommendations are disclosed / reasons why partially disclosed | Update on actions in FY2024 | Actions plan for full disclosure in FY2025 |
|---|---|---|---|---|---|
| **Risk management:**<br>Disclose how the organisation identifies, assesses, and manages climate-related risks. | Describe the organisation's processes for identifying and assessing climate-related risks. | Partially | Partially aligned, as science-based tests have not yet been fully incorporated into the Company's risk management processes.<br>Risk Management Page 78<br>Risk Management Section: Processes for identifying, assessing, and managing climate-related risks Pages 96 | • While SBTi integration into our risk management processes for likelihood and impact analysis is pending, management has continued to incorporate aspects of climate-related risks into the Company's risk management framework.<br>• We have also performed a thorough evaluation of the Company's carbon footprint in the current review period. This would guide the Company on what regions to prioritize in terms of capital allocation, for a low carbon future. | Management will continue to improve and integrate processes for identifying, assessing, and managing climate-related risks within the organization's overall risk management framework.<br>Ongoing<br>Science-based targets should be integrated in the Company's overall risk management processes.<br>Short term (1 year) |
| | Describe the organisation's processes for managing climate-related risks. | Partially | Partially aligned, as science-based tests have not yet been fully incorporated into the Company's risk management processes.<br>Risk Management Page 78<br>Risk Management Section: Processes for identifying, assessing, and managing climate-related risks Page 96 | | |
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | Partially | Partially consistent as science-based targets have not yet been completely integrated in the Company's risk management processes.<br>Risk Management Page 78<br>Risk Management Section: Processes for identifying, assessing, and managing climate-related risks Page 96 | | |


| Pillar/ description | Recommendation | Fully / Partially disclosed | Where recommendations are disclosed / reasons why partially disclosed | Update on actions in FY2024 | Actions plan for full disclosure in FY2025 |
|---|---|---|---|---|---|
| **Metrics and targets:**<br>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | Partially | Partially consistent as although the Company has evaluated its carbon footprint and finalized its plan of action for transition to a low carbon future, the metrics to be used for performance measurement are not yet set based on recommended methodologies (GRESB, SBTi, GRI, etc.).<br>ESG Highlights Page 12<br>Metrics and Targets: Disclose the metrics used by the organization to assess climate related-risks and opportunities Page 99 | • The Company has completed the evaluation of its carbon footprint across the various jurisdictions – refer to pages 99 to 101 of the metrics and targets section in this report, for more details on the emissions evaluation.<br>• Having put in place the Company's action plan during the review period for transition to a low carbon future, management has embarked on reviewing the targets through a series of environmental workshops with the Company's ESG consultants – ESG Intellis.<br>For the period ended 30 June 2024, we conducted the following:<br>- Reviewed different methodologies / recommendations for targets (GRESB, SBTi, GRI, etc.)<br>- R&D on industry trends. | During the next financial year – FY2025, management together with the Company's ESG consultants would be focusing on:<br>• Identifying and finalizing the breakdown of building emissions (e.g. base building, tenant space, landlord controlled, tenant controlled). This will enable the Company to better plan its reduction strategies.<br>• Perform tests on a couple of assets based on the outcome of building emissions breakdown exercise described above.<br>• Work out and set the actual targets.<br>Short term: 1 year |
| | Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks. | Partially | Fully consistent as the scope 1, scope 2 and scope 3 GHG emissions of the Company have been established upon completion of the Company's carbon footprint assessment performed during the review period. | | |
| | Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | Partially | Partially consistent as although the Company has evaluated its carbon footprint and finalized its plan of action for transition to a low carbon future, the metrics to be used for performance measurement are not yet set based on recommended methodologies (GRESB, SBTi, GRI, etc.).<br>ESG Highlights Page 12<br>Metrics & Targets: Metrics used by the organization Page 99 | | Management to perform periodic reviews of the organization's quantified targets to reduce GHG emissions in relative or absolute terms (Scopes 1, 2 and 3) and performance against these.<br>Short term: 2 years and Ongoing |

* *Refer to Sustainability Report on our website: https://grit.group/responsible-business/sustainability-report/*

METRICS AND TARGETS
Page 99

## Risk Management

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

The Risk Committee ensures proper identification, monitoring, and management of climate-related risks affecting the business, as mentioned in the governance section on page 86 of this report. Members of the ESG Executive Committee (details on page 86) are also responsible for this task as part of their daily functions. During the review period, the Risk Committee and ESG Exco maintained the risk register, used to identify and assess risks that could have an impact on the Company's operations. Department heads continue to take ownership of and monitor the specific risks relevant to their department functions.

During the review period, climate-related risks were considered in alignment with the organization's strategy and the communities it serves. While we are still working on setting up targets and metrics to be compliant with recommended standards as disclosed in the strategy section of this report, the Board and management have continued to measure the Company's performance under two key targets - Carbon Emissions and Building Efficiency (see page 12 of this report for more details on how the Company has performed under these targets). Meeting these targets will demonstrate that the Group is effectively managing its climate risk exposure under the current strategy.

The Company's designated risk champions conduct thorough assessments of their respective risks on a quarterly basis, including sustainability and climate-related risks, with guidance from the various Heads of Departments and overall supervision of the Head – Risk & Compliance. During this assessment process, each team establishes the severity of their risk(s) and reviews the mitigation plans thereabout. Our real estate services team (property and facilities management team) have a solid understanding of the risks and opportunities of climate change to the business, as well as understand the Company's long term sustainability strategy. The team has been instrumental in the collection of data across the regions of operation for the carbon footprint evaluation as well as the ongoing target-setting workstream as per recommended standards. During the review period, the real estate team reported on data collection to senior management for processing and performance measurement.

The outcome of the risk assessment is presented by the Company's Head – Risk & Compliance to the Risk Committee during the scheduled committee meetings (refer to page 140 of this report for more details of the Risk Committee meetings). At these sessions, members of the Risk Committee challenge the assessment performed on the principal risks - medium to high degrees of severity. The likelihood of occurrence and the ideal controls and/or indicated mitigations are queried by the Risk Committee, as part of their duty to provide the Board with assurance on internal controls and risk mitigation strategies – refer to page 86 in this report for the responsibilities of the Risk Committee. Through this process, every outcome of the mitigation procedure applied in the business is appropriately considered.

Our climate-related risk management process ends up with a summarized report of the assessment of the Company's principal risks including resilience to climate change, which is presented to the Board by the Chairman of the Risk Committee for consideration and approval as required. Through this, the Board is guided in their assessment of the evolution of risks over time and can contribute to the evaluation of the risk management strategy of the Company. Having completed our carbon footprint evaluation during the review period and recommended a plan of action for the Company's transition to a low carbon future, the ESG Executive Committee has commenced the process of setting new targets and metrics to be approved by the Responsible Business Committee and the Board for the Company to measure its performance against these actions. Our risk management process would consider these actions in the near future and mitigations would be set in consideration of approved targets.

The overall responsibility for the direction which the Group will take, in terms of our Sustainability and ESG strategy, inclusive of climate-related aspects, continues to rest with the Responsible Business Committee. During the review period, the ESG Executive Committee carried out its duty to monitor, flag and assess all climate-related risks to which the business could be exposed. With the assistance of our ESG consultants – ESG Intellis, the Company has been able to complete the evaluation of the Group's carbon footprint and we have commenced the workstream of setting new targets in compliance with recommended standards as disclosed in the strategy section of this report.

In the absence of any recommended standards such as science-based tests specific to our portfolio, management has made use of research conducted by Climate Analytics and Potsdam Institute for Climate Impact Research (PIK) for the World Bank on the impact of climate change. Through this research, we have been able to identify several physical risks in certain jurisdictions, which could have an impact on the Company, under two scenarios: IPCC RCP 4.5 (2°C) and RCP 8.5 (4°C).

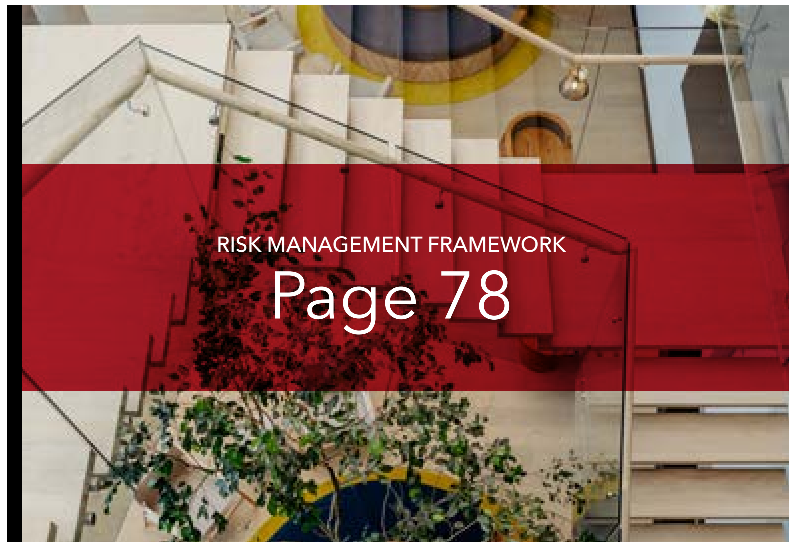
Although the Company's disclosure as at 30 June 2024 is inconsistent with this specific recommendation given the absence of a recommended standard such as a science-based test, management is however of the opinion that there is no change in the degree of severity for any of the climate-related risks to which the business could be exposed in any of the time horizons as assessed in the current review period, compared to last year (FY2023).

This conclusion is arrived at through the desktop assessment performed on the exposure of the Company's portfolio under various scenarios - 0.8°C Warming (Currently Observed) (2020s), 2°C Warming (2040s) and 4°C Warming (2080s) as disclosed above.

### Risks & opportunities

We outlined how the Company addresses the risk of resilience to climate change in the Risk Management section of this report – refer to page 97 of the IAR. Although the impacts of climate change on the business are regarded as medium to long term as indicated in the table below, the Board and management of Grit have chosen to include climate-related risks among the Company's principal risks, to effectively monitor their progression and our mitigation strategies.

Management's response to the transition and physical climate-related risks that could impact the Company has not varied from the previous reporting period – FY2023. The table below outlines how management continues to respond to climate-related risks:




Management's responses on climate-related risks affecting the business are outlined in the table below:

| Risk Heading | Increasingly stringent legislation | Change in occupier demands | Significant changes in weather |
|---|---|---|---|
| Risk Description | Reduced operations and/or transactions in the light industrial and data center sectors, due to stringent local government legislation on minimum energy efficiency standards.<br>**Time horizon[1]:** Medium<br>**Likelihood:** Likely<br>**Magnitude[2]:** Moderate | Increased vacancies caused by changes in occupier demand for more energy efficient buildings.<br>**Time Horizon:** Medium<br>**Likelihood:** Likely<br>**Magnitude:** Major | Increased wear and tear on the Company's properties caused by extreme weather changes such as flooding, drought, coastal cyclones, and aridity, leading to increased operating expenses.<br>**Time Horizon:** Medium<br>**Likelihood:** Possible<br>**Magnitude:** Moderate |
| Category | Transition – stringent government legislation | Transition – market | Physical - acute |
| Financial Impact | Decrease contractual revenue in the light industrial and data center sectors by c.US$5.2 million per annum. | Decrease contractual revenue from multinational tenants by c.US$24.7 million per annum. | Increase operating expenses and specifically repairs and maintenance by c.US$4.7 million per annum. |
| Management Response | Grit's risk management strategy continues to account for the complexities of investing in properties across various sectors and regions, necessitating close monitoring of legislative changes regarding energy efficiency standards and the built environment. Our light industrial and data center portfolios are the most vulnerable to stringent regulations when they are enacted in any of our operating regions. If we fail to comply, our exposure to climate-related risks in the short to medium term could be c.US$5.2 million in annual contractual revenue.<br>Through ongoing interaction with our various in-country legal representatives, we do not anticipate any legislative changes within the next twelve months. However, we continue to engage with our stakeholders in the light industrial and data center sectors to improve energy efficiency techniques.<br>**Timeline:** Ongoing | Over the years, more than 65% of our tenants have been and continue to be multinationals with their own ESG targets. Although it's not currently a challenge for our portfolio, we anticipate a growing demand for energy-efficient workspaces in the future, which could significantly impact the Group's operations and revenue stream through non-renewals or limited new deals.<br>We have considered our key accounts/tenants in setting the action plan for transition to a low carbon future. Actions such as integration of sustainability in leasing practices and integrating a sustainable construction approach are inevitably key factors to consider in management's response to changing consumer demands.<br>Our real estate team continues to actively engage with key tenants to discuss additional initiatives that would align with their carbon emission reduction goals, primarily focusing on single-tenanted buildings. This engagement has been instrumental in evaluating the Company's carbon footprint during the review period.<br>**Timeline:** Ongoing | Operating across eleven jurisdictions in Africa, the Group faces exposure to extreme weather conditions that could affect the Company's operating expenses and revenue.<br>As disclosed in the strategic section, management and the Company's ESG consultants are in the process of adopting an ideal recommended standard to identify the impact of climate physical risk to the Company and set targets.<br>Meanwhile, Grit continues to depend on a report by Climate Analytics and the Potsdam Institute for Climate Impact Research (PIK) for the World Bank highlighting various physical risks in certain areas, to understand potential risks that could impact the Company under two scenarios: IPCC RCP 4.5 (2°C) and RCP 8.5 (4°C). For more details, refer to the analysis table on page 91 in the strategy section.<br>**Timeline:** Ongoing |
| Cost of Response | US$0 per annum cost[3] | US$0.5m – US$1m per annum cost | US$0.1m – US$0.5m per annum cost |

1. *For climate-related risks and opportunities, we consider short, medium and long-term time horizons to be 0-5, 5-15 and 15+ years respectively.*
2. *Our risk assessment criteria for the magnitude impact of a risk are based on contractual revenue (rentals) attributable to Grit for the next financial year: >10% annual contractual revenue – Catastrophic; 10-7.5% annual contractual revenue – Major; 7.5-5% annual contractual revenue – Moderate; 5-2.5% annual contractual revenue – Minor Impact Score; <2.5% annual contractual revenue – Insignificant impact score.*
3. *While the cost of our response to the risk of increased stringent legislation is reported as US$0, the Company, however, continues to incur some cost through business travels during which discussions with stakeholders around energy efficient techniques are held.*

Management's response to the climate-related opportunities that could be seized by the Company has not varied from the previous reporting period – FY2023. The table below outlines what opportunities could be seized by the Company, in response to each climate-related risk disclosed above:

| Risk Heading | Increasingly stringent legislation | Change in occupier demands | Significant changes in weather |
|---|---|---|---|
| Risk Description | Increased competitive advantage, in the light industrial and data center sectors, through compliance with government legislation on minimum energy efficiency standards.<br>**Time horizon**[1]**:** Medium<br>**Likelihood:** Likely<br>**Magnitude**[2]**:** Moderate | Opportunity to increase revenue through competitive advantage earned from meeting occupiers' growing demands for energy efficient buildings.<br>**Time Horizon:** Medium<br>**Likelihood:** Likely<br>**Magnitude:** Major | Through efficient resource allocation, we expect to reduce capital expenses as well as the cost of repairs and maintenance caused by extreme weather changes.<br>**Time Horizon:** Medium<br>**Likelihood:** Possible<br>**Magnitude:** Moderate |
| Category | Transition – stringent government legislation | Transition – market | Physical – acute |
| Financial Impact | Increased contractual revenue especially from the light industrial and data center sectors by c.US$5.5 million per annum. | Increased contractual revenue especially from multinational tenants by c.US$22.4 million per annum. | Reduced operating expenses in general by c.US$2.3 million per annum. |
| Management Response | The Company could increase revenue through its competitive advantage by complying with legislative changes, particularly in the light industrial sector.<br>As of June 30, 2024, there have been no changes to local legislation regarding minimum energy efficiency standards.<br>**Timeline:** Ongoing | Management's ongoing engagement with the Company's key tenants provides insights into their future demand for both office and industrial space.<br>Eco-projects aligned with EDGE and EcoDistrict certifications are focal points of the Company's property improvement and development strategy.<br>Our goal here is to create resilient premises that align with the low carbon goals of both Grit and its tenants. Over the years, we have tracked two key targets - **reduced carbon emissions and building efficiency** - the performance of which we continue to monitor and improve annually (see page 100 of this report for a year-on-year comparison).<br>**Timeline:** Ongoing | Resource efficiency at Grit involves selecting optimal technologies and material to manage the Company's assets and meet stakeholders' evolving demands for sustainability. This approach aims to maximize resource utilization, which would be achieved by reducing capital allocated to operations such as electricity, water, waste, and related costs.<br>The Company's environmental policies enable more efficient and effective resource utilization across its portfolio. This is reiterated in the action plan for transition to a low carbon economy disclosed in the strategy section of this report.<br>**Timeline:** Ongoing |
| Cost of Response | US$0 per annum cost[3] | US$0.5m – US$1m per annum cost | US$0.1m – US$1m per annum cost |

1. *For climate-related risks and opportunities, we consider short, medium and long-term time horizons to be 0-5, 5-15 and 15+ years respectively.*
2. *Our risk assessment criteria for the magnitude impact of a risk are based on contractual revenue (rentals) attributable to Grit for the next financial year: >10% annual contractual revenue – Catastrophic; 10-7.5% annual contractual revenue – Major; 7.5-5% annual contractual revenue – Moderate; 5-2.5% annual contractual revenue – Minor Impact Score; <2.5% annual contractual revenue – Insignificant impact score.*
3. *While the cost of our response to the risk of increased stringent legislation is reported as US$0, the Company, however, continues to incur some cost through business travels during which discussions with stakeholders around energy efficient techniques are held.*

## Metrics and Targets

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

Management understands the crucial role of intensity metrics in advancing sustainability initiatives within the Company. Climate-related risks and opportunities are assessed at Grit by standardizing emissions data against Gross Lettable Area (GLA) as an operational metric, given that it aligns with existing monitoring practices within the Company, hence streamlining the benchmarking process and ensuring consistency. Through this, the Company can evaluate its environmental impact relative to the scope of operations.

Our ESG Exco as well as the real estate team understand the importance of emission intensity in assessing operational efficiency, identifying areas for improvement, and ultimately reducing the Company's carbon footprints.

### Summary of Grit Metrics and Intensity

**Company Metrics and Intensity**

| | |
|---|---|
| Group Carbon emission-including electricity and Air travel (MT of $CO_2e$) | 11 469 |
| Total scope 1 and 2 emission (MT of $CO_2e$) | 12 262 |
| Total scope 1 and 2 emission (Kg of $CO_2e$)/(GLA ($m^2$) | 80.61 |
| Refrigerant emissions (Kg of $CO_2e$)/(GLA ($m^2$) | 5.31 |
| Diesel (Kg of $CO_2e$)/(GLA ($m^2$) | 0.91 |
| Electricity (Kg of $CO_2e$)/(GLA ($m^2$) | 74.39 |

*Note: GLA refers to the total gross leasable area of all buildings under oerationl control.*

During the review period, Grit continued to evaluate its climate-related risks and opportunities by tracking various metrics outlined in its Sustainability Framework and Policy documents, including energy usage, carbon emissions, waste management, and water conservation. Refer to pages 47 to 49 of the Responsibility Report which provides detailed information on the specific climate-related targets monitored by the Company. This report comprehensively covers all environmental and social actions, providing year-on-year comparisons and adherence to best practice standards.

This information is accessible to all stakeholders through the EPRA sustainability report section. For specific details on sustainability performance measures with the relevant metrics, refer to pages 58 of the Responsibility Report.

RESPONSIBILITY REPORT
Page 40

### y-o-y Performance of Environmentally Sustainable Initiatives with Metrics

| Climate-related target | Environmentally Sustainable initiative to meet target | Metrics | y-o-y performance of target FY2023 v/s FY2024 | Trend |
|---|---|---|---|---|
| 25% improvement in building-efficiency by 2025 through reductions in electricity & water consumption | Total energy consumed across the portfolio | Annual kwh | **16%** | On target |
| 25% reduction in Group Carbon emissions by 2025. | Total fuel consumed | Annual litter | **14%** | On target |
| 25% improvement in building-efficiency by 2025 through reductions in electricity & water consumption | Building energy intensity | kWh/m²/year | **16%** | On target |
| 25% improvement in building-efficiency by 2025 through reductions in electricity & water consumption | Building water intensity | KL/m²/Year | **16%** | On target |
| 25% reduction in Group Carbon emissions by 2025. | GHG emissions intensity from buildings for each property type | kg $CO_2$e/m²/year | **14%** | On target |

Refer to page 92 of this report for the link between each environmentally sustainable initiative and the associated climate-related risks and opportunities.

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

During the period under review, we completed the Company's carbon footprint evaluation and a report detailing the methodology and the Company's carbon footprint was presented to the Responsible Business Committee and the Board.

The assessment was based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol) methodology and covered three types of emissions:

- **Scope 1:** Direct emissions resulting from fuel used by Grit-owned or controlled equipment, including stationary fuels and air refrigeration.
- **Scope 2:** Indirect emissions resulting from purchased electricity from the grid.
- **Scope 3:** Emissions comprise activities stemming from assets not owned or controlled by Grit, but which the Company indirectly influences within its value chain.

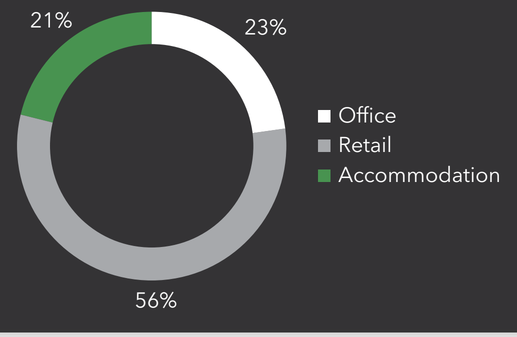
| Portfolio emissions | | Year ending 30 June 2023 | Year ending 30 June 2024 |
|---|---|---|---|
| Scope 1 | $tCO_2e$ | 946 | 2 090 |
| Scope 2 (Location based) | $tCO_2e$ | 11 316 | 33 755 |
| Scope 3 | $tCO_2e$ | 25 482 | - |
| **Intensity metrics** | | | |
| Scope 1 and 2 | $tCO_2e$ per m² | 80.61 | 128.3 |
| Scope 3 | $tCO_2e$ per m² | 310.67 | - |

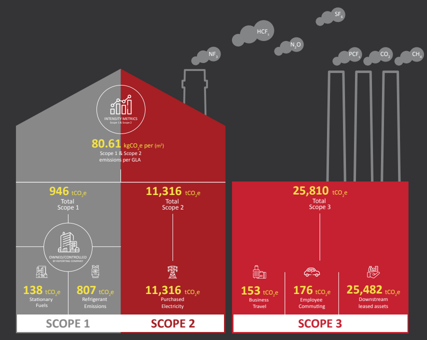
*Data pertaining to scope 3 emissions in FY24 is not readily available, due to challenges in collecting such data from the Company's triplenet buildings. However, Management is implementing monitoring systems for scope 3, to ensure enhanced disclosure in FY25*

The greenhouse gas emissions inventory was calculated by identifying all relevant greenhouse gas emissions sources, collecting activity data from the relevant stakeholders, and applying the appropriate emissions factors to each source. This enabled the calculation of carbon emissions from each source and the data was aggregated to create the total carbon footprint for the Group. All data collected and analysed adhere to the World Resources Institute GHG Protocol's principles of relevance, completeness, consistency, transparency, and accuracy.

The outcome of this exercise provides an opportunity to review existing targets, formulate new carbon reduction measures, and pave the way for the Company's transition towards a low carbon future.

## Emission Distribution per Asset Type (Scope 1 & 2) (%)



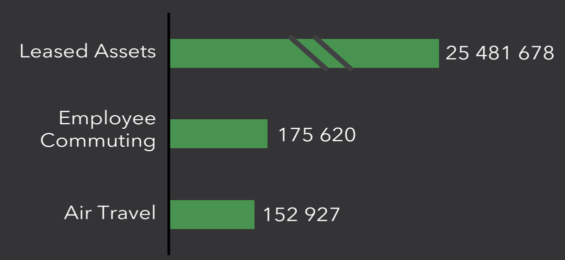

The retail sector's prominent contribution to emissions necessitates focused sustainability initiatives, given the energy-intensive nature of the Company's retail assets, especially in lighting and refrigeration. The impact of **transition risks** to the Company is perceived **low in the long term**, given the inherent nature of the retail industry (**change in occupier demand is only likely in the long term**).

Similarly, while the Company's office sector has a smaller proportion of emissions, it is crucial to examine energy usage patterns across all assets in this sector. Emissions in this sector primarily result from diesel usage in generators and electricity consumption. The impact of **transition risk** to the Company is perceived **low in the medium term**, and management is relentless in its efforts to monitor the emissions from this sector, given its size in the Group's portfolio. This monitoring extends to the impact from any **change in occupier demand**, which is **likely in the medium term** as disclosed in the risk management section of this report.

Despite having fewer assets compared to retail and office, the Company's corporate accommodation sector still plays a considerable role (21%) in emissions, mainly attributable to refrigerants usage in buildings. The impact of **transition risks** to the Company is perceived **low in the medium term**, given that our corporate accommodation clients are multinationals with a carbon reduction agenda, hence **change in occupier demand is likely in the medium term**.

Analysing operational dynamics within each sector is vital for identifying key emission drivers, hence highlighting the need for tailored strategies to effectively reduce the Company's carbon footprint. Management is cognisant of the importance of these strategies going beyond mere asset numbers to addressing the specific characteristics shaping emissions in each

## Emission from diffrent categories of Scope 3 (kg $CO_2$e)




The findings from the Company's carbon footprint evaluation revealed that the highest emissions of the Company stem from two significant sources:

- The first source is emissions from leased assets, which encompasses the usage of electricity and diesel for power supply across all properties within the Company's operational boundary.
- Equally significant are emissions resulting from employee commuting, covering the regions where the Company has offices, including Mauritius, Mozambique, Morocco, and Ghana.

* *Air Travel in figure 4 above relates to emissions from travels of both Grit and tenants involved in the carbon emission assessment performed. There are however certain stakeholders travels such as consultants and professionals whose air travels for Grit's affairs are not included in this data analysis due to unavailability of the information.*

STRATEGY
Page 88

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

While the process for setting new targets is ongoing as disclosed in the risk management and strategy sections of this report, our sustainability strategy continues to drive the Company's environmental, social and governance responsibilities. Under this strategy, the business has four high-level KPIs (targets) which are aligned to specific UN SDGs – refer to page 42 of the Responsibility section of this report. The ESG Exco has continued to report on the Company's actions against climate-related targets, through two of Grit's climate-related sustainability KPIs - carbon emissions and building efficiency:

- **25% reduction in carbon emission** (aligned to UN SDG 7, 12 & 13) - refer to page 42 of this report for details on the relevant metrics. During the review period, the Company maintained collection and analysis of data on the below KPI's to measure the performance of this target:
  - Electricity consumption (scope 2) across the Company's properties.
  - Air travel emissions (scope 3).
- **25% increase in building efficiency** (aligned to UN SDG 6, 9 & 12) - refer to page 42 of this report for details on the relevant metrics. During the review period, the Company continued to collect and analyse data on the below KPI's to measure the performance of this target:
  - Water consumption at Grit's properties under operation across the portfolio.
  - Water building intensity. The Company calculates the water intensity based on the floor area (Gross Lettable Area) for all buildings given the availability of the relevant data.
  - Waste management at Grit's head office in Mauritius. The Company has a waste management policy aligned to the IFC performance standards. Facilities and development managers have received training in the standards.

As part of its duty, the Responsible Business Committee reviews these targets during its scheduled committee meetings and would be instrumental in aligning the targets with the strategic action plans that have been recommended by our ESG consultants, as well as in consideration of any new targets that would be set during the next financial year – FY2025, as disclosed in the strategy section of this report.

For more details on our ESG and associated metrics and targets, kindly refer to our comprehensive annual Sustainability Report on https://grit.group/responsible-business/sustainability-report/under "reports".

## Compliance Statement

The Board acknowledges that while the Company's current disclosure partially aligns with the recommendations of the task force, the actions outlined in this report and specifically the strategic action plans from the Company's carbon footprint assessment will enable Grit to fully disclose its climate-related risks and opportunities within the timelines specified in this integrated annual report. In consideration of the progress made during the review period, we are confident that upon finalization, our science-based targets will align the Company's carbon reduction goals with the 1.5°C Paris Agreement of 2015.

In evaluating the consistency of our disclosures and actions towards full alignment with the task force recommendations, we have carefully considered all relevant guidance, as detailed in the table on pages 92 to 95 of this report. We have disclosed the extent of partial alignment with the task force recommendations, outlined actions required for full alignment, and specified the associated timelines, in accordance with Financial Conduct Authority Listing Rules.

Additionally, for a more comprehensive view, similar disclosures are provided in our annual Sustainability Report available at https://grit.group/responsible-business/sustainability-report/ This report offers detailed insights into the Company's environmental and social performance metrics, including granular data on each key performance target. To cater for stakeholders seeking detailed breakdown of the metrics and targets disclosed in the TCFD report, we have also included more specific climate-related datasets and performance metrics in the EPRA sustainability performance measures section, found on pages 58 to 63 of the Responsibility section of this report and in our annual Sustainability Report.

The Risk Committee continues to recognise resilience to climate change as a principal risk to our business, as detailed on page 83 of the Risk Management section of this report. This risk is closely monitored and managed at all levels within the Company, with active involvement from the Board. Within our business culture, a risk is categorized as "severe" when its assessment indicates substantial impact on both Grit's operations and its stakeholders.


# CORPORATE GOVERNANCE REPORT

# INTRODUCTION FROM THE CHAIRMAN

## 2024/2025 Focus Areas

- Ongoing monitoring of performance against our strategy, which includes the recycling of non-core assets with capital redeployed towards debt reduction
- Continue to monitor the Groups long-term succession and talent development pipeline
- Continued focus on environmental, social and governance (ESG) matters and further enhancement of ESG reporting
- Continue and strengthen and broaden cyber security
- Enhance new and existing capital partnerships - deeper collaboration with existing funders and new DFI funders

## Dear Shareholder

I am pleased to present our Corporate Governance Report. The Board's priority during the year has been to ensure the Group is set up for long-term sustainable success, while navigating through headwinds from a challenging macroeconomic environment.

This report seeks to demonstrate and explain the Company's core governance related processes and procedures and highlights the key governance actions that have taken place.

The Board continues to believe that sound corporate governance plays a key role in shaping the long-term success of the Company and provides a strong foundation for delivery of its strategic objectives.

As well as overseeing the management of risks, the Board and its principal committees have taken key decisions as set out under each committee report (refer to "Key activities during the year under review").

## Board Changes and Succession

During the year there were a number of changes to the composition of the Board.

In December 2023, Sam Jonah reached retirement age and accordingly withdrew himself from re-election at the annual general meeting and has stepped down from the Board. We also welcomed Nigel Nunoo as an independent non-executive director and he was appointed to the Remuneration and Investment Committees.

Among the executive director changes, in December 2023 Leon van de Moortele, Executive Director and Chief Financial Officer of the Grit group, took a medical leave of absence. This was followed, in February 2024 with his resignation from the Company. The Board then appointed, In February 2024, Gareth Schnehage as Executive Director and Chief Financial Officer of the Grit group.

The sudden passing of Jonathan ("Johnny") Crichton in September 2024 left fellow Board members and colleagues deeply saddened. On behalf of all of us at Grit Group, we extend our heartfelt condolences to his wife and family. As a board member, Johnny was instrumental in driving Risk and Governance oversight and served as a mentor to the executive team, drawing from his deep knowledge and experience. We are grateful for his outstanding contributions, and he will be deeply missed. To fill the vacancies in committees, Lynette Finlay, has been appointed as a Member of the Audit Committee and Nigel Nunoo, appointed as a Member and Chair of the Risk Committee.

I have now served as a non-executive director on the Grit board for ten years, including six years as Chairman. Per Provision 19 of the UK Code of Corporate Governance, the maximum recommended tenure is nine years. The Nominations Committee, adhering to a rigorous and transparent selection process that prioritises diversity and merit, have elected existing independent non-executive Nigel Nunoo as my successor. The Board has determined that his appointment shall take place in the latter half of the 2025 financial year and have voted to extend my service as such, facilitating the seamless transition. In the Board's determination this extension and hand over period is crucial to maintaining leadership continuity during a critical phase of the company's development allowing minimal disruption of the Grit 2.0 strategy.

## Strategy

One of the key priorities of the Board is to oversee the implementation of the business strategy and ensure it is positioned for long-term success. The Board met in Junes strategy review meeting in June 2024, the Board discussed at length, the Grit 2.0 Strategy (refer to pags 18 to 19), as the Group's strategic direction and intentions to our stakeholders.

## Culture

The Board understands the importance of culture and setting the tone of the organisation from the top and embedding it throughout Grit. The success of the Group depends on our people and our culture.

## Stakeholder Engagement

Stakeholder engagement is important and assists the Board in making and defining its strategy. Our stakeholders play an important role in monitoring and safeguarding the governance of our Group. Further information on how we engage with our stakeholders is on pages 36 to 39.

## Board evaluation

An external evaluation of the Board and its Committees was performed by One Advisory. The outcome of this can be found on pages 124 to 127.

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

The forthcoming AGM will be hosted at The Precinct, Grand Baie, Mauritius. Alongside my fellow Directors, I hope that you will be able to join us as we believe that your input and participation is important.

In accordance with the Code, all Directors, will be putting themselves forward for re-election at the AGM. The Directors have confirmed that they have sufficient time to dedicate to the Company and this is demonstrated by their involvement in and attendance at board and committee meetings.

The rest of our Corporate Governance Report will describe in detail how the Company continues to uphold high standards of corporate governance. Each Committee Chair will provide a detailed review of the work that their respective Committee has undertaken.

I can confirm that each Director's performance continues to be highly effective and demonstrates a high level of commitment to their roles.

I would like to take the opportunity to recognise the hard work and commitment of all our people during the year and to thank them for their continued efforts to ensure the future success of the business. I would also like to thank my colleagues on the Board for their continued support and commitment over the past year.

## Corporate Governance Code

The Company's statement of compliance with the UK Corporate Governance Code 2018 ("UK Code") and the National Code of Corporate Governance for Mauritius (2016) ("MRU Code") can be found on page 121.

The current 2018 UK Code was updated in January 2024 and will apply to financial years beginning on or after 1 January 2025.

The UK Code is publicly available at www.frc.gov.uk.

## Key activities and decisions taken by the Board

- Continued to monitor the Group's progress towards becoming a low carbon economy
- Approved an external consultant, One Advisory to perform the annual Board and Committee evaluations
- Hosted the Annual General Meeting on 18 December 2023
- Appointment of Nigel Nunoo, an Independent Non-executive director
- Approved the appointment of Gareth Schnehage as the new Group CFO
- Declared a dividend of US$1.50 cps for the 6 months ended 31 December 2023
- Extensively reviewed the Implementation of the Group's strategy and supported the executive management team in the pursuit of a simplified operating structure.
- Identified non-core assets and set a target of US$200m of non-core property sales by December 2025
- Approved an external audit tender be conducted
- Regularly monitored the Group's principal and emerging risks
- Approved the portfolio valuation at 30 June 2024

I would like to take the opportunity to recognise the hard work and commitment of all our people during the year and to thank them for their continued efforts to ensure the future success of the business. I would also like to thank my colleagues on the Board for their continued support and commitment over the past year.

Peter Todd
Chairman
31 October 2024

# BOARD OF DIRECTORS

The profile of each of our directors is available on our website at https://grit.group/about-us/ under "Our People".

## Peter Todd

65

Non-Executive Director (Chairman)
External
Appointed to the Board:
14 August 2014
Appointed as Chairman:
12 April 2018
Other listed directorships: None
Committees: Chair of the Investment and Nomination Committees
Residency: Mauritius

## Bronwyn Corbett

43

Executive Director, Chief Executive Officer
Internal
Appointed to the Board:
12 May 2014
Appointed as CEO:
May 2014
Other listed directorships: None
Committees: Member of the Investment Committee
Residency: Mauritius

## Gareth Schnehage

44

Executive Director, Chief Finance Officer
Internal
Appointed to the Board:
February 2024
Appointed as CFO:
February 2024
Other listed directorships: None
Committees: None
Residency: United Kingdom

## Catherine McIlraith

60

Independent Non-Executive Director
External
Appointed to the Board:
24 November 2017
Other listed directorships: 3 (CIEL Limited, Les Gaz Industriels Ltd, Phoenix Beverage Limited)
Committees: Chair of the Audit and Remuneration Committees. Member of the Nomination, Risk and Responsible Business Committees
Residency: Mauritius

## David Love

59

Independent Non-Executive Director
External
Appointed to the Board:
04 December 2018
Appointed as Senior Independent Director:
04 August 2020
Other listed directorships: None
Committees: Chair of the Responsible Business Committee. Member of the Audit, Risk, Investment and Nomination* Committees
Residency: United Kingdom

## Late Jonathan Crichton

69

Independent Non-Executive Director
External
Appointed to the Board:
17 September 2020
Other listed directorships: None
Committees: Chair of the Risk Committee. Member of the Audit Committee
Residency: Mauritius

## Cross Kgosidiile

55

Non-Executive Director
External
Appointed to the Board:
05 March 2021
Other listed directorships: 1 (PrimeTime Property Holdings Limited)
Committees: Member of the Responsible Business Committee
Residency: Botswana

## Lynette Finlay

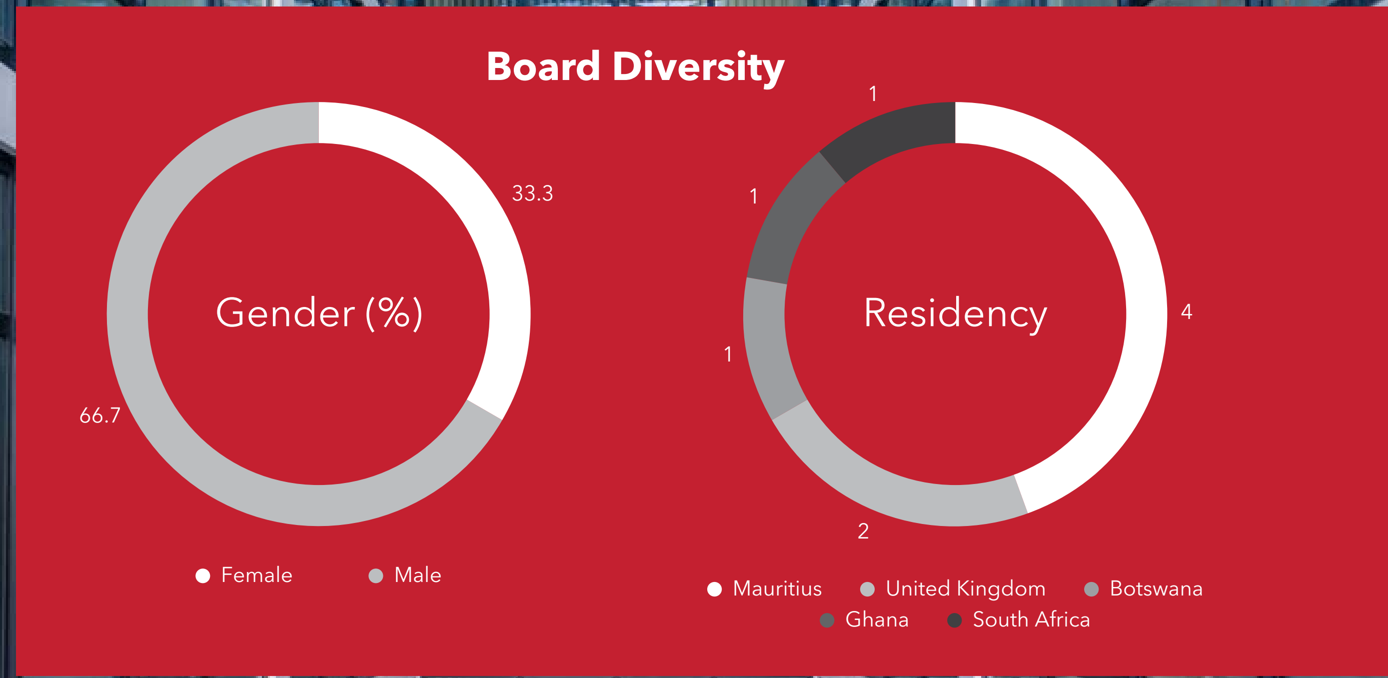
65

Independent Non-Executive Director
External
Appointed to the Board:
24 March 2023
Other listed directorships: None
Committees: Member of the Investment and Remuneration Committee
Residency: South Africa

## Nigel Nunoo

46

Independent Non-Executive Director
External
Appointed to the Board:
19 December 2023
Other listed directorships: None
Committees: Member of the Investment and Remuneration Committee
Residency: Ghana




*From July 2024, the members of the Remuneration Committee have replaced the exiting members of the Nomination committee.*

# ORGANISATIONAL STRUCTURE


## Executive Committee

### Corporate Services

**Moira van der Westhuizen**
Head - Responsible Business

**Aurelie Mallac**
Head - Human Capital

**Shevira Bissessor**
Head Operational excellence & ESG/COO - GREA

**Leigh Varrie**
Head - Marketing

**Hugo Jordaan**
Finance Director

**Luc Tseung-Sum-Foi**
Head - Asset Management

**Andre Janari**
Head - Investment and Debt

**Darren Veenhuis**
Head - Investor Relations

### Business Development and Operations

**Andries Smit**
Head - Real Estate

**Craig Clutz**
Head - Development

**Donald Borthwick**
MD - Bora Africa

**Bevan Smith**
MD - DH Africa

## Senior Leaders

### Corporate Services

**Ojong Nso**
Head - Risk and Compliance

**Claudinette Permal**
Senior Treasury Manager

**Janis Rosenberg**
Group Company Secretary

**Alex Mugambi**
Head - Legal

**Jacques Hattingh**
Head - Group Finance

**Munya Island**
Debt Principal

**Evangelos Karnavos**
Senior Business Analyst

**Mike Sewell**
Investment Principal

**Kai Marini**
Senior Strategic Manager to the CEO

**David Borthwick**
Corporate Finance Manager

**Louis Broutin**
Investment Principal


### Business Development and Operations

**Debra Kippen**
Senior Asset Manager

**Marieke Pieterse**
Head - Operations Manager

**Rui Moca**
Head - Facilities Manager

**Beth Titan**
Senior Development Manager

**Pumi Lukhele**
Head - Construction and Development - East Africa

**Jessica Ha Shun**
Head -Financial Planing Treasury

# CORPORATE GOVERNANCE STATEMENT

## Our Governance Structure

Our well-established structured framework comprising of the Board and its committees, enables the Company and our directors to work effectively as described below:

**Board of Directors**

**Board Committees**

**Executive Committee**

The Board Charter, duly approved by the Board and reassessed on an annual basis, is available on the Company's website at https://grit.group/about-us/ under "Our Corporate Governance".

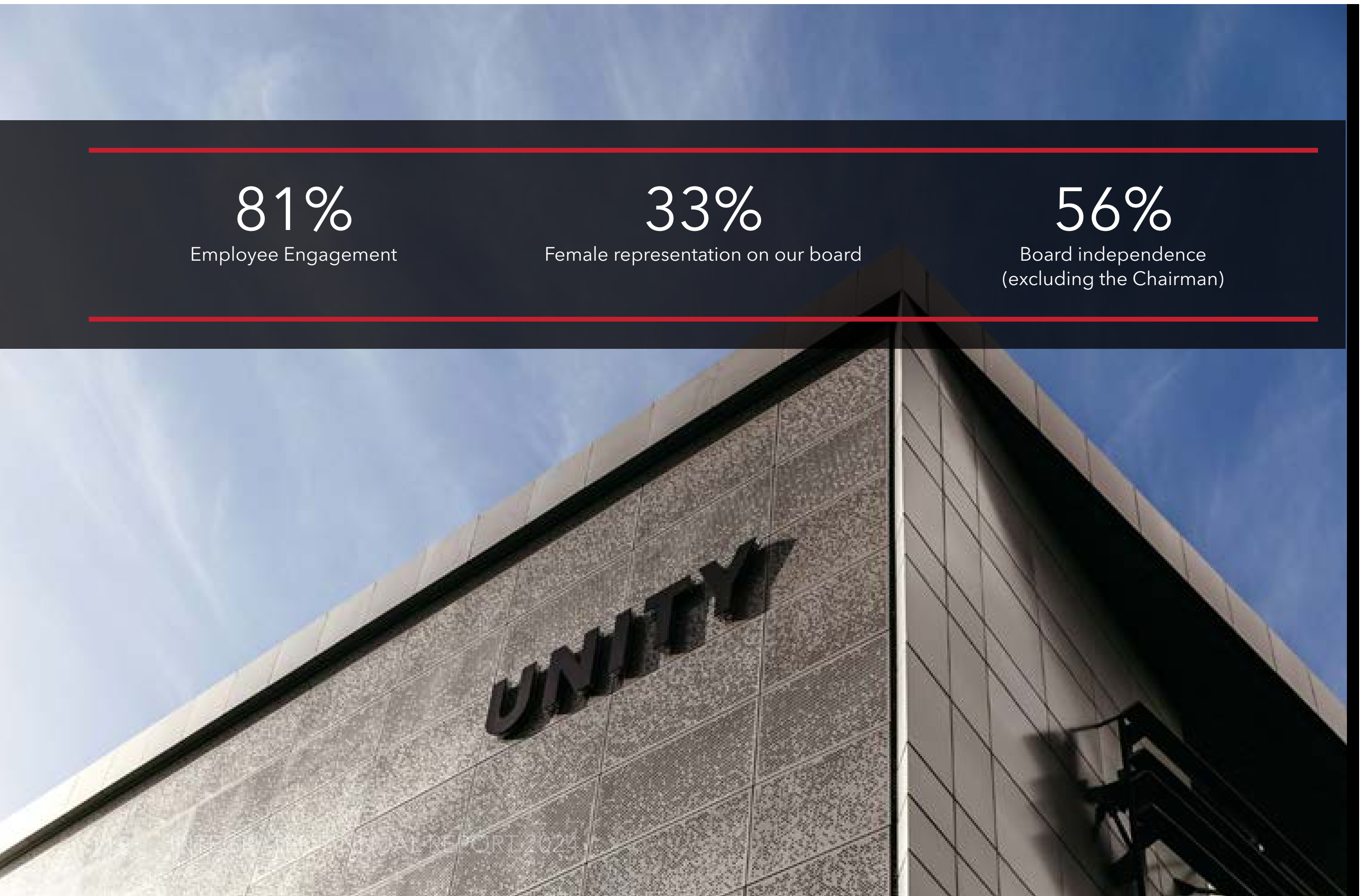
Biographies are available on our website at https://grit.group/about-us/ under "Our People".

Roles and Responsibilities is available on the Company's website at https://grit.group/about-us/ under "Our Corporate Governance".

## The Board

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

The Board maintains a formal schedule of matters which are reserved solely for its approval, whilst operational matters are approved by a sub-committee of the Board. The local committee ("Local Committee") administers operational matters like the approval of bank signatories which requires "wet ink" which requires in-person approval. Other strategic matters include decisions relating to the Group's strategy, its capital structure, financing, any major property acquisition or disposal, the risk appetite of the Group and the authorisation of capital expenditure above the delegated authority limits. As and when required, the Board also approves the establishment of sub-committees to take certain decisions. A group delegation of approval matrix guides management in the execution of delegated authority limits and those matters which have not been reserved for Board and Shareholder approval.




81%
Employee Engagement

33%
Female representation on our board

56%
Board independence (excluding the Chairman)

## Board members and attendance during the year under review

The Board met six times during the year. In addition to the meetings, there are other regular interactions with the Board members keeping them updated, such as:

a. Liaising though different means of communication (calls, emails, WhatsApp, etc.)
b. Sharing monthly management packs on DiliTrust
c. Informing the board prior to any announcement being released
d. Other matters being approved by written resolutions of directors.

| | Independent | No. of meetings* | Attendance |
|---|---|---|---|
| Bronwyn Corbett[1] | No | 6/6 | 100% |
| Leon van de Moortele[2] | No | 3/3 | 100% |
| Peter Todd[3] | No | 6/6 | 100% |
| Jonathan H. K. Crichton[4] | Yes | 5/6 | 83% |
| Catherine McIlraith[5] | Yes | 6/6 | 100% |
| Cross Kgosidiile[6] | No | 6/6 | 100% |
| David Love[7] | Yes | 6/6 | 100% |
| Sir Samuel Jonah[8] | Yes | 1/1 | 100% |
| Lynette Finlay[9] | Yes | 6/6 | 100% |
| Nigel Nunoo[10] | Yes | 3/3 | 100% |
| Gareth Schnehage[11] | No | 1/1 | 100% |

* *27 September 2023, 26 October 2023, 29 November 2023, 22 February 2024, 27 February 2024 and 12 June 2024.*

1. *Bronwyn Corbett was appointed to the Board on 12 May 2014 and is a member of the Investment Committee.*
2. *Leon van de Moortele resigned from the Board on 27 February 2024.*
3. *Peter Todd was appointed to the Board on 14 August 2014 and is the Chairman of the Board as from 12 April 2018. He is a member of the following committees: Chair of the Investment and Nomination Committees, Member of the Local Committee. It has been assessed that Peter Todd is not considered as independent as per the UK Code. From July 2024 no longer a member of Nomination Committee*
4. *The late Jonathan Crichton was appointed to the Board on 17 September 2020 and was a member of the following committees: Chair of the Risk Committee, Chair of the Risk sub-committee on IT Governance and was a member of the Audit committee.*
5. *Catherine McIlraith was appointed to the Board on 24 November 2017 and is a member of the following committees: Chair of the Audit and Remuneration Committees. Member of the Nomination, Risk and Responsible Business Committees. Member of the Local Committee*
6. *Cross Kgosidiile was appointed as a director of the Company effective as from 5 March 2021and is a member of the Responsible Business Committee. It has been assessed that Cross Kgosidiile is not considered as independent as per the UK Code.*
7. *David Love was appointed to the Board on 4 December 2018 and is a member of the following committees: Responsible Business (Chairman), Audit, Risk, Investment, Nomination, and IT Governance Steering Committee. David has also been the Senior Independent Director (SID) since 04 August 2020. From July 2024, no longer a member of the Nomination Committee*
8. *In December 2023, Sam Jonah reached retirement age and accordingly withdrew himself from re-election at the annual general meeting and has stepped down from the Board.*
9. *Lynette Finlay was appointed to the Board on 24 March 2023 and is a member of the Investment Committee, of the Remuneration Committee and the IT Governance Steering Committee. From July 2024 appointed onto Nomination Committeee and on 27 September appointed as a member of the Audit Committee.*
10. *Nigel Nunoo was appointed to the Board on 19 December 2023 and is a member of the Remuneration Committee and appointed to the Investment Committee 12 June 2024. From July 2024 appointed onto Nomination Committee and on 27 September 2024 appointed as a member and Chair of the Risk Committee.*
11. *Gareth Schnehage was appointed to the Board on 27 February 2024 and is a member of the IT Governance Steering Committee appointed 12 June 2024 and Local Committee.*

BOARD ATTENDANCE
98%

## Board Committees

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



At the Board meeting held 12 June 2024, it was agreed that the Nomination and Remuneration Committees be run concurrently from July 2024 but the agenda will be split into the Remuneration matters and then the Nomination matters. In addition, the members of the Nomination Committee were replaced by the members of the Remuneration Committee, resulting In the Nomination Committee being compliant with the UK code.

The company's Articles of Association, terms of reference of each of the Board Committees (under the Charters) and details on the Roles and Responsibilities of the Board are available on the Company's website at https://grit.group/about-us/ under "Our Corporate Governance". The Charters are reviewed and duly approved by the Board on an annual basis.

## Executive Committee

The Executive Committee comprises of the C-Suite (of which the Executive Directors are members) and the Executive members, to whom the Board has delegated the execution and implementation of the Group's strategy and the management of the Group's day-to-day operations. The executive members are selected and appointed by the chief executive officer.

Refer to the Organisational Chart (which is reviewed by the Nomination Committee and the Board from time to time in line with the strategy of the Group) at pages 110 to 111 for details on the Members of the Executive Committee.

## UK Corporate Governance Code – Compliance Statement

We are reporting against the UK Corporate Governance Code 2018 (the UK Code).

The Board considers that the Company has complied with all the relevant provisions of the UK Code during the year with the exception of:

- Composition of the Remuneration Committee ("Remco") – It is to be noted that for the period from 1 July 2023 to 30 September 2023, the composition of Remco was not compliant with Provision 32 of the UK Code, since all members should be independent non-executive directors and Peter Todd was not independent. With effect from 1 October 2023, Peter Todd ceased to be a member and Lynette Finlay was appointed. As a result, the composition of the Remco is fully compliant with the UK Code.
- Composition of the Nomination Committee ("Nomco") - It is to be noted that for the period from 1 July 2023 to 30 June 2024, the composition of Nomco was not compliant with Provision 17 of the UK Code, since, Peter Todd, as Chairman of the Board, was not an independent non-executive director. In June 2024 the Nomco and Board approved that the members of the Nomco be changed to the same members as the Remco, all of whom are independent, as a result of which, the composition of the Nomco is fully compliant with the UK Code.
- Provision 19, which relates to the tenure of the Chair exceeding nine years. In August 2024 Peter Todd had been a member of the Board for 10 years, including 6 years as Chair. In October 2024, Nomco elected existing independent non-executive Nigel Nunnoo to be his successor as Chair. The Board has determined that his appointment take place in the latter half of 2025, ensuring that this further limited period with Peter as Chair facilitates a seamless transition.

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

The Company is categorised as an International Issuer having a secondary listing on the SEM and, by virtue of being an entity listed on the SEM, Grit is a public interest entity as defined by the Financial Reporting Act 2004. Accordingly, Grit is required to adhere by the principles and provisions of the National Code of Corporate Governance for Mauritius (2016) (the "MRU Code"). Grit fully complies with the MRU Code for the financial year ended 30 June 2024 and this report sets out how the Company has considered and applied these principles.

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

The Company confirms that it has complied with all relevant regulations and standards, including the UK Corporate Governance Code and the Companies Act, 2006.

## Reporting against Code principles

The Governance section has been organised to follow the structure and principles (A to R) of the 2018 UK Corporate Governance Code (the UK Code) and illustrates how we have applied the UK Code principles and complied with the provisions.

In addition, this report also sets out compliance with the MRU Code as described on page 169.

### 1 Board leadership and Company purpose

We have a diverse and effective Board which leads the Company to achieve our purpose and safeguard our strong stakeholder focused culture.



### 2 Board leadership and Company purpose

Our Board as at 30 June 2024, comprised of 56% independent Directors. We monitor the external commitments and conflicts of interest which could impact on our Directors' independence and effectiveness.



### 3 Composition, succession and evaluation

The composition of the Board and its succession plans are kept under regular review by the Nominations Committee. We have an ongoing training programme and follow a three-year cycle of internal and external Board evaluations.



### 4 Audit, risk and internal control

We have a low tolerance for risk taking and a conservative management style, which is supported by a framework of internal controls and risk management policies which are routinely subject to independent assurance.



### 5 Remuneration

We are transparent about our pay practices which aim to incentivise our employees to achieve our strategy and generate sustainable value for our stakeholders.

# 1. Board leadership and Company purpose

## Effective Board

The Board is made up of highly talented and skilled professionals individuals, with a depth of skills, perspectives and corporate experience to our boardroom, from a range of industries (see page 124). The independent directors have the opportunity to meet and consult with one another prior to the Board meetings.

To ensure sufficient time for discussion, the Board utilises its principal committees to effectively manage its time (see pags 108 to 109). At each Board meeting, the agenda ensures sufficient time for the chairs of the board committees to report on the contents of discussions, any recommendations to the Board which require approval and the actions taken.

| Board Biographies | Board Skills and Experience | Board Training during 2024 |
|---|---|---|
| Available on our website at https://grit.group/about-us/ under "Our People". | Page 124 | Page 125 |

The Board conducts a detailed annual review of our strategy (including our purpose and strategic objectives).

| Reasons to Invest | Our strategy | The section 172(1) statement |
|---|---|---|
| Pages 09 (Our shareholder proposition) | Pages 18 to 19 | Page 121 |

## Value creation and preservation

In accordance with the Code, the role of the Board is to promote the long-term sustainable success of the Company, generate value for shareholders and contribute to wider society. The appropriateness of our business model is regularly reviewed by the Board at its strategy review meetings to ensure it remains capable of generating long-term sustainable value for our shareholders and other key stakeholders.

As a business, we continue to create value responsibly through:

| Sustainable Initiatives | Conservative balance sheet |
|---|---|
| Pages 47 to 49 | Page 64 (CFO Report) |

## Purpose, values and culture

Grit's purpose, values and culture are disclosed under the Business Model section of the Strategic Report on pages 18 to 19.

### Purpose and values

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

Due to its importance, it is regularly reviewed by the Board. At the Board's strategy review meeting in February 2024, We described the Group as "Moving from income to impactful income", which in underpinned by the value we create in new developments and with our various professional services.

Our values articulate the qualities we embody and our underlying approach to doing business. Our values are embedded in our operational practices and to a large extent through the policies approved by the Board and the direct oversight and involvement of the Executive Directors. (refer to page 19)

### Our Culture

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

### Embedding our Culture

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

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

### Assessment and monitoring

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

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

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

The MRU Code requires the following disclosures so that an assessment can be carried out as to whether the Company has a comprehensive ethics implementation plan. The table below sets out compliance with the MRU Code in relation to the Code of Ethics and Business Conduct policy:

| Requirements of the MRU Code | Compliance with the MRU Code |
|---|---|
| i. The Code of Ethics has been approved within the last 3 years by the Board and communicated to all employees and stakeholders. | The Grit Code of Ethics and Business Conduct policy ( "Code of Ethics policy") is approved on an annual basis. The Code of Ethics policy has been shared with employees in October 2023 and will going forward be shared with employees on an annual basis. |
| ii. Structured ethics training program for employees and directors is conducted each year. | See comments above.<br>Employees are requested to reach out for any query following reading through the Code of Ethics policy. |
| iii. Whether the organisation surveys corporate ethical behaviour periodically (e.g., at least every 2 years) in order to implement remedial actions | Any breach of the Code of Ethics policy is reported to the Responsible Business Committee. There have been no breaches. |
| iv. Whether the Ethics Officer creates an environment which facilitates discussion on corporate ethical dilemmas with employees. | The Company does not have a specific Ethics Officer, however this is under the joint responsibility of the Head of Responsible Business and the Head of Human Capital. Grit practices an open-door policy that encourages employees to discuss any concern they may have. |
| v. Whether the organisation readjusts its ethics implementation plan for its overseas offices and details of how the processes are readjusted should be disclosed. | The Code of Ethics policy is applicable for the Grit group of companies. |
| vi. Whether there is formal complaints and breach handling process in place. | Grit maintains a complaints register, and a breach register in case such matters are reported. There has been no such case reported for the year under review. |
| vii. An organigram of the team handling ethical issues and the role and responsibilities of the Ethics Officer | The Code of Ethics policy provides this. |
| viii. Whether the Code of Ethics is periodically reviewed and adjusted (at least every 3 years). | The Code of Ethics policy is reviewed on an annual basis. |

The policies can be viewed on the Company's website at https://grit.group/about-us/ under "Our Corporate Governance". No breach of any of Grit's policies has been reported for the financial year ended 30 June 2024.

## Governance framework and resourcing

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

- ensuring accountability and responsibility;
- facilitating the sharing of information which forms the basis of decision-making;
- establishing engagement programmes with key stakeholders (see pages 36 to 39);
- maintaining a sound system of risk oversight, management and an effective suite of internal controls (see pages 78 to 85);
- providing independent insight and knowledge from the Non-Executive Directors; and
- facilitating the development and monitoring of key performance indicators.

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

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

If any Director has concerns about the running of the Group or a proposed course of action, they are encouraged to express those concerns (which are then minuted) or by using the Whistleblowing Contact Details. No such concerns were raised for the financial year ending 30 June 2024.

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

We aim to ensure that the information shared with our Board is of sufficient depth to facilitate debate and to fully understand the content without becoming unwieldy and unproductive. Papers are required to be clear and concise with any background material loaded on Dilitrust . At the invitation of the Board and committee chairpersons, the authors of the papers/ reports or relevant professional advisers, are included in the Board discussions, to enable the Directors to interrogate and understand the data supplied and question management directly.

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

## Human Capital Resources

The Board ensures that the necessary resources are in place for the Company to meet its objectives and measures performance against them. The Remuneration Committee receives reports from the Executive Committee on the appropriateness of the organizational structure; addressing the required roles for execution of the business strategy. When appointing senior executives/managers, the Group's recruitment policy is followed, and the Board is informed of such appointments. This recruitment policy is effective in employing all the employees at Grit.

## Our commitment to shareholder engagement

The Board recognises the importance of clear communication and proactive engagement with all of our stakeholders, including its shareholders and employees, around all aspects of the Group's activities to ensure our long-term success.

Through effective engagement we are able to build strong and sustainable relationships. The table below illustrates the value provided to Grit by our stakeholders and the value we create in return.





## How Grit creates value with its stakeholders

| Stakeholders | |
|---|---|
| Shareholders | We adopt an open and transparent approach with our investors with frequent contact. They play an important role in helping inform our strategy and monitor our governance.<br>**Value received:** long-term finance, strategic input and stewardship.<br>**Value created:** responsibly created, above average long-term returns. |
| Debt Providers | We maintain close and supportive relationships with this group of long-term stakeholders, characterised by openness, transparency and mutual understanding.<br>**Value received:** availability of long-term cost effective finance.<br>**Value created:** maintenance of our strong financial position and return on investment to our debt providers. |
| Suppliers | We outsource many of our activities to third party suppliers. We develop strong working relationships to ensure we receive the best service.<br>**Value received:** expertise and service from our supply partners.<br>**Value created:** sustainable relationships built on trust and mutual respect for human rights. |
| Tenants | Our success is dependent on our ability to understand and respond to our occcupiers' changing needs occupier trends and requirements.<br>**Value received:** Individual feedback on changing occupiers trends and requirements collaborate on our carbon reduction and community initiatives.<br>**Value created:** design-led, amenity-rich 'long-life, loose-fir, low carbon' space which helps to retain and enrich talent. A community 'village' environment for our occupiers. |
| Government & Authorities | As a responsible business, we are committed to engaging constructively with central and local government to ensure we support the wider community.<br>**Value received:** better understanding of the public policy and regulatory frameworks.<br>**Value created:** we are helping to lead the industry in supporting the Government's net zero carbon ambitions and improving the carbon footprint of the built environment. We provide access to employment and training opportunities. |
| Local Communities | We are committed to supporting the communities in which we operate, including the local businesses, residents and the wider public.<br>**Value received:** feedback on the needs of local communities and charitable organisations so that our buildings can become an integral part of the community.<br>**Value created:** enhancement of the local area surrounding our buildings for the joint benefit of Grit, our occupiers and local communities. We operate as a responsible neighbour and member of the community. |
| Employees | We have an experienced, diverse and dedicated workforce which we recognise as a key asset our business.<br>**Value received:** benefit of their talent, skills and experience. Receipt of new ideas and perspectives.<br>**Value created:** an inclusive fulfilling and high-performing workplace. Initiatives that support health and wellbeing. Long-term relationships with our occupiers, suppliers and other key stakeholders. |

## How do we engage with our employees?

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

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

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

- Attracting, identifying, developing and retaining high-performing talent across all areas of the business;
- Developing and supporting the growth of transformational leadership and management;
- Enabling the development of a high-performance culture that encourages, recognises, rewards, enhances and manages staff performance;
- 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 digitalisation processes across all business areas to enable the availability of consistent data analytics across the organisation.

For more information, refer to the "Social" section under the "Responsibility" Section of the Strategic Report of this IAR on pages 54 to 56.

Engagement is strengthened through the following means:

- Employee Surveys - Regular surveys to gather feedback and insights from our employees.
- Social Media Channels - Utilising social media platforms to share company updates and engage with employees.
- Whistleblowing Channels- Offering confidential channels for reporting concerns or ethical issues.
- Dedicated INED (page 121) - An Independent Non-Executive Director responsible for employee engagement.
- Appraisals/Constant Feedback - Regular performance appraisals and continuous feedback mechanisms.
- Open door policy/Open Communication - Encouraging open and transparent communication between employees and management.
- Responsible Business Committee (pages 146 to 147) - A committee dedicated to promoting responsible business practices.
- Let's Talk sessions, Newsletter (The Talker), Happy hours, etc. - Additional initiatives, including regular communication sessions, newsletters like 'The Talker,' and social events like happy hours.

## Workforce policies and practices

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

Policies are published on BambooHR and contained within the employee handbook. Our employees confirm their understanding of these policies as part of their initial induction process and therafter on an annual basis. Recommended policy amendments are also communicated in this manner, following the necessary approval.

To ensure policies are embedded in our business practices, we make use of a variety of change management and communication mechanisms to institutionalise the expected behaviours and notify them of any changes. The Company has a policy management control document, which sets out the versions of each policy and what changes (if any) have been made. These are otherwise set out in the version control table in each policy. We operate a mandatory training programme which aims to reinforce key compliance messages in areas such as: anti-bribery, anti- modern slavery practices, identification and reporting of conflicts of interest, etc.

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

### Whistleblowing Policy

The Company's Whistleblowing policy has been implemented since 2018 (a copy of this policy is available at https://grit.group/about-us/ under "Our Corporate Governance"), which sets out the whistleblowing rules and procedures. The scope of this policy was amended to be extended to all stakeholders. Contact details are available at https://grit.group/contact-us/

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

The policy sets out:

i. Information on what to report.
ii. Information on how to report (including channels to report, including corruption).
iii. Safeguards and confidentiality of the whistleblower (the whistleblower can opt to remain anonymous)
iv. An estimate of the time period it will take for the complaints to be investigated and a report on actual performance.

The Board has appointed Catherine McIlraith, the Chairman of the Audit Committee, to act as an Independent point of contact in the Group's whistleblowing procedure, to handle the concerns, decide how these would be investigated and recorded.

Through feedback from the Responsible Business Committee, the Board is routinely updated on any reporting done through the Whistleblowing Channels, if any. For the year ended 30 June 2024, no matter was reported, and the Responsible Business Committee and the Board are satisfied of the arrangements for raising concerns in confidence.

## Section 172 of the Companies Act 2006

Provision 5 of the UK Code provides that the board should understand the views of the company's other key stakeholders and describe in the IAR how their interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making. The board should keep engagement mechanisms under review so that they remain effective. For engagement with the workforce, one or a combination of the following methods should be used:

- a director appointed from the workforce;
- a formal workforce advisory panel;
- a designated non-executive director. If the board has not chosen one or more of these methods, it should explain what alternative arrangements are in place and why it considers that they are effective.

Grit is not a UK registered company, and it is therefore not required to comply with the UK's Companies Act 2006, including Section 172 but has opted to report on compliance with Section 172.

Section 172 of the UK Companies Act 2006 requires directors of a company to promote the success of the company for the benefit of its members, and to consider the interests of all stakeholders in their decision making. Stakeholder engagement is critical to the formulation and execution of the strategy and in achieving sustainable success for the long term.

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the Company for the benefit of stakeholders. Refer to "How we engage with our stakeholders – FY2024 Outcomes &FY2025 Focus" on page 120.

| Section 172 factor | Relevant disclosures | Page |
|---|---|---|
| a. the likely consequences of any decision in the long-term | Company Purpose | 116 |
| | Grit's Business model | 18 |
| | Grit's strategy | 18 |
| b. the interests of the Company's employees | Our people | 120 |
| | Diversity and inclusion | 130 |
| | Employee engagement | 120 |
| c. the need to foster the Company's business relationships with suppliers, customers and others | Tenant-focused solutions | 119 |
| | Social value strategy | 54 |
| | Relationship with Suppliers | 119 |
| d. the impact of the Company's operations on the community and the environment | Environmental | 52 |
| | Low zero carbon | 43 |
| | TCFD disclosures | 86 |
| | Community | 119 |
| e. the desirability of the Company maintaining a reputation for high standards of business conduct | Purpose, values and culture | 116 |
| | Whistleblowing | 120 |
| | Internal financial controls | 137 |
| | Risk Management | 78 |
| | Anti-bribery and corruption | 144 |
| | Awards and recognition | 41 |
| f. the need to act fairly between members of the Company | Shareholder engagement | 118 |
| | Annual General Meeting | 107 |
| | Remuneration Policy | 148 |

For engagement with the workforce, the use of the following methods are in place:

- A formal workforce advisory panel: The Group also has a dedicated Human Capital department to deal with workforce matters. In addition, there is continuous engagement between management and employees through #LetsTalk sessions. For example, at one of the #LetsTalk sessions, an explanation was given about how the executive remuneration aligns with the wider company pay policy.
- A designated non-executive director: The Board had approved that Mrs. Catherine McIlraith be the NED that engages with the workforce, given that Catherine visits the office quite often, attends most of the committee and board meetings in person, is the Whistleblowing officer at Grit and is known to all the employees as this has been communicated to everyone. Catherine keeps engaging more with the Head of Human Capital to organise more recurring formal sessions to meet up with the workforce. Catherine has suggested that she will be recommending decisions to the Board for and on behalf of the workforce.

Also refer to "How do we engage with our employees?" on page 120.

## 2. Division of Responsibilities

### Board roles and responsibilities

There is a clear written division of responsibilities between the Chair (who is responsible for the leadership and effectiveness of the Board), CEO (who is responsible for managing the Company) and Senior Independent Director (SID) which has been agreed by the Board and is available on our website at: https://grit.group/about-us/ under "Our Corporate Governance".

5
INDEPENDENT DIRECTORS

4
NON-INDEPENDENT DIRECTORS

### Independence and tenure

#### Independence of the Board

##### Status

The Board has identified which Directors are considered to be independent. As at 30 June 2024, 55.6% of our Board are independent NEDs, which ensure that there is no group think.

The independence of our Non-Executive Directors is reviewed by the Board from time to time.

The Board has reconfirmed that our INEDs are and remain independent, and free from any business or other relationship which could materially interfere with the exercise of their judgement. The definition of "independence" is as per the UK Code and the Mauritius Code (of Corporate Governance). A paper on the "Assessment of the Independent Directors" is available at https://grit.group/about-us/ under "Our People/Board".

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

Tenure of the Non-Executive Directors

| Years | Number of NEDs |
|---|---|
| Under 3 | 2 |
| 3-6 | 2 |
| 6-9 | 2 |
| 10 | 1 |

In August 2024, Peter Todd marked ten years of service on the Board. Following discussions, the Nomination Committee and Board have recommended extending his tenure as Chair to the latter half of the 2025 financial year. For the rationale behind this extension and details regarding his successor; Nigel Nunoo, please refer to the Nomination Committee report on page 128.

#### Other external appointments

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

Our Directors are required to notify the Head - Risk & Compliance of any alterations to their external commitments that arise during the year. The Nominations Committee also considers the number of directorships (including other listed companies) held by the individual already and their expected time commitment for those roles. All Directors have confirmed (as they are required to do annually) that they have been able to allocate sufficient time to discharge their responsibilities effectively. There have been no significant external appointments that would hinder any Board member's commitment to the Company.

The details of directorships of the directors held in other organisations are as set out at https://grit.group/about-us/ under "Our People/Board" by clicking on "List of other directorships" under the profile of each director of the Company

### Conflict of interest

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

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

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

Other than set out in the registers maintained by the Company (Register of declared transaction interest of directors, Register of Directors' interest in the Shares of the Company and Declaration of Directors' Interest) and as set out under Note 36(b) of the AFS on Related Parties, the directors do not have a relationship with the Company nor with the majority shareholder.

A copy of the Company's Conflict of Interest Policy is available at https://grit.group/about-us/ under "Our Corporate Governance", in which the definition of "conflict of interest" is provided as per the applicable listing rules and laws.

## 3. Composition, Succession And Evaluation

### Appointments to the board

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

This report provides further information on:

| Board composition | Non-Executive Director tenure | Board appointments and induction | Succession planning | Diversity |
|---|---|---|---|---|
| Pages 108 | Page 123 | Page 132 | Page 132 | Page 130 |

For information on the procedure for appointment of new directors to the Board, and the role of the Nomination Committee in this process, refer to the Nomination Committee Report on page 130.

The size and composition of the Board and its various committees are reviewed by the Nomination Committee and the current size and composition are considered appropriate for the Company.

### Skills, Experience and Knowledge of our directors

Details on the skills and experience of directors are provided below and under their respective bio-data (available on our website at https://grit.group/about-us/ under "Our People").

Facilitated by the Company Secretary, the non-executive directors were invited to complete a self-assessment on their skills, experience and knowledge. Five out of seven directors participated

Based on certain criteria, the directors rated their level of proficiency on a scale of 1 to 5.

Summary of the skills, experience and knowledge held by our directors is detailed below:

| | |
|---|---|
| **ESG and sustainability** | 84% |
| **Strategy** | 92% |
| **Finance** | 88% |
| **Doing business in Africa** | 72% |
| **Real estate and development** | 96% |
| **Risk management** | 88% |
| **Governance** | 92% |

### Board development

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

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

During the year ended 30 June 2024, the Board received regular updates on:

- the strategy of the Company;
- market and leasing updates;
- risk matters, including updates on tax matters and IT matters;
- the implementation of ISO 45001 for the Group;
- ESG/Sustainability matters, with focus on TCFD;
- Compliance matters, in particular with the operational company of Grit (Grit Services Limited) obtaining special licences from the Financial Services Commission;
- Focused training on Anti-money laundering combating financial terrorism ("AML-CFT") , refresher training will be given in November 2024.

### Annual Board Evaluation

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

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

Per Provision 21 of the UK Code, there should be a formal and rigorous annual evaluation of the performance of the board, its committees, the chair and individual directors. The chair should consider having a regular externally facilitated board evaluation. The external evaluator should be identified in the annual report and a statement made about any other connection it has with the Company or individual directors.

## Board Evaluation for the year ended 30 June 2024

The 2024 Board evaluation was externally facilitated by One Advisory. There is no conflict of interest in respect of One Advisory nor any of its individual members.

All Board members were invited to participate in the evaluation survey. The evaluation survey comprised a range of specific statements split out into thematic categories which participants respond to on a 5-point scale.

The directors also had an opportunity to provide qualitative feedback on each theme. The themes were:

- Board role;
- Board Dynamics and Composition;
- Board processes.

An additional five open-ended questions were added to solicit views on good practice, areas for enhancement and to provide narrative on forward looking priorities for the Board over the next 12 months and over the longer term.

Overall, the views expressed were positive across all three themes. This indicates that, broadly, respondents are satisfied that:

- the Board's role is clear and is being performed well and that the Board broadly prioritises the right areas in its discussions and focus;
- the relationships between the directors are positive and do not inhibit the Board from performing its role;
- the Board's composition in terms of skills and competencies is appropriate and enables the Board to perform effectively; and
- the Board processes in place, including in respect of the quality of papers and the frequency and format of meetings, support the Board.

A number of suggested actions were identified to further enhance the performance of the Board:

1. **Stakeholder Reporting:** It was noted that Directors had adequate opportunities to participate in site visits and gain firsthand insight into the business operations. However, there may be an opportunity to formalize a more regular review of stakeholder considerations, including feedback from key stakeholders on the business and how the business is addressing these views.
2. **Board composition:** Review the skills matrix to ensure the Board continues to have a strong mix of experience, skills and knowledge to meet the new challenges following the consolidation of Grit and GREA and in anticipation of the Chair stepping down.
3. **Board reporting:** Continue the development of standardised reporting, with executive summaries that draw out the key points, and have a "maximum length" of reports with the opportunity to access the detail for a deep dive where needed.
4. **Board processes:** Emphasise the importance of keeping to the corporate calendar dates to ensure all members are available to attend all meetings – whilst there may be occasions where the dates need to move, this should be exceptional.
5. **Board processes:** Introduce a minimum number of "in person" meetings to the corporate calendar. This will help with continued Board cohesion.

In addition to the Board evaluation described above, One Advisory also performed the evaluation of the various committees of the Board.

The process that One Advisory  followed Is detailed below:

All members of the Committees were invited to participate in the respective Committee's surveys and respond to questions relevant to their committee membership.

The evaluation surveys comprised a range of specific statements which participants were invited to respond to on a 5-point scale from 1 to 5 with 5 signifying strong agreement. These broadly covered the themes of Composition of the Committee, Committee Responsibilities and Meetings.

An additional two open-ended questions were added to solicit views on what each Committee needed to stop doing and what it needed to start doing.

Interviews were also undertaken with the chairs of each Committee.

The key findings from the interviews with the Committee chairs is detailed below:

- The terms, roles and responsibilities of each committee are clear and understood.
- The committees generally have the right balance of cohesion and challenge.
- The committees benefit from breadth and depth of experience, which are appropriately balanced across the remits of each committee.
- The relationship with management was highlighted as a particular strength. Management was noted to be increasingly making use of the NEDs as relationships develop.
- The Board receives reports from the Committees on salient issues, which is considered to be effective. However, the style of reporting was noted as an area which could be improved, with members favouring standardised reporting complemented by executive summaries signposting material issues.
- The frequency of committee meetings is considered to be appropriate; with the possible exception of Audit Committee, which is often driven by external audit activity.
- Information flow between meetings is generally good; however, it was highlighted in discussions that the management accounts are not provided as often as they could be.
- The committees generally focus on the right things, with some areas noted for improvement that are already being introduced.
- All actions are appropriately followed through and chased if needed, although the need to chase is exceptional
- Less diary movement and receiving notice of meetings well in advance

For further information refer to the various Committee reports.



## Re-election of Directors

All the Directors will be putting themselves forward for re-election at the 2024 AGM, which the Board believes is in the best interest of the Company.

According to the UK Code, the recommended tenure limit for the chair is 9 years. After this period, non-executive directors are no longer considered independent. In this respect, the Nomination Committee and the Board has also considered extending the tenure of Peter Todd as Chair of the Company for a limited time. Refer to "Extenuating circumstances and motivation to extend the tenure of Peter Todd as chairman for a limited time" on page 130.

# NOMINATION COMMITTEE REPORT

## 2024/2025 Focus Areas

- Continue to monitor compliance with the UK Code and MRU Code
- Discuss and monitor changes to existing policies in line with reporting on Diversity, including changes to the UK Code, as may be applicable
- Ensure a smooth transition of responsibility for the succession of Peter Todd as Chairman of the Board.
- Continue to monitor and enhance the Group's succession planning of the Board and key employees.
- Plan for the next annual Board and committee evaluation to be performed by an independent 3rd party.

## Committee Composition and performance

The Nomination Committee ("Committee") consists of three Non-Executive Directors (biographies are available on pages 108 to 109), with a majority being independent. At the request of the Committee, Executive Directors, members of the senior management team and external advisers may be invited to attend all or part of any meeting, as and when appropriate.

The requirements of the regulators in terms of Diversity and Inclusion have been considered, in evaluating the composition of the Committee.

## Meetings of the Committee

During the year under review, the Committee met three times, in October 2023, February 2024 and June 2024.

| Members of the Committee | Independent | No. of meetings | Attendance |
|---|---|---|---|
| Peter Todd - Chair | No | 2/3 | 67% |
| Catherine McIlraith | Yes | 3/3 | 100% |
| David Love** | Yes | 3/3 | 100% |

## Gender and Ethnic Diversity of the Nomination Committee

| Members of the Committee | Gender | Ethinicity |
|---|---|---|
| Peter Todd - Chair | Male | White/Caucasian |
| Catherine McIlraith | Female | White/Caucasian |
| David Love | Male | White/Caucasian |

## Roles and Responsibilities

The Committee's role and responsibilities are set out in Charter and are on the Company's website at: https://grit.group/about-us/#corporate-governance

## Key Activities during the year under review

- Continuously reviewed the composition and effectiveness of the Board and its committees;
- Engaged in the annual review of the Nomination Committee Charter
- Continuous took note of list of directors of Grit Group of companies and changes to such list, to ensure each director has sufficient time to dedicate to the Company
- Took note of gender representation on board
- Discussed around training plans and documents to be shared with directors as part of ongoing personal development
- Continuously sought confirmation from directors whether each has sufficient time to dedicate to the Company
- Evaluated and approved the appointment of the new CFO

Other changes to the Board and Committee composition of the Company as reported in this IAR have all been approved by the Nomination Committee and the Board.

## Committee Performance Evaluation

In accordance with Grit's yearly evaluation process and the UK Corporate Governance Code, which requires that committee evaluations be externally facilitated every three years, the Nomination Committee's evaluation for the financial year ended 30 June 2024 was conducted by One Advisory.

This external review provided valuable insights, reinforcing the committee's strengths while highlighting areas for improvement.

For details on the evaluation process, please refer to the Corporate Governance Statement under "ANNUAL BOARD EVALUATION on page 125.

## Results of the Nomination Committee Performance Review

The overall scores for the Nomination Committee were high, with respondents agreeing or strongly agreeing with all statements. In the discussion with the Chair the general sentiment was that the induction and development opportunities for non-executive directors were appropriate and effective but should continue to be tested by new appointees.

## Board and Committee Composition

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

An overview of the Board's skills, experience and knowledge is on page 124.

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

Following the Board and Committees' review in June 2024, it was confirmed that the membership of the Board is appropriate and in compliance with the UK Code of Corporate Governance and the Mauritius Code of Corporate Governance (the "Codes").

### Non-Executive Director changes

With effect from 1 October 2023, Lynette Finlay has been appointed as a member of the Remuneration Committee as replacement of Mr. Peter Todd.

In December 2023, Sam Jonah reached retirement age and accordingly withdrew himself from re-election at the annual general meeting and has stepped down from the Board.

The Board welcomed Nigel Nunoo as independent non-executive director in December 2023. He has been appointed to the Remuneration and Investment Committees.

The Committee has considered the composition of the Board, its effectiveness and diversity, and has concluded that no further appointments to the Board will be necessary for the following year.

### Executive Director changes

In December 2023 Leon van de Moortele, Executive Director and Chief Financial Officer of the Grit Group, took a medical leave of absence. This was followed, in February 2024 with his resignation from the Company.

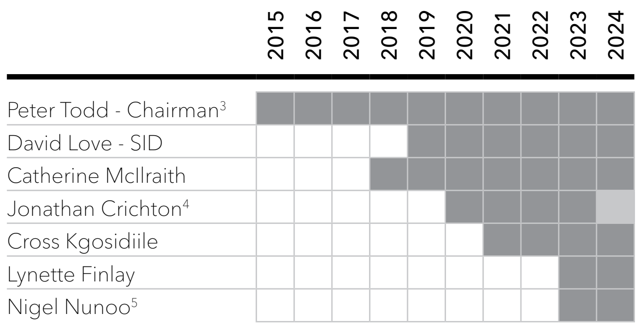
An internal assessment of candidates was performed, for the position. After thorough assessment, including a review of internal candidates, the Nomination Committee identified Gareth Schnehage as the most suitable candidate having the required skills and expertise.

Prior to his appointment, he had been a consultant to the Group in various key financial and strategic initiatives.

In February 2024, the Board appointed Gareth Schnehage as Executive Director and Chief Financial Officer of the Grit group.

There is no expectation for any change in the Executive Directors and Bronwyn Corbett and Gareth Schnehage will remain as the Executive Directors.

### Non-Executive Directors' tenure[1 & 2]




1. *Directors hold their office until the next following AGM and then retire but are eligible for appointment at that meeting. The Board has the authority to appoint Directors to fill any vacancy that may arise from time to time, which appointment is ratified at the following AGM.*
2. *Life directorships and directorships for an indefinite period are not permissible.*
3. *Refer to date of appointment of each director under their profile under "BOARD OF DIRECTORS". Refer to comment under the Corporate Governance Statement under "Tenure" as Peter Todd has completed 10 years in August 2024 and the Nomination Committee have recommended that Peter remains on the Board for a further limited period of 1 year*
4. *Mr. J Crichton unfortunately passed away in September 2024.*
5. *Mr. Nigel Nunoo was appointed a member of the Board on 19 December 2023.*

## Tenure of Chair of the Company – UK Code

Provision 19 of the UK Code of Corporate Governance states:

"The chair should not remain in post beyond nine years from the date of their first appointment to the board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment. A clear explanation should be provided."

### Extenuating circumstances and motivation to extend the tenure of Peter Todd as Chair for a limited time

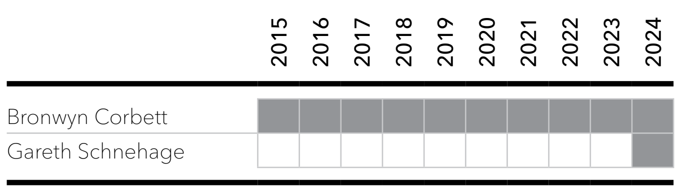
Peter Todd has served as a non-executive director on the Grit board for ten years, including six years as Chairman. In 2023, the board extended his tenure beyond the nine-year guideline set by the UK Corporate Governance Code and have again decided to further extend his service until the latter half of the 2025 financial year.

The Nominations Committee, adhering to a rigorous and transparent selection process that prioritises diversity and merit, have elected existing independent non-executive Nigel Nunoo as successor. The Board has determined that his appointment shall take place in the latter half of 2025 financial year and have voted to extend his service for a further limited period facilitating the seamless transition. In the Board's determination this extension and hand over period is crucial to maintaining leadership continuity during a critical phase of the company's development allowing minimal disruption of the Grit 2.0 strategy.

Recent board evaluations have confirmed that while there are no significant skills gaps, the Board is committed to improving gender diversity.

The independence of the Board remains aligned with the recommendations of the UK Code of Corporate Governance as it will continue to be weighted with more independent non-executive directors as well as a senior independent non-executive Board director.

### Executive Directors' tenure




## Process used in Relation to Appointment of Directors

The Board currently comprises of seven non-executive directors, including the Senior Independent Director and the Chairman, who all bring considerable knowledge, skills and experience to the Group and all of whom (save for Mr. Peter Todd and Mr. Cross Kgosidiile), are considered independent.

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

## Diversity and Inclusion

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

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

The Diversity Policy has been revised in July 2024, permitting the Company meet the requirements and expectations of the UK's current legal and regulatory regime, as well as investor / stakeholder expectations in this space.

The key revisions to the policy are:

- set out explicit targets for gender and ethnic diversity on the Board;
- to encompass a wider range of diversity considerations, including, but not limited to, gender, nationality, culture, generation, ethnic group, ableism and social background aspects; and
- emphasize a zero-tolerance towards gender-based violence and harassment.

At the Nomination Committee held on 11 October 2023, the members considered the requirements of UK Listing Rules (LR 9.8.6 (9)) and DTRs (7.2.8AR) and reached the following conclusions as per below:

| Objectives | Progress as at 30 June 2024 |
|---|---|
| At least 40% of the individuals on the Board to be female | Objective not met: As at 30 June 2024 there was 33% female representation. The Board will seek to address this in 2025 |
| At least one of the Senior positions on the Board to be held by a female | Objective met: The CEO is a female |
| At least one member of the board is from a minority ethnic background | Objective met: Two Non-Executive Directors meet this requirement |

The Board recognise the need to increase female representation on the Board and will take steps towards achieving further female diversity in future appointments. As at the date of this report, 37.5% of the Board are female.

The Committee is mindful of the Listing Rule obligations as they pertain to female representation on the Board and will take this into account, whilst ensuring appointments are made on merit, and against objective selection criteria during the recruitment process.

The Company operates a non-discriminatory Board diversity policy, which covers, amongst others, disability, gender equity, sexual orientation, race, religious beliefs, and age and there has been no matter reported during the FY ended 30 June 2024 that there has not been any discriminatory case reported.

## Gender and Ethnicity representation

The FCA, in its capacity as the UK Listing Authority, introduced new rules during 2022 that require listed companies to publish information on gender and ethnic representation on the Board and in executive management roles (LR 9.8.6(10)). This is our first-year reporting in full against these requirements. The tables below outline the current gender and ethnic diversity of the Board and our senior leaders.

## Diversity statistics at 30 June 2024

### Reporting table on gender representation

| | Number of board members | Percentage of the Board | Number of Senior positions on the Board (CEO, CFO, SID, Chair) | Number of senior leaders | Percentage of senior leaders |
|---|---|---|---|---|---|
| Male | 6 | 67% | 3 | 20 | 67% |
| Female | 3 | 33% | 1 | 10 | 33% |

### Reporting table on Ethnicity representation

| Ethnicity | Number of board members | Percentage of the Board | Number of Senior positions on the Board (CEO, CFO, SID, Chair) | Number of senior leaders | Percentage of senior leaders |
|---|---|---|---|---|---|
| Black/African | 2 | 22% | 0 | 5 | 17% |
| White/Caucasian | 7 | 78% | 4 | 20 | 67% |
| Board members onlyMixed Race/ Multiracial | 30 | 60% | 90 | 1 | 3% |
| Asian | 0 | 0% | 0 | 4 | 13% |

## Skills & Experience of directors

The board is also well diversified in term of their personal strengths, skills and experience. Details on the skills and experience of directors are provided on pages 108 to 109 under their respective bio-data.

## Induction

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

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

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

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

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

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

## Succession Planning

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

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.

### Our succession planning process

There is an annual process whereby all individuals throughout the Group undergo regular performance reviews and are responsible for their own development plans, with oversight and support provided by line managers. In addition to this, an ongoing succession planning process is in place to identify talent and successors to senior leadership roles, and to highlight any potential retention risks.

The succession plans are split between short-term and long-term requirements: – Short-term requirements: for use in unplanned or emergency situations, whereby interim cover on a short-term basis is implemented. – Longer-term requirements: for creating a diverse pipeline of talent within the organisation by identifying individuals who have potential to step into the role in the next one to five years.


## Diversity of the workforce

| Gender of workforce | No. | % |
|---|---|---|
| Male | 76 | 54% |
| Female | 64 | 46% |
| **Total** | **140** | **100%** |

| Category of workforce | No. | % |
|---|---|---|
| Local | 113 | 81% |
| Expat | 27 | 19% |
| **Total** | **140** | **100%** |

| Nationalities of workforce | No. | % |
|---|---|---|
| Moroccan | 8 | 5.7% |
| Mozambican | 15 | 10.7% |
| South African | 32 | 22.9% |
| Mauritian | 57 | 40.8% |
| Ghanaian | 7 | 5.0% |
| French | 1 | 0.7% |
| Kenyan | 14 | 10.0% |
| Zimbabwean | 1 | 0.7% |
| Portuguese | 1 | 0.7% |
| Cameroonian | 1 | 0.7% |
| Austrian | 1 | 0.7% |
| British | 2 | 1.4% |
| **Total** | **140** | **100%** |

| Country of residence of workforce | Male | Female | Total |
|---|---|---|---|
| Morocco | 4 | 4 | **8** |
| Mozambique | 11 | 5 | **16** |
| South Africa | 7 | 3 | **10** |
| Mauritius | 34 | 42 | **76** |
| Ghana | 6 | 1 | **7** |
| United Kingdom | 4 | 0 | **4** |
| Kenya | 10 | 6 | **16** |
| United Arab Emirates | 0 | 3 | **3** |
| **Total** | **76** | **64** | **140** |

54%
MALE WORKFORCE

46%
FEMALE WORKFORCE

81%
LOCAL WORKFORCE

12
NATIONALITIES WORKFORCE

**Peter Todd**
Chair of the Nomination Committee

# AUDIT COMMITTEE REPORT

## 2024/25 Focus Areas

- Evaluate the adequacy of controls on the accounting and reporting system to ensure robust control environment and a quality assurance framework in place;
- Ensure the integrity of the company's financial statements and announcements
- Monitor and review the internal audit function and the external audit process, including the appointment and resourcing of auditors, and
- Chairman to engage with shareholders with respect to areas of responsibility.


## Committee Composition

The Committee continues to be composed solely of independent Non-executive Directors, all with sufficient financial experience, commercial acumen and sector knowledge to fulfill their responsibilities. The Board is satisfied that the Committee as a whole has competence relevant to the real estate sector and that the Chairman, Catherine McIlraith, has sufficient financial and business experience, which combined with her Chartered Accountant certification, gives her the required skills to perform her duties as Chairman of the Committee.

The requirements of the regulators in terms of Diversity and Inclusion have been considered, in evaluating the composition of the Committee.

| Members of the Committee | Gender | Ethnicity |
|---|---|---|
| Catherine McIlraith - Chair | Female | White/Caucasian |
| David Love | Male | White/Caucasian |
| Jonathan Crichton[1] | Male | White/Caucasian |

1. *In September 2024, following the passing of Jonathan Crichton, Lynette Finlay has been appointed.*

## Meetings of the Committee

During the year under review, the Committee met six times: in October 2023 (2 meetings), February 2024 (2 meetings) and June 2024 (2 meetings).

| Members of the Committee | Independent | No. of meetings | Attendance |
|---|---|---|---|
| Catherine McIlraith - Chair | Yes | 6/6 | 100% |
| David Love | Yes | 6/6 | 100% |
| Jonathan Crichton | Yes | 5/6 | 83% |

In addition to the Committee members, meetings are also attended by the Internal and external Auditors and members of the Group's executive and senior management. To ensure assurance and transparency, the Committee holds secluded sessions with the Internal and External Auditors, in the absence of management when required. The Committee liaises closely with the Risk Committee and may invite any relevant persons to attend Committee meetings. The Chairman, who has competence in accounting or auditing, also reports all matters to the full Board. All the members of the Audit Committee as a whole have competence relevant to the real estate sector.

## Roles and Responsibilities

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

### Key Matters considered by the Committee during the year

- Approval of the 2023 Integrated Annual Report and the results announcement,
- Fair, balanced and understandable assessment
- Going concern and viability assessments
- Internal controls effectiveness
- Internal Audit update
- Corporate Governance Code review
- Non-Audit services policy
- Valuations reports, assumptions and judgements made by valuers and effectiveness of valuers
- Approved the 2024 Interim results and announcement
- External Audit plan, fees and engagement letter for the audit for year ended 30 June 2024
- Annual fraud and anti-bribery and corruption update
- Whistleblowing Reports
- TCFD update, including reflecting the risk of climate change in our financial reporting
- Effectiveness of Audit committee, internal and external auditors
- Determining accounting treatment and disclosure required for acquisitions and disposals
- Assessment of principal and emerging risks, key risk indicators and risk appetite
- Financial reporting judgements
- Following recommendation from the Mauritius Code, to put the audit for year ended 30 June 2025 out to tender

## Committee Performance Evaluation

In accordance with Grit's yearly evaluation process and the UK Corporate Governance Code, which requires that committee evaluations be externally facilitated every three years, the Audit Committee's evaluation for the financial year ended 30 June 2024 was conducted by One Advisory.

This external review provided valuable insights, reinforcing the committee's strengths while highlighting areas for improvement.

For details on the evaluation process, please refer to the Corporate Governance Statement under "ANNUAL BOARD EVALUATION on page 125.

### Results of the Audit Committee Performance Review

The Audit Committee received positive feedback in the annual assessment, with high overall scores and respondents either agreeing or strongly agreeing with all evaluation statements. Key strengths highlighted by the Chair of the Audit Committee included:

- **Committee Composition:** Strong balance of skills and experience among members.
- **Roles and Responsibilities:** Clear understanding of roles within the committee.
- **Effective Interaction:** Good working relationship between the Audit Committee, the Board, and management.
- **Information Flow:** Timely and relevant information provided to the committee.

Areas for Improvement were also identified to enhance the committee's effectiveness:

- **Balanced Board Focus:** Shift emphasis to ensure both cash flow and accounting standards are equally prioritized in meetings.
- **Streamlined Information:** Introduce standardized templates with executive summaries to avoid information overload.
- **Early Auditor Engagement:** Engage external auditors earlier to prevent delays and improve timelines.

## Financial Reporting

A primary responsibility of the Committee is to review and report any concerns to the Board around the clarity and accuracy of the Group's financial statements, including the Annual Financial Report and interim statement. During the year ended 30 June 2024, this included a detailed review of the accounting implications of the integration of GREA and APDM, as a subsidiaries in the Group, including any likely changes to the accounting standards adopted under IFRS.

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

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

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

## Viability Statement

The Committee reviewed the process and assessment of the Company's prospects and viability made by management for the next two years which formed the basis for the viability statement (see pages 76 to 77)

## Review of the 2024 Integrated Annual Report

The Board is annually required to confirm to the Company's shareholders that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the necessary information and key messages to enable shareholders and other stakeholders to assess the Group and the Company's position, performance, business model and strategy.

In carrying out its review, the Committee has regard to the following:

### Fairness and balance

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

### Understandable

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

### Specific considerations for the 2024 Integrated Annual Report

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

- Accounting for acquisitions and disposals (subsidiaries, associates and joint ventures) during the years:
  i. Disposal of the Bora sub-structure from Grit Services Limited to GREA
  ii. Control obtained over the Diplomatic Housing 1 entity
  iii. Acquisition of GREA and APDM
- Valuation of property portfolio – the committee analysed the reports and reviewed the valuation outcomes, challenging assumptions made where appropriate.
- Interest rates – were sufficient disclosures made on the impact of the rising interest rate environment
- TCFD – The Committee continued to review and provide comment on the revised TCFD disclosure and satisfied itself that the TCFD disclosure was appropriate.

## Internal Financial Controls

The Audit Committee is responsible for reviewing the adequacy and effectiveness of the Group's system of Internal financial controls as described briefly in the table below on an ongoing basis. The system and its effectiveness are reviewed annually by both the Audit Committee and the Risk Committee, as set out in the Risk Committee report and the Risk Management Framework section on pages 78 to 85.

| | |
|---|---|
| **Governance framework** | Our governance framework (see page 112) supports effective internal financial controls. |
| **Financial reviews and internal procedures** | An annual budgeting exercise is carried out with quarterly/semi-annual rolling forecasts prepared. A three-year strategic review is prepared annually. |
| **Treasury and tax procedures** | Treasury is controlled by the Chief Financial Officer and Head of Treasury. All transactions are checked, monitored and reviewed by our advisers.<br>Corporate tax returns are prepared by the Finance department supported by our external tax advisers Carpus Tax. |
| **Risk identification and monitoring** | The Risk Committee regularly reviews the Group's risk registers, the schedule of key controls and key risk indicators. The schedule of key controls provides evidence of how the controls are being operated and their effectiveness. |
| **Training and staff awareness** | Staff are aware of the delegated authority limits set by the Board and confirm their understanding of our internal policies. The Company is working on finalizing a Group Policy Handbook, which will be available to all employees. |
| **External verification** | Through the comments and reviews by both the external and internal auditors, recommendations are implemented to improve the internal financial controls. |

The Audit Committee reviews the operation and effectiveness of the internal financial controls in the following ways:

- By receiving and reviewing detailed monthly management reports;
- By receiving reports from and discussing with the internal auditors on such reports; and
- By considering the outcomes of the external audit at year end.

The Committee also received updates on the policies and procedures in place and how these are being communicated to and complied with by our staff.

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

Although the Audit Committee remains satisfied that the review of internal financial controls did not reveal any significant weaknesses or failures and they continue to operate effectively, it was agreed that the documentation and evidence of assurance would continue to be a focus area for the financial year 2024/25. Information on the Risk Committee's review of non-financial internal controls and risk management is available on pages 78 to 85.

## Internal Audit

Internal Audit (IA) serves as our third line of defense. During the review period, this function was outsourced to KPMG Advisory Services Limited (KPMG). The benefit of this arrangement comes from the independent and objective assurance KPMG provides for each Group function audited internally, thereby enhancing Grit's operations. All business units fully cooperate with KPMG, understanding the significance of the internal audit function, and share information without restrictions.

During the review period, KPMG examined and assessed the activities and appropriateness of our internal control systems, enterprise risk management, and governance. As part of their duties, the internal auditors reviewed and evaluated compliance with policies and procedures for each business division, ensuring firm business practices. They provided the Audit Committee and the Board with reports of their findings and recommendations, following discussions with management, about actions and timelines for each review. The Board uses these reports to evaluate the efficiency of the Group's internal controls and risk management systems.

Clear boundaries within which KPMG operates are established by the Audit Committee and Board, aligned with the service level agreement. The Audit Committee approves the two-year IA plan which is reviewed every year. The Company's IA plan is rigorously followed, with any deviations discussed and agreed upon upfront by the Audit Committee. A risk-based approach is used in preparing the IA plan, considering changes in risk profiles and emerging risks. The Company's IA plan for the period July 2022 to June 2024 has been executed and review reports presented to the Audit Committee. Considering recent changes in the Group's operating functions, and specifically the integration of GREA into the Grit Group, a revised Enterprise Risk Assessment including GREA is being performed by KPMG and management, based on which a three-year IA plan would be tabled at the Company's Audit Committee session of September/ October for consideration. A forward-looking approach is implemented to consider anticipated risks at each Audit Committee meeting, and the IA plan and areas to be covered are discussed and revised accordingly.

For the period under review, the methodology used remained the same as previous years and was based on the identification of key inherent risks through an enterprise risk assessment carried out by KPMG to define the IA plan. For every business process under review, the process level risks were clearly identified, and the IA approach consisted of verifying key internal controls in terms of design and effectiveness, with the aim to eliminate or minimize the risks to an acceptable level ("low"), and design appropriate recommendations.

Internal Auditors discuss identified business process improvement points with Grit Management, who then commit to implementing appropriate remedial steps for the overall benefit of the Company. This forms part of the review process, for which the Audit Committee and the Board have tasked the Responsible Business department with monitoring and ensuring the agreed deadlines for these remedial actions are met.

KPMG's IA team ensures its independence through internal policies and procedures that promote clear communication on every assignment, manage professional competence, and maintain independence and objectivity. The terms of the engagement letter with the Grit Group also govern the IA team's independence. The Audit Committee conducts a formal annual review of KPMG's effectiveness.

Throughout the review period, the IA function has maintained a direct reporting line to the Audit Committee and an open communication channel with both Management and the Chair of the Audit Committee. This structure ensures KPMG's independence and enables them to report all significant issues to the Committee and, ultimately, to the Board.

During the financial year ended 30 June 2024, the IA Plan covered the following areas:

- Anti-money laundering and Countering the Financing of Terrorism (AML / CFT) review.
- Disaster Recovery & Business Continuity review.

## Effectiveness Review of the Internal Auditors

The Audit Committee has been generally satisfied with KPMG's work and the additional assurance their reviews have provided. Management has implemented KPMG's recommendations on internal controls for the Compliance and Information Security functions, and training as well as system and process enhancements have been and continue to be rolled out to all business units where necessary. The Committee will continue to monitor the implementation of all recommendations from the internal auditors during its scheduled committee meetings.

During the review period, the review of the effectiveness of the internal auditors involved assessing their roles and responsibilities, the quality of audit work conducted, and the skills and competence of the audit team. Key stakeholders across the Group, including Committee members, the Head of Responsible Business, the Head of Risk & Compliance, as well as other senior employees, completed a questionnaire to evaluate the internal auditor's effectiveness. The Committee concluded that KPMG effectively fulfilled its duties as internal auditor throughout the year.

## External Auditor

### Effectiveness, independence, tender and rotation

The Committee is responsible for monitoring and reviewing the performance, effectiveness and independence of the external Auditors, as well as their appointment and remuneration.

A review of the external Auditors' performance and effectiveness is undertaken by the Committee each year. The review includes looking at the qualifications, expertise, resources and re-appointment (where relevant) of the external Auditors, as well as ensuring that no issues have arisen which might adversely affect their independence and objectivity. The review also includes how robust the external audit has been, as well as the quality of delivery. Accordingly, the Chairman of the Committee and the CFO have regular meetings to discuss findings raised by the external Auditors in a timely manner to ensure a smooth audit process.

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

The results of the assessment revealed the Committee was satisfied that the external Auditors had performed their audit effectively, efficiently and to a high quality. The Committee therefore had recommended that the external Auditors, PWC LLP be maintained for the year ending 30 June 2024.

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

PricewaterhouseCoopers LLP (PwC) was appointed as the Group's external Auditors in 2018, with their first audit being the 2017/18 Annual Report and Accounts. In line with the Mauritian Code of Corporate Governance it is recommended that after 7 years of uninterrupted engagement, the Company puts the audit of the Annual Report and Accounts out to tender. Post year end, the Company undertook a robust external tender process for the audit of the Annual Report and Accounts for the year ending 30 June 2025. The result of the audit tender is that the Committee selected and approved MacIntyre Hudson LLP ("MHA") to be the new external Auditors for 2024/25. On 23 October 2024, the Board approved that MHA be appointed as the external Auditors for 2024/25. A resolution will therefore be put to shareholders at the forthcoming AGM on 4 December 2024 to appoint MHA.

As part of the audit tender process, proposals were evaluated based on the following criteria:

- **Experience and Qualifications:** Knowledge and experience particularly in the real estate sector and across Africa. The team's skillset and expertise. The firm's independence.
- **Audit Approach:** Suitability of the proposed audit approach and methodology. Plans to use technology to drive efficiency and insight.
- **Cost:** Clarity on proposed fees and overall value.
- **Approach to transition:** Demonstration of a smooth transition plan.

### Audit Fee

The auditors' fees for the statutory audit for the 2023/24 financial year increased to US$2.6 million. (2023: US$2.1 million).

### Non-audit services

The purpose of our Non-Audit Services Policy is to ensure that the provision of such services do not impair the external Auditor's independence or objectivity. The policy includes that the total non-audit fees for any financial year should not exceed 70% of the average of the external audit fee over the last three years. In practice, the non-audit fees are normally significantly below this level.

During the year under review, the fees for non-audit services provided by PwC were:

| | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
|---|---|---|
| PwC Issuance of "No significant Change' Report | 154 | 1 |
| Other non-audit services | 9 | 1 |

PwC issued a No Significant Change report to facilitate the transfer of Bora to GREA as part of the regulatory requirements to conclude the transaction.

The Committee has satisfied itself that its use of the external Auditors complies with both the Code and the FRC's Ethical and Auditing Standards regarding the scope and level of non-audit work and non-audit fees incurred by the Group.

On 23 October 2024, the Committee approved an amendment to the policy. The policy now states that the Committee has pre-approved the CFO to have the authority to commission the external Auditors to undertake non-audit work where there's a specific project with a cost not expected to exceed US$100,000.

**Catherine McIlraith**

Chair of the Audit Committee

# RISK COMMITTEE REPORT

## 2024/25 Focus Areas

- Continued improvement of the expanded Group's risk management framework and methodology
- Tracking the Group's primary and emerging risks, particularly assessing the influence of geopolitical factors, interest rates, and inflation on business operations
- Meticulously monitoring the Group's major development projects; and
- Improving the monitoring and reporting of climate-related risks.

## Committee Composition

As of 30 June 2024, the Committee was composed of three independent Non-executive Directors. Since the responsibility for reviewing the Group's internal financial controls also lies with the Risk Committee, it is essential that the Committee consists solely of independent Non-executive Directors.

The requirements of the regulators in terms of Diversity and Inclusion have been considered, in evaluating the composition of the Committee.

As of the reporting date, the Company is compliant with provision 25 of the Corporate Governance Code.

## Risk Committee

The Company's governance is overseen by the Board, which holds ultimate responsibility for aligning the Group's risk tolerance with its strategic goals. The Risk Committee, as designated, is entrusted with identifying and managing risks (refer to pages 78 to 85). This Committee oversees the effectiveness of risk management processes, providing the Board with assurance on internal controls and risk mitigation strategies. To comprehensively grasp the Company's risk landscape and management efforts, the Committee regularly receives quarterly reports and presentations from senior management, external advisers (Tax, Insurance Brokers, IT), and internal auditors. The Committee contributes to internal audits by identifying risks and defining the scope of audits for consideration by the Audit Committee and approval by the Board.

Grit's primary risks (refer to pages 82 to 85) are continuously assessed and documented in a risk schedule, detailing key controls to mitigate each risk's likelihood and potential impact. Throughout the reporting period, the Risk Committee and Board reviewed and approved quarterly risk assessments. Emerging risks with potential short to medium-term impacts on operations are regularly identified and monitored in the Company's specific risks register, continually evaluated with forward-looking scrutiny. Overall, the Board is content that it has completed a robust assessment of the company's emerging and principal risks.

During the review period, the Committee and Board expressed satisfaction with the Group's internal control and risk management framework. This assurance confirmed the framework's effectiveness in managing external, strategic, financial, operational, IT, legal, and compliance risks throughout the reporting period. Moreover, the framework remained aligned with the Financial Reporting Council's (FRC) guidelines on Risk Management, Internal Control, and Related Financial and Business Reporting.

The Group's Risk Management Framework and Policy underwent review during the reporting period, with ongoing reporting facilitated through various forums and channels. The Framework outlines procedures for identifying, assessing, monitoring, and responding to risks, as summarized below:

### Risk Management Framework

**1** **Identify**
Risks are identified through collaborative workshops involving Directors, members of the C-Suite, senior management teams, and appointed Risk Champions. These sessions utilize analytical techniques, independent reviews, historical data, and accumulated experience to comprehensively identify potential risks.

**2** **Assess**
After identifying potential risks, the C-Suite members, senior management team, and Risk Champions initiate a detailed assessment process. This step aims to gain a thorough understanding of each risk, enabling the formulation of effective and efficient mitigation strategies.

**3** **Manage – risk response and action plan**
In response to identified risks, controls and procedures are implemented to mitigate the Group's exposure, ensuring alignment with or below the risk appetite approved by the Board. These measures may range from tactical changes, such as implementing new controls, to more strategic initiatives and projects.

**4** **Monitoring and Reporting**
As part of our risk management process, risk owners and the Committee regularly conduct monitoring exercises. These exercises ensure that risk management activities are consistently applied across the Group, that the measures in place are robust enough to monitor principal risks, and that any weaknesses or potential enhancements to the procedures are identified.

Refer to our Group Risk Management Policy on https://grit.group/about-us/#corporate-governance under "policies" for more detail on our Risk Management structure and framework.

## Meetings of the Committee

During the year under review, the Committee met three times: in October 2023, and in February and June 2024.

| Members of the Committee | Independent | No. of meetings | Attendance |
|---|---|---|---|
| Jonathan Crichton – Chair | Yes | 3/3 | 100% |
| David Love | Yes | 3/3 | 100% |
| Catherine McIlraith | Yes | 2/3 | 67% |

In September 2024, following the passing of Jonathan Crichton, Nigel Nunoo has been appointed as a member and the chair of the Committee.

The Risk Committee maintains regular communication with the Audit Committee and may invite relevant individuals, including the CFO, to attend its meetings. The Chairman of the Committee also reports all key matters to the Board.

## Roles and Responsibilities

The roles and responsibilities of the Committee are comprehensively detailed in the Risk Committee Charter, available on the Company's website at https://grit.group/about-us/#corporate-governance. The ultimate responsibility of the Risk Committee is to continuously review the effectiveness of risk management and internal financial controls.

For more information on Risk Management, please refer to pages 78 to 85.

## Key activities during the year under review

- Conducted a thorough review of the Company's risk management strategy concerning key risks, including interest rates and climate change, by challenging the actions proposed by management. Throughout the year, the Board was informed of all significant findings;
- Scrutinized updates on country-specific risks impacting the business and diligently monitored the implementation of action plans to mitigate these risks within a reasonable timeframe;
- Ensured the integrity of the internal control framework through thorough review of Internal Audit reports and active engagement with the Audit Committee;
- Conducted quarterly reviews of the following registers across the Group:
  - Warranties/Guarantees/Indemnity Register, including enhancements for both existing and potential investment transactions.
  - Related party register, with enhancements and updates requested from Directors regarding their directorships and shareholdings.
  - Litigation register.
  - Register of compliance with covenants.
  - Register of mortgages and charges.
  - Register of building permits and licenses.
  - Register of IT licenses.
- Challenged the adequacy of insurance coverage for both new and existing policies, ensuring all renewals were completed promptly to maintain effective coverage.
- Reviewed action plans aimed at ensuring compliance with the requirements associated with the special licenses received by Grit Services Limited, including the Asset Management Licence, Global Treasury Activities Licence, and Global Headquarter Activities Licence;
- Interrogated the efficacy of the Company's IT General Framework and the adequacy of the disaster recovery and business resumption plans, as well as reviewed the Group's IT reports quarterly;
- Conducted the annual review of the Group's Risk Management Policy, as well as the Committee charter and annual work plan;
- Received quarterly updates on compliance with debt facility covenants and critically evaluated management actions concerning covenants nearing threshold limits;
- Scrutinized updates on assessments and other tax-related issues presented in the Corporate Tax reports quarterly; and
- Conducted reviews and granted approvals for updates to the Group Delegation of Authority matrix as required by management.

## Cyber Security

Our IT service provider – TripleTech maintained ongoing performance of live monitoring of our entire IT infrastructure during the review period, as ransomware continues to be a threat to businesses across the Globe. An internal audit was equally performed by our internal auditors, to assess the efficiency of our disaster recovery and business continuity plan. The recommendations from the findings are being implemented during the course of the next financial year.

As part of the internal audit, we reviewed and enhanced the Group's disaster recovery process, business continuity plan, and cyber security controls to address new cyber security threats. We employ a layered approach to cyber security through policies and procedures addressing various IT securities: physical, perimeter, internal, host, application, and data security. This approach provides multiple opportunities to promptly identify and address threats before they affect our operating systems.

## Information Security

Awareness sessions are performed during which all Grit staff are made fully aware of the significance of our Information Security and Data Protection Policy and the consequences of non-compliance for the Group. For more details, refer to https://grit.group/about-us/#corporate-governance under "policies". The Responsible Business Department of the Group reviews our Information Security and Acceptable Use Policy annually (or as needed) and presents to the Risk Committee for approval. This policy outlines the acceptable use of computer equipment and information assets at the Company and applies to all Grit employees and contractors. The risks associated with the inappropriate use of information cannot be overemphasized, and all staff have been made fully aware of the severity of these risks.

The responsibility of the Information Technology Governance (ITG) of the Company rests with the Board and is built around several policies and procedures. The duty of ensuring that IT risks related to financial obligations are managed has been delegated to a sub-committee of the Risk Committee, an IT Governance Steering committee along with the responsibility for satisfactorily managing the Company's going concern status.

System health checks are conducted through a live monitoring system which generates system health check reports, that are presented to the Risk Committee at quarterly Committee meetings. Additionally, monthly performance monitoring reports are extracted from the IT system and submitted to the Responsible Business department for verification of specific process implementations and to identify areas for improvement where needed, as well as assess any potential IT-related risks flagged by the team.

Several IT-related policies make up the Group's IT Governance Framework. These policies are maintained and reviewed by the IT service provider and the Committee. Due to security reasons, our detailed IT policies have not been shared on our website, but an abstract is available at https://grit.group/about-us/#corporate-governance under "policies".

## Data Protection

As we strive to maintain our compliance with the Mauritius Data Protection Act 2017 (the "DPA"), the Data Protection (Bailiwick of Guernsey) Law, 2017 ("Guernsey DPL") and the Data Protection Act 2018, the Company ensures that all personal data collected is protected and an updated Data Protection Policy is maintained - refer to https://grit.group/about-us/#corporate-governance under "policies".

The Company is also registered as a Data Controller under the DPA, through our operational company; Grit Services Limited. This ensures that all contracts involving the sharing of personal information include data protection clauses. These clauses obligate the recipient of the data to protect personal data when collecting, procuring, retaining, processing, transferring, or disclosing it.

## Insurance

Risk transfer by way of insurance cover is an inevitable means of managing risk across the Group, for specific risks that can be controlled through appropriate insurance covers.

Our relationship with our insurance brokers have continued to extend to key insurers and reinsurers providing coverage across the Group's investment jurisdictions. Our insurance brokers have consistently shown their deep understanding of our business environment. This is reflected in the valuable guidance and advice they provide on the type and extent of coverage selected during the renewal of both asset and corporate policies.

Property damage and loss of income are critical operating risks in our industry. To control these risks during the review period, we have maintained a comprehensive assets all-risk and business interruption insurance policy, which protects our assets against total property damage and compensates for income loss during reconstruction.

Our political violence and terrorism cover remain the main mitigant against the risk of any property damage from political violence in the jurisdictions in which we have operations. Our country risks assessments have continued to be instrumental in deal analysis.

## Business Continuity and Disaster Recovery

The Risk Committee is responsible for the Company's Disaster Recovery (DR) and Business Continuity Plan (BCP), with the implementation of these measures delegated to the Responsible Business department. During the review period, our DR and BCP frameworks were reviewed by our internal auditors and presented to our Risk and Audit Committees. The recommendations have been discussed with management as well as our IT service provider and are being implemented. We continue to review and monitor the effectiveness and reliability of our DR framework for IT infrastructure and systems connectivity through ongoing monitoring, system health checks, and periodic reporting and testing by our IT service provider. Daily backups as well as data restorations are conducted and reported to the Committee and management as required.

As at 30 June 2024, all tests returned successful for DR, backups and data restoration



## Anti-bribery and Corruption

We remain dedicated to upholding the highest standards of ethical conduct and integrity, which are fundamental to our business principles. Throughout the period under review, we consistently enforced a zero-tolerance policy towards bribery and corruption.

Staff went through training on anti-money laundering and corruption during the period under review. Refresher training would be provided to all employees during the next financial year, as part of the mandatory compliance training program.

Refer to the table below for a summary of the Company's policies relating to anti-bribery and corruption.

| Principle | How Grit Manage it | Applicable Policy |
|---|---|---|
| Corporate hospitality | Hospitality must be reasonable in value, appropriate to the occasion and provided openly and transparently. It must not compromise, nor appear to compromise, the Group nor the business judgement of our staff. | Grit Group Gifts and Hospitality Policy |
| Business gifts | Generally, gifts should not be accepted unless valued less than US$75, are not cash or a cash equivalent (e.g. gift certificate), are appropriate to the circumstances and are not given with the intention of compromising or influencing the party to whom it is being given. | Grit Group Gifts and Hospitality Policy |
| Hospitality and Gift Returns | All staff are required to complete quarterly Hospitality and Gift Returns which document all instances of third- party hospitality or gifts (given or received) if the value is in excess of US$75 for hospitality and for gifts. The Hospitality and Gift Returns are subject to review by the Risk Committee. | Grit Group Gifts and Hospitality Policy |
| Political donations | The Company strictly prohibits any political donations being made on its behalf. | Grit Group Gifts and Hospitality Policy/Corporate Fraud, Anti-Bribery & Corruption Policy |
| Charitable donations | Charitable donations are handled by ESG Exco, under the supervision of the Responsible Business Committee. 'Know your client' - KYC procedures are applied to charitable organisations to ensure we are dealing with a valid body acting in good faith and with charitable objectives. | Sustainability Policy |
| Purchase cycle process flow | Contains the minimum KYC we expect from our suppliers | Group purchasing cycle/Corporate Fraud, Anti-Bribery & Corruption Policy |
| Payments | All payments made must be warranted, transparent and proper. All payments must be accurately recorded through the normal accounting and financial procedures without any deception or disguise as to the recipient's identity or the purpose of the payment in question. No one approves their own expense claim. For all approvals linked to expense claims, there is a capturer and approver process/actioner and controller process. | Group purchasing cycle/Corporate Fraud, Anti-Bribery & Corruption Policy |
| Facilitation payments | Facilitation payments are bribes and are strictly prohibited. | Corporate Fraud, Anti-Bribery & Corruption Policy/ Group purchasing cycle |
| Conflicts of interest | All conflicts of interest or potential conflicts of interest must be notified to the Company Secretary/Group Corporate Secretary and a register of such notifications is maintained. The Corporate governance statement on page 123 explains our process for managing potential conflicts. | Corporate Fraud, Anti-Bribery & Corruption Policy/Grit Conflict of interest Policy |
| Training | We provide our employees with guidance notes and regular training on anti-bribery, corruption, ethical standards and the prevention of the facilitation of tax evasion. | Training and Development Policy |
| Whistleblowing procedures | A confidential reporting helpline is available for staff to raise concerns anonymously (see page 120). | Whistleblowing Policy |
| Record Keeping / Retention | Grit has recently put in place its Record Keeping Policy to comply with applicable laws and legislations, given its geographical presence. | Record Keeping Policy |

## Committee Performance Evaluation

In accordance with Grit's yearly evaluation process and the UK Corporate Governance Code, which requires that committee evaluations be externally facilitated every three years, the Committee's evaluation for the financial year ended 30 June 2024 was conducted by One Advisory.

This external review provided valuable insights, reinforcing the committee's strengths while highlighting areas for improvement.

The Committee received high performance scores, with noted strengths in its composition, member engagement, and effective business management. Key highlights include:

- Successful delineation of responsibilities across Risk, Audit, and Investment Committees, despite the complexity of oversight.
- Introduction of a standardized reporting template for consistency, which may serve as best practice.

Areas for Improvement:

- Implementing a materiality threshold to maintain focus on key risks.
- Enhancing scheduling consistency and opportunities for in-person meetings.

For details on the evaluation process on the Committee, please refer to the Corporate Governance Statement under "ANNUAL BOARD EVALUATION on page 125.

**Nigel Nunnoo**

Chair of the Risk Committee

# RESPONSIBLE BUSINESS COMMITTEE REPORT

## 2024/25 Focus Areas

The Responsible Business Committee will focus on advancing sustainability by enhancing monitoring, reporting, and data standards, with a key emphasis on energy efficiency and Grit's six ESG pillars.

- Setting new emission reduction targets, as outlined in the strategy and TCFD disclosure.
- Monitoring updates in climate-related standards and reporting requirements.
- Continuing to implement processes for impact measurement and management.
- Ensuring ongoing stakeholder engagement and improving reporting quality.

## Composition of the Committee and Meetings.

As of 30 June 2024, the Committee was composed of four independent Non-executive Directors. The requirements of the regulators in terms of Diversity and Inclusion have been considered, in evaluating the composition of the Committee.

| Members of the Committee | Independent | No. of meetings | Attendance |
|---|---|---|---|
| Catherine McIlraith | Yes | 3/3 | 100% |
| David Love | Yes | 3/3 | 100% |
| Cross Kgosidiile | No | 3/3 | 100% |
| Sir Samuel Jonah* | Yes | 1/1 | 100% |

* *Sir Samuel Jonah resigned from the Grit Board and Committees by rotation in December 2023.*




## Roles and Responsibilities

The Committee's roles and responsibilities are outlined in the Responsible Business Committee Charter, which has been approved by the Board and is reviewed annually by the Committee. The full Charter is available on the Company's website at https://grit.group/about-us/#corporate-governance.

## Key Activities during the year under Review

During the year under review, the Committee continued to consider and was involved in the following activities:

- Sustainability policy and framework, including monitoring progress against targets and reporting.
- TCFD disclosure as well as ESG and EPRA sustainability reporting.
- Monitored whistleblowing reports
- Health and safety monitoring, in consideration of the Company's ISO 45001 certification.
- Reviewed related party register and transactions.
- Ensured completion of the Group's carbon footprint evaluation and considered the recommended strategic action plan for the Company's transition to a low carbon future.
- Rolled out the EDGE certification strategy to Eneo CCI – Kenya, in line with the Company's sustainability integration in developments.
- Continued to monitor progress against the KPIs related to the syndicated loan, which include reducing electricity consumption by 25% by 2025 and maintaining at least 40% women in managerial positions, including the Board.

During the review period, the Committee ensured the Company upheld its zero-tolerance policy in respect of committing or concealment of fraudulent acts by employees, contractors or suppliers.

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

## Committee Performance Evaluation

In accordance with Grit's yearly evaluation process and the UK Corporate Governance Code, which requires that committee evaluations be externally facilitated every three years, the Committee's evaluation for the financial year ended 30 June 2024 was conducted by One Advisory.

This external review provided valuable insights, reinforcing the committee's strengths while highlighting areas for improvement.

For details on the evaluation process, please refer to the Corporate Governance Statement under "ANNUAL BOARD EVALUATION on page 125.

## Outcome of the evaluation process

The overall scores for the Committee were very high, with respondents strongly agreeing with all statements. No additional comments were received from respondents, suggesting that this is a cohesive and well-functioning committee.

Insight from the Chair interview supported that the remit of the Committee, whilst broad, had been well considered and, due to the Chair's membership of other committees, was well-embedded. The positive working relationship with management was, again, reiterated, with the experience of the NEDs being called upon and information being shared between meetings as appropriate.

This report should be read alongside the Responsibility section on page 40, which provides detailed information on Grit's Environmental, Social, and Governance (ESG) related activities.

**David Love**

Chair of the Responsible Business Committee

# REMUNERATION COMMITTEE REPORT

## 2024/25 Focus Areas

**Employee Satisfaction and Talent Retention:** Maintain focus on enhancing employee satisfaction and retaining key talent, with a review of good practices to support retention.

**Cost Optimisation:** Identify and implement strategies for employee cost optimisation without compromising the quality of services or employee satisfaction.

**Shareholder Engagement:** Sustain ongoing engagement with shareholders regarding the Remuneration Policy and its implementation.

## Statement from the Chair

### Ensuring Fair and Strategic Remuneration at Grit

In a year marked by significant challenges, Grit remains committed to fostering a remuneration strategy that is both equitable and aligned with market expectations. We firmly believe that a robust and fair remuneration framework is essential for attracting and retaining the exceptional talent necessary for our continued success.

Throughout 2024, the Remuneration Committee has diligently upheld our commitment to responsible and balanced remuneration practices, ensuring that our policies support the company's strategic objectives and drive long-term value for all stakeholders.

## What the committee did in FY24

The Committee's main focus areas and decisions taken during the year are summarized below:

### Decisions relating to Executive Directors

- Approved for FY24, there would be no annual increase for Executive Directors and employees earning in US$.
- Approved an annual increase for FY24, for all other employees aligned with local CPI.
- Approved that there would be no STI or discretionary bonuses paid out during the year
- Approved that no new LTI awards would be granted for the FY24 year
- Approved the remuneration for the new Group CFO following negotiations
- Taking into consideration the challenging environment the Company finds itself in, there were no salary increases approved for the year starting 1 July 2024.
- Approved a 20% voluntary salary reduction be effective 1 July 2024 for senior employees.

### Decisions relating to Non-Executive Directors

- In line with the Executive Directors, no increase was approved for the NED fees for the year starting 1 July 2023.
- In May 2024, it was approved that the NED's take a 20% reduction in their fees in line with the Executive directors and certain other senior management

### Governance

- Endorsed revisions to the Remuneration Charter.
- Reviewed the Remuneration policies.
- The Chairman engaged with employees regarding areas of responsibility.
- Following the AGM held 18 Dec 2023, we engaged with dissenting shareholders on the implementation of the remuneration policy.
- Approved that the Remuneration policy be put to a shareholders non advisory vote at the forth coming AGM in December 2024.
- Following the acquisition of APDM and GREA, ensured that the Remuneration Policy was applied.
- Approved the remuneration package for the new CFO.
- Approved the implementation of an internal pay ratio benchmarking aligned to our Code of ethics and Remuneration policy ensuring fair pay and non-discriminatory pay gaps.
- Approved the implementation of the Hay level for job levelling purposes

### Committee Performance evaluation

In accordance with Grit's yearly evaluation process and the UK Code, which requires that committee evaluations be externally facilitated every three years, the Audit Committee's evaluation for the financial year ended 30 June 2024 was conducted by One Advisory.

This external review provided valuable insights, reinforcing the committee's strengths while highlighting areas for improvement.

Details of the outcomes of the evaluation are disclosed later in this report.

I hope that you are able to support the rationale and decisions taken during the year and support the resolution for approval of the Remuneration Policy and implementation report at the 2024 AGM being held on 4 December 2024.

**Catherine McIlraith**
Chair of the Remuneration Committee

### Linking Executive Directors' remuneration with our purpose and strategy

In FY24, Grit's Remuneration Policy continued to adhere to its core principles of simplicity and transparency. This approach is vital for fostering effective stewardship, which is crucial for achieving the Group's mission of delivering superior long-term returns to our shareholders while generating social and economic benefits for all stakeholders.

The assessment of progress toward strategic objectives is primarily based on key performance indicators (KPIs), which are largely integrated into the executive remuneration framework.

## Role of the Remuneration Committee

The Remuneration Committee ("RemCo") is delegated with the authority from the Board to establish an independent role to determine the Group's remuneration policy and practices, the payment of bonuses and retention schemes of Executive directors and senior management for approval by the Board. The RemCo ensures that all employees, Executive and Non-executive Directors are appropriately remunerated in accordance with Grit's strategy as well as its short- and long-term incentive schemes. The chairperson of RemCo reports to the Board following each Remco meeting and accordingly makes recommendations to the Board for its consideration and final approval. The Remco chairperson attends the AGM to respond to questions from shareholders on the Remco's areas of responsibility.

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

## Roles and responsibilities

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

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

## Committee Composition and meetings

Up to the 30 September 2023, the Remco comprised of Peter Todd (Chairman of the Board) and two independent non-executive directors. Since the Chairman of the Board, per Provision 11 of the UK Code, was deemed not to be an independent non-executive director, the Remco was not compliant with the UK Code. Per Provision 32 of the UK Code, all members of the Remco must be independent non-executive directors.

To remedy this, with effect 1 October 2023, Peter Todd ceased to be a member of Remco and Lynette Finlay was appointed. The composition of the Remco is now fully compliant with the UK Code.

The requirements of the regulators in terms of Diversity and Inclusion have been considered, in evaluating the composition of the Committee.

The RemCo met in February, May and June (2024).

The table below sets out the meeting attendance and diversity of the RemCo for the year ended 30 June 2024.

| Members of the RemCo | Gender | Ethnicity | Independent | No. of meetings | Attendance |
|---|---|---|---|---|---|
| Catherine McIlraith-Chairman | Female | White/ Caucasian | Yes | 3/3 | 100% |
| Lynette Finlay | Female | White/ Caucasian | No | 3/3 | 100% |
| Nigel Nunoo | Male | Black/ African | Yes | 3/3 | 100% |

The biographies of the members are set out on the website - https://grit.group/about-us/#corporate-governance .

## Committee performance evaluation

The Remuneration Committee's evaluation for the financial year ended 30 June 2024 was conducted by One Advisory.

For details on the evaluation process, please refer to the Corporate Governance Statement under "ANNUAL BOARD EVALUATION on page 125.

### Results of the Committee evaluation

Following the interview with the Chair, as the composition of the committee includes two new members it was too early to properly evaluate the balance of cohesion and challenge, however, no concerns were raised. The committee is kept informed between meetings as needed and focuses on the most important issues during meetings.

Areas of improvement are the timely submission of papers and adherence to corporate calendar, with no significant matters raised from the evaluation.

## Advisers to the Committee

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

During the year under review, the company engaged with various third parties who provided assistance in a number of areas. Remco do not consider any of the assistance to be material.

The Committee assesses the advice given by its advisors to satisfy itself that it is objective and independent.

- Korn Ferry – Engaged to perform Global benchmarking and job levelling exercises.
- One Advisory – Advice on compliance with the UK Code
- Carpus tax – Advisors on corporate and employment tax compliance across all jurisdictions.
- Dentons Mauritius LLP and C&A Law – Legal advisors

## Remuneration Policy

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, aligned to the LSE peer groups.

Grit has a performance-based remuneration philosophy that promotes the Group's entrepreneurial culture. The Remco ensures that the remuneration for Executive Directors is aligned with our key remuneration principles which are detailed below, as well as taking into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment set out in the UK Code.

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

| | |
|---|---|
| **Total remuneration** | Grit Group adopts both guaranteed and variable pay to reward its staff. The variable pay currently comprises of a short-term incentive (STI) plan, a long-term incentive (LTI) plan and a Discretionary Bonus based on Outstanding Contributions to the business. The total remuneration will comprise an appropriate balance of these reward elements.<br><br>Grit Group embraces defensible differentiation in pay whereby a greater proportion of reward is distributed to the highest performers. |
| **Attract, retain and motivate** | Support the attraction and retention of staff by ensuring effective pay for performance culture which enables the Company to attract, retain and motivate Executive Directors who have the skills and experience necessary to deliver the Group's purpose.<br><br>Advocate and ensure equal remuneration for work of equal value. |
| **Clarity, simplicity and transparency** | Ensure that remuneration arrangements are clear, simple and transparent to key stakeholders and take account of pay policies for the wider workforce. 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. |
| **Performance aligned to strategy and culture** | Align executive remuneration with the Group's objectives and long-term strategy of value creation for all stakeholders and reflect our culture through a balanced mix of short- and long-term performance-related pay and ensure that performance metrics remain ESG focus and effectively aligned with strategy. |
| **Sustainability and Risk management** | Promote long-term sustainable performance through sufficiently stretching performance targets, whilst ensuring that the incentive framework does not encourage Executive Directors to operate outside the Group's risk appetite. (Refer to Risk Management section). Malus and claw back provisions apply to annual bonus and LTIP awards, and the Committee has the means to apply discretion and judgement to vesting outcomes as well as ensuring compliance with regulatory changes. |
| **Stewardship** | Promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests. Executive Directors are subject to within-employment and post-employment shareholding guidelines. Once LTIP awards have vested there is a two-year holding period during which Executive Directors are not able to sell their shares to support sustainable decision making. |
| **Predictability & Affordability** | The Remuneration scenarios for Executive Directors' on page 155 indicate the potential values that may be earned through the remuneration structure.<br><br>Total remuneration costs need to be affordable at an individual corporate entity level and justifiable to employees and stakeholders. |
| **Proportionality, fairness** | Total remuneration should fairly reflect the performance delivered by the Executive Directors and the Group. The Committee takes into account underlying business performance and the experience of shareholders, employees and other stakeholders when determining vesting outcomes, ensuring that poor performance is not rewarded.<br><br>The Committee considers the approach to wider workforce pay and policies when determining the Remuneration Policy to ensure that it is appropriate in this context. |
| **Market competitive** | The Company's defined market position for Total Guaranteed Pay is at the 50 percentile or median, with a bell-shaped curve around the median, ranging from new entrants at the lower end to sustained high performers at the higher end of the pay-scale.<br><br>The company conducts External benchmarking against the peer group every 2 years and Grit Group endeavours to pay at or around the industry specific median for on-target performance. The primary peer group for purposes of benchmarking pay will comprise of other similar sized property funds listed or multi-listed on the London & Mauritius stock exchange. Benchmarking is used only as a guide to determining market competitiveness of remuneration levels |

A copy of the complete Remuneration Policy which was last approved by shareholders in June 2021, can be found on the company's website at https://grit.group/about-us/#corporate-governance under "policies".



## 2024 Remuneration Policy

This part of the Directors' Remuneration Report sets out the Remuneration policy which will be put to a shareholder vote at the 2024 AGM and is intended to apply for three years from that date, unless shareholder approval is sought for earlier changes.

The Remuneration policy applies to Executive directors, the executive committee and the employees of the Grit Group.

### Changes from the previous Remuneration Policy

The key changes to this Remuneration Policy, from the previous policy approved by shareholders at the June 2021 General meeting are as follows:

- A maximum opportunity of 200% of annual guaranteed salary has been set for the Outstanding Contribution Award

### Remuneration elements

The following table summarises the policy for each component of Executive Director remuneration:

### Fixed pay

#### Base Salary

| | |
|---|---|
| Operation | Base salaries are normally reviewed annually taking account of a number of factors which may include, but are not limited to: the individuals role, experience and performance; Group performance; salary levels for equivalent posts at comparators; cost of living and inflation (taking account of the location of the executive); and the salary increases elsewhere in the Group<br><br>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. |
| Maximum opportunity | Increases will normally be in line with the range of salary increases (in % terms) awarded to other Group employees. |
| Purpose and link to strategy | To attract, retain and motivate employees to achieve operational and strategic objectives.<br><br>To reward all permanent employees for completion of their base role requirements and competencies. |
| Performance Link | A broad assessment of Individual performance and corporate performance is considered as part of salary review. |

#### Benefits

| | |
|---|---|
| Operation | Benefits include, but are not limited to, private medical insurance, car and fuel allowances, and life assurance. Executive Directors have the opportunity to participate in these benefits and other all-employee schemes, adhering to service providers approved limits, just like other employees.<br><br>Under specific conditions, the RemCo has the authority to approve additional one-off or ongoing allowances or benefits related to the relocation of an executive director and employees, as needed to fulfil their role.<br><br>Moreover, our policies allow for reimbursement of reasonable business-related expenses. Should it be deemed appropriate, the RemCo may introduce additional benefits. |
| Maximum Opportunity | In determining the value of benefits, the RemCo does not specify a fixed upper limit. Instead, it assesses an appropriate level, considering various factors, such as the overall cost incurred by the company in securing these benefits, individual situations, benefits offered to the broader workforce, and the broader market standards. |
| Purpose and link to strategy | Competitive in the market in which the individual is employed. |
| Performance Link | Not performance-related |

## Variable pay

### Short-term Incentives (STI)

| | |
|---|---|
| Operation | A short-term incentive to reward executives, senior management and key talent who achieve and exceed their individual and company annual performance targets.<br>Participating Employees only become eligible to benefit from the STI scheme after successful completion of the 6-month probation period.<br>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.<br>Usually paid annually once the financial figures have been finalised and audited. Awards are at the sole discretion of the RemCo. The RemCo 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 RemCo. Awards under the STI plan are not guaranteed and Management reserves the right to amend the design of the plan from time to time. |
| Purpose and link to strategy | To encourage superior performance by rewarding key/strategic employees against the achievement of their KPIs.<br>To attract, motivate and retain strategic employees who are accountable for, and contribute to, the achievement of key short-term business performance measures. |
| Performance Link | The STI plan is a key driver of the company's strategy. Performance targets can include financial, non-financial and personal achievements criteria measured over one financial year. There are multiple thresholds under the individual and company performance factors.<br>The performance metrics are reviewed and approved annually by the RemCo |
| Maximum opportunity | The maximum percentage of Base Salary varies at each level for staff. The maximum is 84.8% of annual Base Salary for Executives. |

### Discretionary Bonus - Outstanding Contribution Award

| | |
|---|---|
| Operation | An opportunity to formally recognize employees at any level who have made an exceptional contribution to the business, on a once-off or short-term basis, which is over and above the employee's normal job requirements and is worthy of recognition.<br>The amount is discretionary but subject to Remco's approval if award is more than 1 x annual guaranteed salary. |
| Purpose and link to strategy | 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 normal duties that is of such high standard that it makes a difference to the business in terms of cost savings, improved efficiencies and/or relationships – internal or external. |
| Maximum opportunity | The maximum opportunity is 200% of annual guaranteed base salary. |

### Long-term incentive Plan

| | |
|---|---|
| Operation | The long-term incentive (LTI) is a shared based incentive, which purpose is to reward the forward looking performance and service conditions over a combined vesting and holding period of generally five years. It aims to align the interests of Senior Executives with those of shareholders and to aid in maintaining a stable Senior Executive team. |
| Purpose and link to strategy | It is expected that awards will be granted on an annual basis to help attract, retain and incentivise key employees and consultants. All employees within the Company's group (and a small number of consultants) shall be eligible to be considered for an award at the discretion of the RemCo; however, participation will normally be focused on those individuals who can and are expected to have the greatest positive impact on the delivery of long-term performance and value creation. |
| Performance Link | The LTIP is a key driver of the company's strategy. This is demonstrated through the careful selection of performance conditions determined and set by the Board on or prior to the grant of an award and shall be based on the achievement of stretching and demanding performance conditions and targets linked to the achievement of separate long-term financial and non-financial targets. |
| Maximum opportunity | The maximum aggregate market value of the shares awarded to an individual in a financial year cannot exceed 150% of that individual's base salary (or 200% of base salary if the Board decides that exceptional circumstances exist). Awards granted in excess of the individual limits will be void as to the excess. |

## Short-term incentive (STI) Plan

The STI is an annual award, normally paid in cash, that varies in accordance with annual corporate performance factor (CPF) of the Group and the individual performance factor (IPF) of the individual.

### Guiding principles

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

**Individual STI Award**

=

Total Guaranteed package

X

STI on target %

X

(CPF x weighting)

+

(IPF x weighting)

| Participants | STI on target |
|---|---|
| Executive Directors | 80% |

The table below shows the weighting between the Corporate Performance and Individual Performance factors:

| Participants | Company | Individual |
|---|---|---|
| Executive Directors | 70% | 30% |

### 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 |
|---|---|---|
| 1 | Unsatisfactory Performance | 0% |
| 2 | Needs Improvement | 0% |
| 3 | Meets Requirements | 80% |
| 4 | Exceeds Requirements | 100% |
| 5 | Outstanding performance | 120% |

### Corporate Performance Factor (CPF)

The CPF is determined through Performance conditions made up of financial and non-financial metrics as detailed in the table below.

| Financial Based Metrics | Target | Weighting |
|---|---|---|
| Total (accounting) return - measured by EPRA NAV movements between period plus dividend yield (calculated on opening NAV) | 12% | 60% |
| Total property return - i.e. "portfolio performance" | 3% | 10% |
| Growth in EPRA earnings per share | 2% | 5% |
| Resulting % | | 75% |

| Non Financial - Strategic target metrics | Target | Weighting |
|---|---|---|
| EPRA Occupancy Rate | 95% | 5.0% |
| Staff Satisfaction Score | 75% | 5.0% |
| ESG KPI's | | |
| i. Green principles included in design of new developments | Min 1 | 2.5% |
| ii. IFC Edge certification on new developments or other properties | Min 1 Certification | 2.5% |
| iii. Women in Managerial positions (gender diversity) | 40% | 5.0% |
| iv. Local Employee representation | 65% | 5.0% |
| Resulting % | | 25% |

## Long-term incentive plan ("LTIP")

An LTI award is an incentive share-based award subject to performance conditions over a fixed three-year period beyond minimum threshold levels. Such a reward is made at the discretion of the Remuneration Committee to eligible individuals who achieve a minimum moderated performance rating score each year.

### Guiding Principles

It is intended that LTI awards are granted on an annual basis. Each LTI award will be subject to its own distinct three-year performance period. This helps ensure that key employees have a continuing and meaningful interest in the ongoing long-term performance of the Group. Performance conditions will not be retested at the end of the relevant performance period. Annual LTI awards with different forward looking three-year performance periods and targets help ensure that eligible individuals and participants are not overly reliant and incentivised by large up-front one-off awards, which can sometimes lead to the wrong behaviours.

| | |
|---|---|
| **Eligibility** | Executive directors |
| **Performance period** | Three years |
| **Vesting period** | Three years |
| **Post-vesting holding period** | Executive performance awards are subject to a two-year post-vesting holding period |
| **Maximum Opportunity** | The maximum aggregate market value of the shares awarded to an individual in a financial year does not exceed 150% of that individual's base salary (or 200% of base salary if the Board decides that exceptional circumstances). Awards granted in excess of the individual limits will be void as to the excess. |
| **Post employment holding** | If a Participant ceases to hold Employment after the normal vesting date for a specified reason (per scheme rule), their award will still vest or remain vested. For options, the right to exercise them will expire either two years after the participant stops working or at the end of the exercise period, whichever comes first. If the options aren't exercised, they will expire at the end of the exercise period. |

### Performance condition weightings

| | Performance awards |
|---|---|
| Company financial performance | 75% |
| Company non-financial performance | 25% |

## Discretion

The Remco has the discretion to review and moderate any LTI awards to avoid unexpected outcomes.

Awards under the LTIP are not guaranteed and management reserves the right to amend the design of the scheme from time to time, within the rules and (where required) subject to the approval of the Company's shareholders in general meeting.

The Remuneration committee may decide to cancel the future operation of the LTI and not grant any further awards if:

- fails to meet the objectives for which it was established; or
- produces outcomes which are not in the best interests of the Group.

## Malus and Clawbacks

Malus and clawback provisions apply to all awards granted under the LTIP for all participants. The Remco has full and final authority to make all decisions and determinations under the malus and clawback policy.

### Malus

On or before the vesting date of an award, the Remco may, at its absolute discretion, decide to reduce the number of shares held under an Award (malus) and/or seek to recover from a Participant Shares and/or cash that has already Vested, been paid and/or been acquired on the exercise of an Option.

### Clawback

The Remco may determine at any time to reduce the number of shares subject to an Award (including, if appropriate, reducing to NIL) to give effect to a clawback provision contained in any annual incentive or bonus plan operated by the Grit Group or employee share plan established by Grit (other than the LTIP) from time to time.

### Summarised trigger events for malus and clawback

- Discovery of a material misstatement in the financial results released to the public and/or in the audited AFS
- The discovery, that in assessing the extent to which a Performance Condition was satisfied, such assessment was based on an error, or on inaccurate or misleading information or assumptions
- Actions or conduct of the participant, that in the sole opinion of the Board, amounts to grounds for summary dismissal for fraud, gross misconduct or conduct having a materially detrimental impact on the reputation of Grit
- Corporate failure

## Individual Plan Limits

No LTI award will be granted to an eligible person if this will cause the aggregate market value (at grant) of all shares to be issued or transferred to that person pursuant to any award granted under the Scheme in that financial year to exceed 150 per cent (200 per cent in exceptional circumstances) of their annual base salary or (in the case of a consultant under Part 2) annualised fee.

LTI awards may be satisfied using newly issued shares, treasury shares or shares purchased in the market.

The total aggregate number of shares that may be issued (or committed to be issued) pursuant to awards made under the Scheme on any day must not exceed 10 per cent of the ordinary share capital of the Company in issue immediately before that day, when added to the total number of shares issued or issuable pursuant to options and awards granted in the previous 10 years under the Scheme and under any other share plan (including any other plans that permit awards to be granted to consultants and non-employees) operated by the Company.

A similar 5 per cent in 10 years limit applies to awards granted under any discretionary share plan (which includes the Scheme).

## Executive Director contracts

The Executive Directors do not have fixed term contracts with the Company. The notice period of the CEO is 12 months to ensure a succession in the event of termination and mitigate the risk of sudden loss of intellectual property.

There is no provision in the contracts for loss of office payments, other than those required by employment law.

The Company does not have any shareholding guidelines for executive directors.

## Remuneration of the Chief Executive Officer

| Bronwyn Corbett - Chief Executive | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|---|---|---|---|---|---|---|
| Total remuneration (US$'000) | 569 | 845 | 514 | 991 | 1 186 | 642 |
| Annual incentive awards against maximum opportunity (%) | 24% | 85% | 10% | 84% | 65% | No award |
| Long term incentive awards vesting rate against maximum opportunity (%) | – | – | No award | 150% | 53% | No award |

## Relative importance of spend on pay

| | 2022/23 US$'000 | 2023/24 US$'000 | % Change |
|---|---|---|---|
| Staff costs | 6 619 | 7 357 | 11.15% |
| Distributions to shareholders | US$0.02cps | US$0.015cps | (25%) |

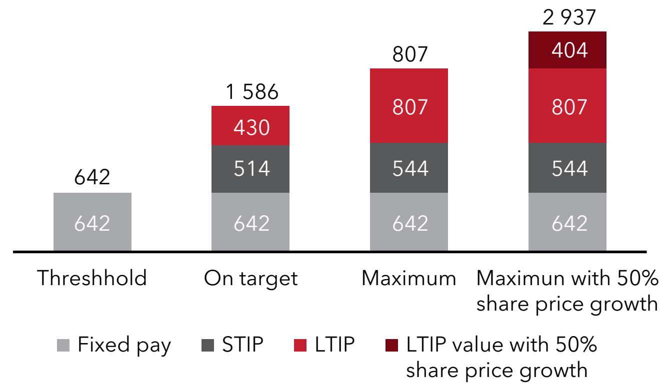
*Staff costs includes salaries, annual incentives, social security costs.*

## Pay for performance: scenario analysis

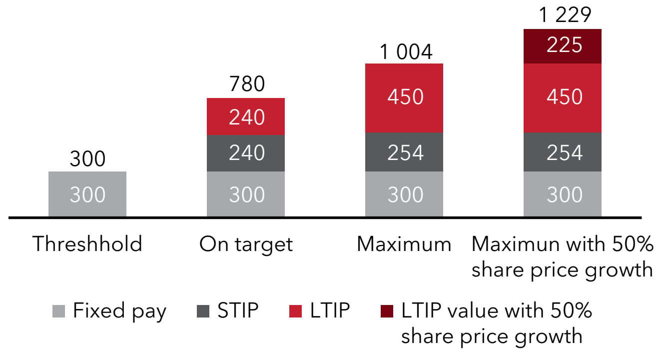
The charts below illustrates estimates of the potential future reward opportunity and the potential split between the different elements of remuneration under four different performance scenarios for the Executive directors:

"Threshold", "On-target", and "Maximum" and "maximum assuming 50% share price growth".

### Bronwyn Corbett - Chief Executive Officer (US$'000)




### Gareth Schnehage - Chief Financial Officer (US$'000)




| Scenario | Fixed pay | STIP | LTIP |
|---|---|---|---|
| Minimum performance | Base salary and benefits as disclosed in the single figure table on page 156. | No STIP | No vesting of LTIP assumed |
| Target | | On-target (80% of salary) | 80% of salary |
| Maximum | | Maximum STI (84.8% of salary) | 150% of salary |
| Maximum, assuming 50% share price growth | | Maximum STI (84.8% of salary) | As above, but modelling the impact of a 50% increase in share price |

## Non-executive Directors' fees

Fees paid to the Chair and Non-Executive Directors are aimed at attracting individuals with the appropriate degree of expertise and experience. Payments to Non-executive directors are made on a quarterly basis.

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

Non-Executive directors are subject to re-election at each AGM.

## Implementation of the remuneration policy

### Base salary

At the June 2023 Remuneration Committee meeting the following decisions were taken:

- There would be no annual increase for the salaries of Executive Directors and employees who earn their salaries in US$;
- An annual increase in salaries was approved for the wider workforce that was aligned with local CPI's according to which jurisdiction they work in and are paid in.

Per the remuneration policy the external benchmarking should be performed every 2 years. The last benchmarking exercise was performed in March 2022. In light of the 20% salary reduction effective 1 July 2024, the Remco did not engage in a bench marking exercise.

There were no KPI's set for discretionary bonuses for the year under review.

Leon van de Moortele, who had been on medical leave since December 2023, resigned as an Executive Director in February 2024 but remained in employment until June 2024. During his last 6 months, he was on a reduced basic salary.

In February 2024, the board appointed Gareth Schnehage as an Executive Director as the new Chief Financial Officer.

| | 2024 US$ | 2023 US$ | % increase |
|---|---|---|---|
| Average employee | 78 808 | 57 557 | 36.9 % |
| **Executive directors** | | | |
| Bronwyn Corbett | 537 600 | 537 600 | No increase |
| Gareth Schnehage | 103 846 | – | Newly appointed |
| Leon van de Moortele | 194 604 | 389 208 | N/A |

### Non-executive Directors' fees

No annual increase was approved for the year ending 30 June 2024. Reflecting the cost optimisation efforts, the non-executive directors have taken a 20% reduction in fees for the year ending 30 June 2025. The table below outlines the fee structure with comparisons to the previous year.

| | 2024 US$ | 2023 US$ | % decrease |
|---|---|---|---|
| Board Chairman fee | 82 200 | 102 800 | (20%) |
| **Non Executive Director fees** | | | |
| Senior Independent director | 61 700 | 77 100 | (20%) |
| Non-Executive director | 41 100 | 51 400 | (20%) |
| Audit Chairman | 20 600 | 25 700 | (20%) |
| Committee Chair * | 7 300 | 9 100 | (20%) |
| Committee membership fee* | 3 600 | 4 500 | (20%) |

* *Applies to the following committees: Remuneration, Nomination, Investment, Risk and Responsible Business. Committee Chair does not receive membership fee.*

### Single Total figure of remuneration (Audited)

The following tables detail all elements of remuneration receivable by the Executive directors in respect of the year ended 30 June 2024 and show the comparative figures for the year ended 30 June 2023.

| 2024 | Basic Salary US$'000 | Taxable Benefits US$'000 | Annual Bonus US$'000 | Long-term incentives* US$'000 | Pension US$'000 | Total US$'000 | Total fixed remuneration US$'000 | Total variable remuneration US$'000 |
|---|---|---|---|---|---|---|---|---|
| Bronwyn Corbett | 538 | 104 | Nil | Nil | Nil | 642 | 623 | 19 |
| Gareth Schnehage | 104 | 2 | Nil | Nil | Nil | 106 | 106 | Nil |
| Leon Van de Moortele | 227 | 14 | Nil | Nil | Nil | 241 | 241 | 0.3 |
| **2023** | | | | | | | | |
| Bronwyn Corbett | 538 | 110 | 539 | 430 | Nil | 1 616 | 648 | 969 |
| Leon Van de Moortele | 389 | 26 | 337 | 311 | Nil | 1 063 | 415 | 648 |

* *Long-term incentives are the face value of the LTI awards that will vest in future years, linked to performance conditions.*

### Notes to the Single Total Figure of remuneration table (Audited)

#### Base Salary

**Bronwyn Corbett –** No approved increase for FY24. Overall, comparative total remuneration has decreased by 60% from the prior year ended 30 June 2023 mainly due to no short term or long term incentives being awarded.

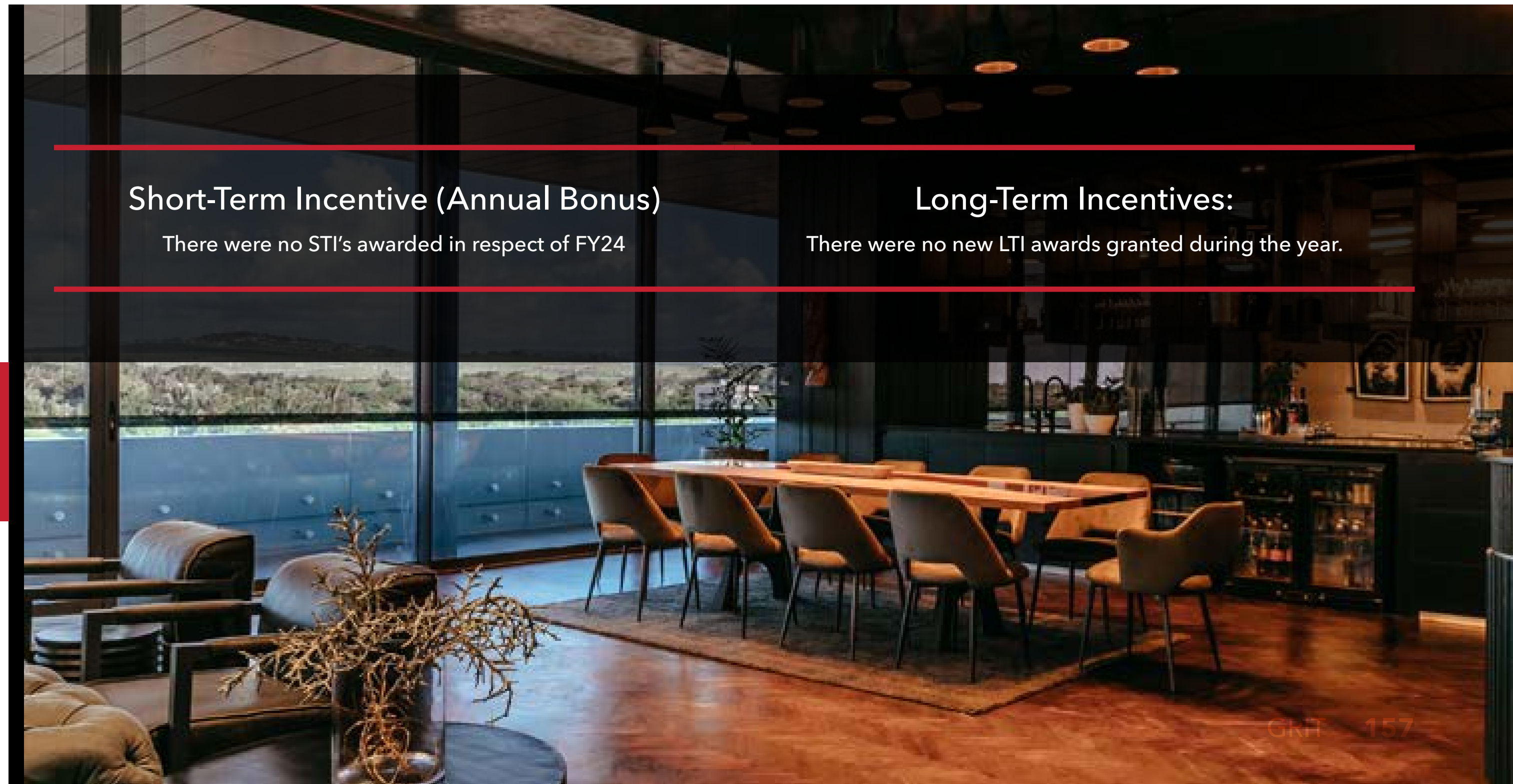
**Leon van de Moortele** – The decrease from FY23 to FY24 is due to the FY24 figure reflecting 8 months of salary as Leon resigned as CFO and Executive Director in February 2024. Overall, comparative total remuneration has decreased by 80% from the prior year ended 30 June 2023 mainly due to no short term or long term incentives being paid/awarded together with not being an executive director for the full year.

**Gareth Schnehage** – Appointed as from February 2024

#### Taxable Benefits

Executive directors are entitled to a car allowance, school fee allowance, medical aid benefits and subsistence and travel allowance ("S & T"). The below table sets out further details of the taxable benefits.

| | S&T US$'000 | Car Benefit (Taxable) US$'000 | All medical/ Life insurance US$'000 | School Benefit US$'000 | Total Benefits US$'000 |
|---|---|---|---|---|---|
| Bronwyn Corbett | 19 | 22 | 20 | 43 | 104 |
| Gareth Schnehage | Nil | Nil | 2 | Nil | 2 |
| Leon Van de Moortele | 0.3 | 2 | 10 | 2 | 14 |



**Short-Term Incentive (Annual Bonus)**

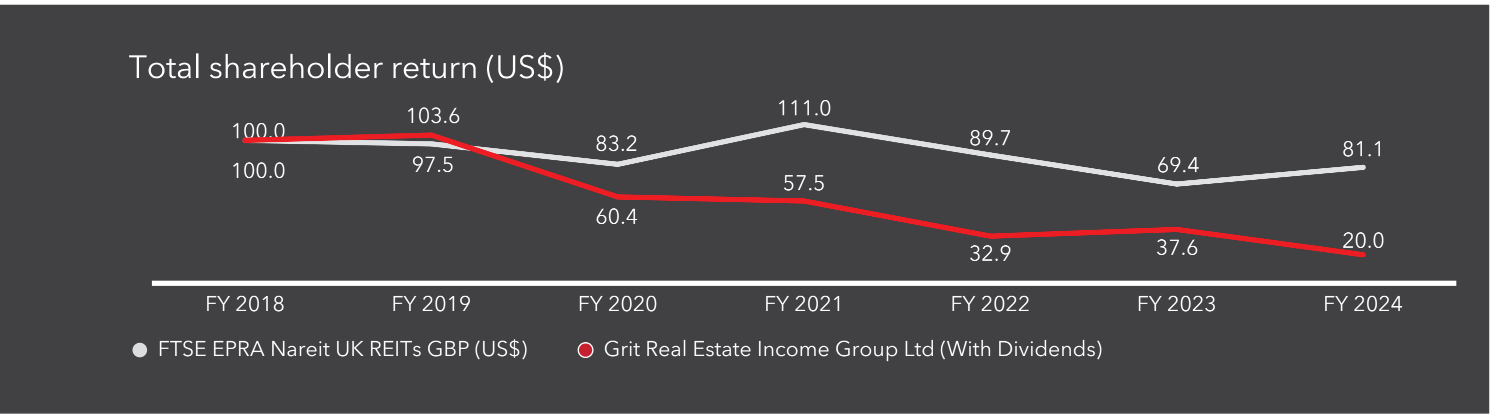
There were no STI's awarded in respect of FY24

**Long-Term Incentives:**

There were no new LTI awards granted during the year.

## Total shareholder return performance graph and CEO remuneration

The graph below shows Grits total shareholder return since FY2018 to June FY2024, which assumes that US$100 was invested in FY2018. The company chose TSE EPRA Nareit UK REITs GBP (US$) sector as an appropriate comparator.




The total remuneration of the CEO over the past six financial years is shown below. The annual bonus pay-out and LTIP vesting level as a percentage of the maximum opportunity are also shown.

| | Year ended 30 June 2019 | Year ended 30 June 2020 | Year ended 30 June 2021 | Year ended 30 June 2022 | Year ended 30 June 2023 | Year ended 30 June 2024 |
|---|---|---|---|---|---|---|
| CEO total remuneration (US$000's) | 569 | 845 | 514 | 991 | 1186 | 642 |
| Annual incentive award (as a % of maximum opportunity) | 24% | 85% | 10% | 84% | 65% | 0% |
| LTIP award vesting (as a % of maximum opportunity) | 0% | 0% | 0% | 150% | 53% | 0% |

**Notes:**

*The company was admitted to the Main Market on the London Stock Exchange on 31 July 2018.*

*Bronwyn Corbett has been the CEO since May 2014.*

## CEO Pay ratio

This ratio is not reported as the company does meet the employee threshold requirement.

## LTI Awards (Audited)

No awards have been made during the FY24 year, with the last award being made in November 2022.

### Holding Periods

In accordance with the rules, vested awards are subject to a two year holding period.

| Grant | Grant date | Performance period | Vesting date | Holding period | Holding period ceases |
|---|---|---|---|---|---|
| 2022 | 17/12/2021 | 1/7/2021 to 30/6/2024 | 17/12/2024 | Two years | 17/12/2026 |
| 2023 | 29/11/2022 | 1/7/2022 to 30/6/2025 | 29/11/2025 | Two years | 29/11/2027 |

The vesting of the above awards is measured against the achievement over three years of the below performance conditions with 75% based on financial metrics and 25% on non-financial metrics.

### Performance conditions

| Financial Based Metrics | Target | Weightage |
|---|---|---|
| Total (accounting) return - measured by EPRA NAV movements between period plus dividend yield (calculated on opening NAV) | 13% | 60% |
| Total property return - i.e. "portfolio performance" | 3% | 10% |
| Growth in EPRA earnings per share | 2% | 5% |
| Resulting % | - | 75% |

| Non Financial - Strategic target metrics | Target | Weightage |
|---|---|---|
| EPRA Occupancy Rate | 95% | 5% |
| Staff Satisfaction Score | 75% | 5% |
| ESG KPI's per Grit sustainability policy | - | - |
| i. Reduction of Carbon Footprint by 2025 | 25% | 2.5% |
| ii. Improvement of Building efficiency by 2025 | 25% | 2.5% |
| iii. Women in Leadership positions (gender diversity) | 40% | 5% |
| iv. Local Employee representation | 65% | 5% |
| Resulting % | - | 25% |

The Remuneration Committee is meeting in November 2024 to assess whether the performance metrics have been met. The Company has made provision for 25% of the total awards in line with current assessed performance - refer to note 15 (e) of the AFS on page 288.

To the extent that the awards vest, the Committee has the discretion to allow the Executive Directors to receive the benefit of any dividends paid over the vesting period.

In Feb 2024, Leon van de Moortele ceased being an executive director. Remco have approved that Leon be recognised as a good leaver under both the legacy and new LTIP and existing awards made to him will vest according to the respective LTIP rules.

Details of the share awards made to the Directors from the Legacy LTIP

| Executive Director | Date of award | Performance linked | Date of vesting | Holding period | Subscription price US$ cps | No. of shares |
|---|---|---|---|---|---|---|
| Bronwyn Corbett | 2020 | NO | 30/04/2025 | NO as 5 year vesting period | 0.89 | 1 280 906 |
| Leon van de Moortele | 2020 | NO | 30/04/2025 | NO as 5 year vesting period | 0.89 | 924 897 |

Details of the share awards made to the Executive Directors from the LTIP which are still under the vesting period:

| Executive Director | Date of award | Performance linked | Date of vesting | Holding period | Subscription price US$ cps | No. of shares |
|---|---|---|---|---|---|---|
| Bronwyn Corbett | 17/12/2021 | YES | 17/12/2024 | Two Years | 0.52 | 1 442 308 |
| | 29/11/2022 | YES | 29/11/2025 | Two Years | 0.36 | 1 194 667 |
| Leon van de Moortele | 17/12/2021 | YES | 17/12/2024 | Two Years | 0.52 | 961 538 |
| | 29/11/2022 | YES | 29/11/2025 | Two Years | 0.36 | 864 240 |

For the FY24 year, all past awards made to Leon while he was an Executive director are disclosed. Remco have approved him as a good leaver.

Summary details, as at 30 June 2024, of the outstanding awards held by the Executive directors in the LTIP and the Legacy LTIP are set out in the table below:

## Legacy LTIP:

| Responsibility | Vesting date | Option Strike price (US$) | 30 June 2024 No. of options US$'000 | 30 June 2023 No. of options US$'000 |
|---|---|---|---|---|
| Bronwyn Corbett | | | | |
| Opening Balance of share options | - | - | 1 281 | 1 281 |
| - 2020 award | 30-April-25 | 0.89 | 1 281 | 1 281 |
| Options exercised during the year | - | - | - | - |
| Closing balance of share options | - | - | 1 281 | 1 281 |
| - 2020 award | 30-April-25 | 0.89 | 1 281 | 1 281 |
| Leon van de Moortele | | | | |
| Opening Balance of share options | - | - | - | 925 |
| - 2020 award | 30-April-25 | 0.89 | - | 925 |
| Options exercised during the year | - | - | - | - |
| Closing balance of share options | - | - | - | 925 |
| - 2020 award | 30-April-25 | 0.89 | - | 925 |

## LTIP

| Responsibility | Vesting date | Subscription price US$ cps | 30 June 2024 No. of options '000 | 30 June 2023 No. of options '000 |
|---|---|---|---|---|
| Bronwyn Corbett | | | | |
| Opening balance of awards | – | – | 2 637 | 1 442 |
| - 2022 awards | 17/12/2024 | 0.52 | 1 442 | 1 442 |
| - 2023 awards | 29/11/2025 | 0.36 | 1 195 | – |
| Awards granted during year | – | – | – | 1 195 |
| Closing balance of awards | – | – | 2 637 | 2 637 |
| - 2022 award | 17/12/2024 | 0.52 | 1 442 | 1 442 |
| - 2023 award | 29/11/2025 | 0.36 | 1 195 | 1 195 |

Executive Directors and Non-Executive directors' interest in Grit shares as at 30 June 2024(Audited

| Director | Direct beneficial holding | Indirect beneficial holding | Indirect beneficial holding - Shares awarded but not yet vested and subject to performance conditions | Indirect beneficial holding - Shares awarded but not yet vested and only subject to continued service | Total number of Shares held as at 30 June 2024 |
|---|---|---|---|---|---|
| Bronwyn Corbett | 606 923 | 9 410 273 | 2 636 975* | 1 280 906* | 13 935 077 |
| Peter Todd | – | 103 337 | – | – | 103 337 |
| David Love | 149 972 | – | – | – | 149 972 |
| Jonathan Crichton | 200 000 | – | – | – | 200 000 |
| **Total** | **956 895** | **9 513 610** | **2 636 975** | **1 280 906** | **14 388 386** |

* *No shares are in a holding period.*

The above shareholding is disclosed in the Related party Note 36 (b) in the Annual Financial Statements on page 261.

As Leon van de Moortele and Sir Samuel Jonah are no longer directors on the Board at 30 June 2024, their shareholding is not include in the above table.

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

## Payments to past directors & payments for loss of office (Audited)

No payments to past directors were made during the year that required to be reported on. Leon van de Moortele was not paid notice pay as he remained as an employee of the Company at a reduced salary.

No payments for loss of office were made during the year.

## Non-Executive Directors' fees (Audited)

The table below shows the fees paid to our Non-executive Directors for the years ended 30 June 2024 and 30 June 2023:

| Non-Executive directors | Year ended 30 June 2024 US$'000 | Year ended 30 June 2023 US$'000 |
|---|---|---|
| Peter Todd (Chair) | **122** | 126 |
| Catherine McIlraith | **100** | 100 |
| Nomzamo Radebe | **-** | 70 |
| David Love | **104** | 101 |
| Samuel Esson Jonah | **29** | 65 |
| Johnny Crichton | **65** | 65 |
| Cross Kgosidile | **56** | 54 |
| Nigel Nunno | **31** | – |
| Lynette Finlay | **59** | 14 |
| **Total non-executive directors' fees** | **567** | 594 |

## Shareholder engagement and voting outcomes

Grit is committed to ongoing and transparent engagements with shareholders that strengthen governance and enable us to create sustained value for all our shareholders.

Voting results for the previous three years are summarised below:

| AGM | | For % | Against % | Votes Total | Votes For | Votes Against | Votes withheld |
|---|---|---|---|---|---|---|---|
| 18 DECEMBER 2023 | Remuneration Report | 71.4 | 28.6 | 416 510 039 | 297 328 690 | 119 098 047 | 83,302 |
| 30 NOVEMBER 2022 | Remuneration Report | 70.22 | 29.78 | 403 147 314 | 283 090 044 | 120 057 270 | - |
| 29 NOVEMBER 2021 | Remuneration Report | 67.24 | 32.76 | 258 337 836 | 173 706 361 | 84 631 475 | 33,124 |
| 17 JUNE 2021 | Remuneration Policy | 61.91 | 37.78 | 234 940 350 | 145 451 571 | 89 488 779 | 728,718 |

At the AGM held on 18 December 2023, the ordinary resolution relating to the non-binding advisory vote on the Implementation of the Remuneration policy was supported by the majority of the shareholders, however it was voted against by 28.6% of the votes exercised by the Company's shareholders present in person or represented by proxy at the AGM. The executives of Grit are committed to achieving a greater understanding of the underlying reasons why some shareholders are unable to support such resolution and accordingly, invited all dissenting shareholders to a consultation on 17 January 2024 to further understand their positions and perspective on the resolution.

The result of the consultation was constructive, and the relevant feedback relayed to the Remco, who will be incorporating the elements of the feedback in the current year remuneration committee process and in the Remuneration policy, which will be presented for shareholder vote at the upcoming AGM on 4 December 2024.

The Remuneration Policy was last put to shareholders vote in June 2021 when the new LTIP was approved by shareholders. The Remuneration policy would normally be put to shareholders for a vote every 3 years which would have been in June 2024. As this would have required a special general meeting in June to meet the three year requirement, the Remco rather decided to extend and put the Remuneration policy to a shareholders vote at the AGM being held in December 2024 and therefore it would, going forward tie into the regular cycles of the AGM's. Refer to page 151 for the 2024 Remuneration Policy

The implementation report will also be put forward for a non-binding advisory vote at the forthcoming AGM.

The executives are intending to meet with key institutional shareholders ahead of the 2024 AGM, in one-on-one meetings with each of their representatives, to discuss the remuneration policy and its implementation.

**Catherine McIlraith**

Chair of the Remuneration Committee

# INVESTMENT COMMITTEE REPORT

## 2023/24 Focus Areas

- Maximize growth by investing through our newly formed substructures DH Africa and Bora Africa in strategic sectors and asset classes such as diplomatic housing, data centers, business process outsourcing, light industrial, logistics and healthcare, as well as targeted geographical areas.
- Maintain strategic focus on disposing of non-core assets which are predominantly in the retail and hospitality sectors.
- Continuously monitor and assess ESG-related initiatives within the investment pipeline to ensure ongoing impactful transactions and the achievement of the Company's ESG and sustainability goals.

## Committee Composition

At year end, the Investment Committee ("IC") consisted of a majority of independent non-executive directors ("NED"). In December 2023, Sir Samuel Jonah resigned as a member of the board as well as the IC. On 12 June 2024, Nigel Nunoo, an independent NED was appointed as a member on the IC, resulting in the committee maintaining its majority of independent NED's.

The requirements of the regulators in terms of Diversity and Inclusion have been considered, in evaluating the composition of the Committee.

## Meetings of the Committee

During the year under review, the IC met three times: in October 2023, February 2024, and June 2024.

To ensure a clear understanding of all transactions to be approved and the alignment of the pack to be presented to the scheduled IC meetings, the Head of Investment works closely with the Chair of the IC prior to meetings. The Chair also reports on all matters to the Board.

| Members of the Committee | Independent | No. of meetings | Attendance |
|---|---|---|---|
| Peter Todd - Chair | No | 3/3 | 100% |
| David Love | Yes | 3/3 | 100% |
| Lynette Finlay | Yes | 3/3 | 100% |
| Nigel Nunoo | Yes | 0/0 | N/A |
| Bronwyn Corbett** | No | 3/3 | 100% |
| Sir Samuel Jonah* | Yes | 0/1 | 0% |
| Lynette Finlay | Yes | 3/3 | 100% |

* *Sir Samuel Jonah retired from the Grit Board and all Committees by rotation in December 2023.*

** *Bronwyn Corbett is an Executive Director.*


## Roles and Responsibilities

The IC is responsible for making recommendations to the Board regarding the Company's investment portfolio and growth opportunities. It ensures the Company adheres to its investment strategy, as detailed in the Investment Committee charter, available at https://grit.group/about-us/#corporate-governance. The charter is reviewed annually by both the IC and the Board.

The Committee's approval levels are authorized by the Board and documented in the Group's Delegation of Authorities matrix, which is reviewed at least annually. The Committee ensures that the Investment Charter and the approved Investment Process flow are implemented for all transactions. The Investment Charter includes investment guidelines, safety margins with definitions, strategic countries, locality focus, and property sector focus.

## Key Activities during the year under Review

During the year under review, the key activities of the Investment Committee, as per the usual format of IC meetings, included:

a. Receiving investment updates from the C-Suite and Head of Investments on pipeline transactions, current investment workstreams, and providing the required approvals ensuring that all aspects of the risk matrix are considered.
b. Implementation of the 2.0 strategy, to generate higher fee income and pursue a broader array of co-funding and investment opportunities at the substructure.
c. Regularly reviewing the progress on transactions presented to the IC and providing guidance to the management team.
d. Receiving proposals to implement the asset recycling strategy.
e. Review of Head of Asset Management's engagement of independent third-party valuers for the annual valuation exercise and critically assess the valuation parameters applied.

## Committee Performance Evaluation

In accordance with the Company's annual evaluation process and the UK Code, which requires that committee evaluations be externally facilitated every three years, the IC's evaluation for the financial year ended 30 June 2024 was conducted by One Advisory.

This external review provided valuable insights, reinforcing the committee's strengths while highlighting areas for improvement.

For details on the evaluation process, please refer to the Corporate Governance Statement under "ANNUAL BOARD EVALUATION on page 125.

### Outcomes from the evaluation process

The overall scores for the Committee were high, with respondents agreeing or strongly agreeing with all statements. No significant matters of concern were raised from the evaluation.

The interview with the Chair confirmed that the breadth of experience across the Committee was a strength, with all members contributing positively. The quality of information and depth of analysis of the investment proposals were also highlighted. The Chair noted that there was scope to focus more on debt and sensitivity analysis, as well as assessing the success of previous investment decisions.

**Peter Todd**
Chair of the Investment Committee

# DIRECTORS' REPORT

The Directors' report for the financial year ended 30 June 2024 is set out on pages 164 to 166. Additional information, which is incorporated into this Directors' report by reference, including information required in accordance with Listing Rule 9.8.4R of the Financial Conduct Authority's Listing Rules, can be located by page reference in the body of this Directors' report and on the following pages:



The Directors present their IAR and audited financial statements for the year ended 30 June 2024. The Board assumes responsibility for leading and controlling the organisation and meeting all legal and regulatory requirements.

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

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

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

## Strategic Report

For the review of the business and its likely future developments, see the Strategic report on pages 06 to 85 of this IAR.




## Corporate Governance Arrangements

During the year ended 30 June 2024, we have applied the principles of good governance contained in the UK Corporate Governance Code 2018 (the "UK Code") and taken steps to comply with the UK Code. Our Compliance Statement for FY ended 30 June 2024 is on page 169. Further details on how we have applied the UK Code can be found in the Governance section on pages 106 to 169. The UK Code can be found in the Corporate Governance section of the Financial Reporting Council's website: www.frc.org.uk.

## Company Status and Branch

Grit is listed on the London Stock Exchange main market and holds its secondary listing on the Official Market of the SEM.

In February 2021, Grit migrated its corporate domicile to Guernsey from Mauritius. In July 2021, the Company was granted a certificate of local registration as a foreign company in Mauritius, with company number C180791 GBC.

## Results and Dividends

The financial statements set out the results of the Group for the financial year ended 30 June 2024 and are shown on pages 182 to 187.

The total dividend for the year under review to US$1.50cps, following the interim dividend of US$1.50cps declared for the six months ended 31 December 2023, which was paid in May 2024 after satisfying the solvency test, which is required under Guernsey company law.

## Key Stakeholders

The long-term success of the Group is dependent on its relationships with its key stakeholders. On pages 36 to 39, we outline the ways we have engaged with the key stakeholders, their expectations of us, the outcomes from 2024 and our focus areas for 2025.

## Substantial Shareholders

Set out below are the percentage interests in ordinary share capital of the Compa4y, disclosable under the Disclosure Guidance and Transparency Rules, that were notified to the Company as at 30 June 2024 and 30 September 2024. The information below was correct at the date of notification. It should be noted that these holdings may have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

| | 30 June 2024 | | 30 September 2024 | |
|---|---|---|---|---|
| Shareholder | Number of shares held | % | Number of shares held | % |
| Botswana Development Corporation | 26 377 971 | 5.33 | 26 377 971 | 5.33 |
| Janus Henderson Investors | | | 30 200 000 | 6.10 |
| Eskom Pension and Provident Fund | 32 507 561 | 6.57 | 32 507 561 | 6.57 |
| M & G Plc | 72 514 378 | 14.65 | 73 119 764 | 14.77 |
| Government Employees Pension Fund | 116 588 059 | 23.55 | 116 588 059 | 23.55 |

## Employees

The Board recognises the importance of attracting, developing and retaining the right people. In accordance with best practice, we have employment policies in place which provide equal opportunities for all employees.

## Directors and changes during the year

The details of the Directors who were in office during the year under review and up to the date of the signing of the financial statements, are set out on pages 113.

In December 2023, Sam Jonah reached retirement age and accordingly withdrew himself from re-election at the annual general meeting and has stepped down from the Board.

The Board welcomed Nigel Nunoo as independent non-executive director in December 2023. He has been appointed to the Remuneration and Investment Committees.

In December 2023 Leon van de Moortele, Executive Director and Chief Financial Officer of the Grit Group, took a medical leave of absence. This was followed, in February 2024 with his resignation from the Company.

In February 2024, the Board appointed Gareth Schnehage as Executive Director and Chief Financial Officer of the Grit group.

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 148 to 161.

## Appointment and replacement of Directors

Directors may be appointed by ordinary resolution of the shareholders, or by the Board. Appointment of a Director from outside the Group is on the recommendation of the Nominations Committee, whilst internal promotion is a matter decided by the Board unless it is considered appropriate for a recommendation to be requested from the Nominations Committee.

At every AGM of the Company, any of the Directors who have been appointed by the Board since the last AGM seek re-election by the members.

## Directors' Indemnity

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

## Powers of the Directors

Subject to the Company's Articles of Association, the Companies (Guernsey) Law, 2008 and any directions given by special resolution, the business of the Company is managed by the Board, who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge any of its undertakings, property, assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party.

## Directors' Training and Development

Details of the training that has been provided to the Executive and Non-Executive Directors during the year can be found on page 125.

## Directors Interests in Grit Shares

The number of Grit shares held by each director as at 30 June 2024 was as follows:

| Director | Direct beneficial holding | Indirect beneficial holding | | Total number of shares held as at 30 June 2024 | Direct beneficial holding | Indirect beneficial holding | | Total number of shares held as at 30 June 2023 |
|---|---|---|---|---|---|---|---|---|
| | | Shares held indirectly | Shares awarded but not yet vested | | | Shares held indirectly | Shares awarded but not yet vested | |
| Bronwyn Corbett | 606 923 | 9 410 273 | 3 917 881 | 13 935 077 | 606,923 | 9 410 273* | 3 917 881 | 13 935 077 |
| Leon van de Moortele ** | - | - | - | - | - | 2 090 452* | 2 750 675 | 4 841 127 |
| Samuel Jonah*** | - | - | - | - | - | 5 567 564 | - | 5 567 564 |
| Peter Todd | - | 103 337 | - | 103 337 | - | 8 437 | - | 8 437 |
| David Love | 149 972 | - | - | 149 972 | 97 479 | - | - | 97 479 |
| Jonathan Crichton | 200 000 | - | - | 200 000 | 200 000 | - | - | 200 000 |
| Total | **956 895** | **9 513 610** | **3 917 881** | **14 388 386** | **904 402** | **31 373 874** | - | **32 237 263** |

** Includes vested share options from awards made via the Legacy LTIP plan, but not yet exercised as at 30 June 2023. These were exercised on the 25 September 2023.*

*** Leon resigned as an Executive director in February 2024.*

**** Samual Jonah did not put himself forward for re-election at the Dec 2023 AGM*

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

## Share Capital

The company's authorized and issue share capital consists of 7,500,000,000 (2023:7,500,000,000) and 495,092,339 (2023:495,092,339) ordinary shares of no-par value, respectively.

As per the Articles of Association and the Companies (Guernsey) Law, 2008, the Shareholders have several rights.

## Amendment of Articles of Association

Unless expressly specified to the contrary in the Company's Articles of Association (the Articles), the Articles may be amended by a special resolution of the Company's shareholders.

## Related Party Transactions

The Company has a Related Party Transactions Policy in place and all the related party transactions have been conducted in accordance with such policy. A copy of the related party transactions register is maintained at the office of the Company and reviewed by the Board.

A copy of the policy is found at https://grit.group/about-us/#corporate-governance under "policies" in which the definition of "related party transactions" is provided as per the applicable listing rules and laws.

Refer to note 36(b) on page 261 in the Annual Financial Statements.

## Post Balance Sheet Events

Details of post-balance sheet events are given in note 41 on page 273 of the financial statements.

## Political Donations

No political donations have been made by the Company or its subsidiaries during the financial year (2023: NIL).

## Auditors and disclosure of information to auditor

On the recommendation of the Audit Committee, the Board of Directors proposes to the Annual General Meeting to be held on 4 December 2024 that MacIntyre Hudson LLP ("MHA") be appointed as external auditor. Each Director who held office at the date of approval of this Directors' Report confirms that:

- So far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware.
- That each Director has taken all 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 that information.

## Going Concern

Under provision 30 of the UK Code, the Board is required to report whether the business is a going concern. As such they have modelled a 'base case' and a 'severe but plausible downside' of the Company's and Group's expected liquidity and covenant position for a going concern period of at least twelve months from the date of signing the IAR. The base case reflects the director's best expectations of the position going forward. It was modeled on board approved forecasts over the relevant period. The base case scenario includes the Group's and Company's financial projections, while the severe but plausible scenario adjusted to the base case scenario for further significant movements if foreign exchange, interest rates, vacancy and valuation declines as listed above. Refer to the Chief Financial Officer's Statement (page 64) for details on the underlining assumptions of both base case and severe but plausible downside scenarios, as well as the outcome of each scenario.

## AGM

The 2024 AGM of GRIT will be held at Grit's offices at Unity Building, The Precinct, Grand Baie, Mauritius on 4 December 2024.

The Notice of Meeting together with explanatory notes is contained in the circular to shareholders that accompanies the Reports and accounts.

In the event we receive 20% or more votes against a recommended resolution at a general meeting, we will announce the actions we intend to take to engage with our shareholders to understand the result in accordance with the UK Code. We would follow this announcement with a further update within six months of the meeting, with an overview of our shareholders' views on the resolutions and the remedial actions we have taken.

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

**Bronwyn Corbett**
Chief Executive Officer
31 October 2024

**Gareth Schnehage**
Chief Financial Officer
31 October 2024

# STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Integrated Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as issued by the International Accounting Standards Board (IASB) have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' Confirmations

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 and company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in pages 108 and 109 confirm that, to the best of their knowledge:

- the group and company financial statements, which have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB), give a true and fair view of the assets, liabilities, financial position and loss of the group and loss of the company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

## Integrated Reporting Principles

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

## Framework, Assurance and Compliance Reporting

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

- International Standards ("IFRS");
- UK Corporate Governance Code 2018 ("the UK Code");
- FCA Disclosure Guidance and Transparency Rules;
- Mauritian Securities Act 2005;
- SEM Listing Rules;
- Integrated Reporting Framework (the "Framework");
- National Code of Corporate Governance for Mauritius (2016);
- Companies (Guernsey) Law, 2008;
- The Income Tax Act 1995;
- Financial Intelligence and Anti-Money Laundering Act 2002;
- FRC ethical standards; and
- Listing Rules of the London Stock Exchange.

## Targeted Audience

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

## DTR Statement

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

The financial statements on pages 182 to 187 were approved by the Board of Directors and signed on its behalf by:

On behalf of the Board

**Bronwyn Corbett**
Chief Executive Officer
31 October 2024

**Gareth Schnehage**
Chief Financial Officer
31 October 2024

# STATEMENT OF COMPLIANCE

For the year ended 30 June 2024, we, the Directors of Grit Real Estate Income Group Limited, confirm to the best of our knowledge that the Company has fully complied with all of its obligations and requirements under the:

- UK Corporate Governance Code 2018 (the "UK Code"); and the
- National Code of Corporate Governance for Mauritius 2016 ("MRU Code").

**Bronwyn Corbett**
Chief Executive Officer
31 October 2024

**Gareth Schnehage**
Chief Financial Officer
31 October 2024

# CERTIFICATE FROM THE COMPANY SECRETARY

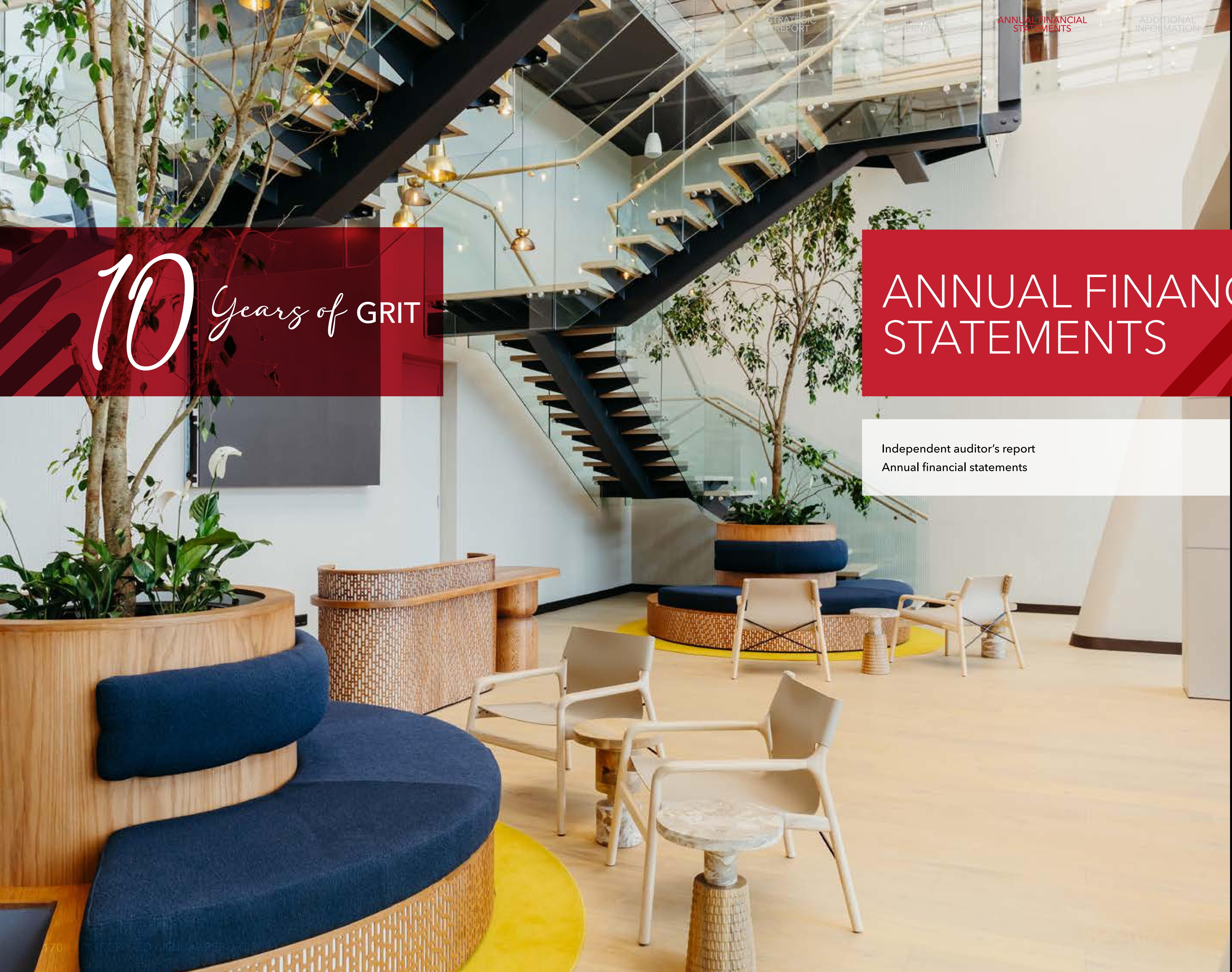
We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act, 2001 in terms of Section 166(d) for the year ended 30 June 2024.

**Intercontinental Fund Services Limited**
Company Secretary
31 October 2024

# CERTIFICATE FROM CORPORATE SERVICE PROVIDER

We, as a Guernsey corporate service provider and registered agent of Grit Real Estate Income Group Limited (the Company) certify that, to the best of our knowledge and belief and on the assumption that we have been provided with complete and accurate factual information by the Company, the Company has filed with the Guernsey Registry all such returns as are required of the Company under the Companies (Guernsey) Law 2008 for the year ended 30 June 2024.

**Mourant Governance Services (Guernsey) Limited**
Corporate Service Provider
31 October 2024




# ANNUAL FINANCIAL STATEMENTS

# INDEPENDENT AUDITORS' REPORT

to the members of Grit Real Estate Income Group Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Grit Real Estate Income Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2024 and of the group's and company's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements, included within the Integrated Annual Report (the "Annual Report"), which comprise: Consolidated and Company statements of financial position as at 30 June 2024; the Consolidated and Company income statements, the Consolidated and Company statements of comprehensive income, the Consolidated statement of changes in equity, the Company statement of changes in equity and the Consolidated and Company statements of cash flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

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

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's ("FRC") Ethical Standard, as applicable to listed public interest entities in accordance with the requirements of the Crown Dependencies' Audit Rules and Guidance for market-traded companies, and we have fulfilled our other ethical responsibilities in accordance with these requirements

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 24, we have provided no non-audit services to the group and company in the period under audit.

### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the group's and the company's ability to continue as a going concern.

The directors have modelled a 'base case' and a 'severe but plausible' downside scenario considering both the liquidity position and covenants which relate to both individual properties and the property portfolio as a whole. The group and company have a number of secured financing facilities that contain covenants requiring the group and company to maintain specified financial ratios including loan to value ratios, debt service and interest cover ratios.

Through the modelling carried out, the directors have assumed, in both the base case and severe but plausible downside scenario, that the receivable of $48.5m due from the Public Investment Corporation SOC Limited of South Africa (PIC), as their contribution to the $100m rights issue called by GREA on 28 June 2024, is received by 31 December 2024. Under the terms of the shareholder agreement, the PIC has a contractual obligation to participate once the call notice is issued and the PIC has confirmed in writing that they will participate. However, the payment has been delayed due to an additional requirement for approval by the South African Reserve Bank (SARB) before cash can be transferred out of South Africa and therefore the timing of the receipt is now uncertain. In the absence of the receipt of the capital injection from the PIC, the group and company would be unable to meet their covenant obligations required as per the borrowing facilities, pay their liabilities as they fall due and would require an alternative source of finance, which may not be forthcoming.

These conditions, along with the other matters explained in Note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and understanding the directors' going concern assessment under both a base case and severe but plausible downside scenario.
- Testing key inputs to the model used by management by agreeing back to a sample of supporting documentation such as rent rolls for the properties and expense expectations.
- Challenging and evaluating the assumptions made within the base case and the severe but plausible downside scenarios, sensitising assumptions including profits expected and reductions to cash flows, and other key assumptions including currency rates, interest rates and inflation rates ensuring these were sufficiently severe.
- Evaluating management's covenant calculations, covering the relevant covenant assessments required in the period from 30 June 2024 to 31 March 2026, confirming that the covenant thresholds and definitions were consistent with the financing agreements.
- Where necessary, confirming that the covenant condonement received are sufficient to condone any breaches under both the base case and the severe but plausible downside scenario and that there is sufficient forecast cash available to make the payments at 31 October 2024, 8 November 2024, and, 31 March 2025 which these condonements are conditional upon.
- In doing so we have reviewed the terms of the $13m Maubank facility secured on 28 October 2024 and confirmed that the facility is approved unconditionally. We have also spoken directly with Maubank to confirm that the cash will be received in the required timeframe.
- Reviewing the terms of the extension of the repayment date of the $35m ABSA facility from March 2025 to March 2026 and confirming that these are in line with management's assumed going concern assumption. We have assessed that the agreement entered into is a binding legal arrangement confirming the extension of the facility and that the final signing of the documentation which is conditional on normal banking conditions is within the group's control.
- Inspecting lending limits and availability of finance, and confirming that the accounting for these arrangements is appropriate.
- Challenging key transactions assumed by management and obtaining independent confirmation from external parties to assist in our challenge of management.
- In particular, challenging the inclusion of the capital injection in GREA, which is accessed by the group through the shared Treasury policy, in both the base case and severe but plausible downside scenarios where the cash has not yet been received. In assessing the inclusion we spoke directly with the PIC and consulted internally with other experienced individuals to assess the Directors conclusion that the PIC has a contractual obligation to participate once the call notice is issued. We also reviewed the letter from the SARB to the Exchange Control Department of The Standard Bank of South Africa advising that the Minister of Finance has approved the request by the PIC, on behalf of the Government Employee Pension Fund (GEPF), to participate in the rights issue subject to the condition that GREA will redomicile to Kenya.
- Checking that interest rate hedging instruments were contractually entered into and appropriately reflected within the basecase and severe but plausible downside scenario.
- Testing the integrity of management's model through recalculation.
- Considering recent history of management's forecasting accuracy and also the recent experience of trading to determine whether both the base case and the 'severe but plausible' downside model scenarios are appropriate in particular in terms of rental receipts and property valuations.
- Reviewed the disclosures presented in the Annual Report in relation to going concern and the associated material uncertainty and assessed their consistency with the financial statements and the evidence we obtained in our audit.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in Note 1 to the financial statements, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting, or in respect of the directors' identification in the financial statements of any other material uncertainties to the group's and the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Our audit approach

### Overview

**Audit scope**

- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the group, the accounting processes and controls, and the industry in which the group operates.
- As in all of our audits we also addressed the risk of management override of controls and risk of fraud in revenue recognition. Although we have not determined these to be key audit matters, we have not rebutted these risks and they are therefore, deemed to be significant risk areas.

**Key audit matters**

- Material uncertainty related to going concern (group and company)
- Valuation of investment properties (group)
- Accounting for acquisitions of GREA and APDM - valuation of investment property and owner-occupied property, and previously held equity interest (group)
- Accounting for significant transactions (acquisitions/ disposals) in the year (group)
- Valuation of Investment in subsidiaries and recoverability of receivable balances (company)

**Materiality**

- Overall group materiality: $10.0 million (2023: $9.1 million) based on approximately 1% of total assets.
- Overall company materiality: $2.8 million (2023: $3.4m million) based on approximately 1% of total assets.
- Performance materiality: $5.0 million (2023: $4.5 million) (group) and $1.4 million (2023: $1.7million) (company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

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

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Accounting for acquisitons of GREA and APDM is a new key audit matter this year. The key audit matter "Material uncertainty related to going concern (group and company)" replaces "Going concern (group and company)", which was a key audit matter last year. Otherwise, the key audit matters below are consistent with last year.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Valuation of investment properties (group)<br><br>*Valuation of investment properties (group) either held directly or through joint ventures and associates. Directly held: US$792.4 million (2023: US$628.8 million), through Associates and Joint Ventures US$80.6 million (2023: US$126.1 million), classified as held for sale US$49m (2023: US$ nil).*<br><br>*See Note 3 Investment properties, Note 30a Business Combination, Note 31 Non-current assets classified as held for sale and Note 1 Summary of material accounting policy information.*<br><br>The group holds a significant number of investment properties which are fair valued each year under IAS 40 with the change in fair value being reflected in the income statement. The group performed a valuation exercise for investment properties acquired through the acquisition of control of the previous joint venture, GREA, at 30 November 2023 and for the full portfolio at year-end balance sheet date 30 June 2024. The valuation of these properties is carried out for management by third party valuers Knight Frank, REC and Aestima (the "valuers"). The valuers were engaged by the Directors and performed their work in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards and the requirements of International Accounting Standard 40 'Investment Property'. The property DH4 Bamako was internally valued by management at 30 June 2024.<br><br>The valuation of investment properties represents a significant estimation uncertainty. In determining the valuation of a property, the valuers take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated rental values, which are influenced by prevailing market yields and transactions, to arrive at the final valuation. Land valuations have been performed using comparable market transactions.<br><br>The valuation of the group's property portfolio was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area. | Our audit procedures included, but were not limited to:<br>• Considered the adequacy of the disclosures made in Note 3 (Investment Properties ), Note 30a Business Combinations and Note 31 (Non-current assets classified as held for sale).<br>• Understood and evaluated the controls management rely on to gain comfort over the valuation process to review and sign off the valuations prepared by the external valuers.<br>• Assessed the valuers' qualifications and expertise and read their terms of engagement with the group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between the group and the valuers. We found no evidence to suggest that the objectivity of the valuers was compromised.<br>• Read the valuation reports for all externally valued investment properties at 30 November 2023 and 30 June 2024 and confirmed that the valuation approach for each was in accordance with RICS standards and IAS 40.<br>• Reviewed management's assessment of the valuation of DH4 Bamako that was not externally valued at 30 June 2024.<br>• Assessed the appropriateness of the key assumptions used across the portfolio, corroborating yields, estimated rental values and other key assumptions to comparable information where available.<br>• 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.<br>• Our internal valuation experts have then recomputed the valuation for each externally valued 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.<br>• Other detailed inputs to the model such as current rents, expenses, existence of original title deeds have been agreed back to supporting documentation.<br>• We, along with our internal valuation experts, held discussions with management and held separate calls with each of the respective valuers to discuss and challenge their approach, any implications of climate change, the key assumptions and their rationale behind the more significant valuation movements during the year. Where necessary we had follow up calls with management and their external valuers to confirm/clarify information and assumptions.<br>• The valuation commentaries provided by the external valuers or management and supporting evidence, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate.<br>• We have also reviewed the criteria for the classification of property Tamassa Resort as a non-current asset held for sale under IFRS 5.<br>• Discussed with the Audit Committee the procedures that we carried out and our findings. |

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRIT REAL ESTATE INCOME GROUP LIMITED (CONTINUED)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| | **Overall findings**<br>Based on the evidence obtained, we concluded that while some of the assumptions on specific properties used were outside the more optimistic end of what we considered a reasonable range (and hence led to judgemental proposed differences deemed not material by the Audit Committee and which we concur with), the overall assumptions used in the valuations by the external valuers were supportable in light of the evidence obtained and materially appropriate.<br>We concluded that management's internal valuation methodology of the DH4 Bamako asset was not appropriate but did not lead to a material difference as agreed by the Audit Committee.<br>We agree with management's classification of Tamassa Resort as Held for Sale under IFRS 5. |
| **Accounting for acquisitions of GREA and APDM - valuation of investment property and owner-occupied property, and previously held equity interest (group).**<br>*See Note 7 Investment in joint ventures, Note 30(a) Business combination and Note 1 Summary of material accounting policy information.*<br>As described in Note 30(a) to the consolidated financial statements, on 30 November 2023 the group acquired control of APDM (Africa Property Development Managers Ltd) and GREA (Gateway Real Estate Africa Ltd). The group had previously accounted for its investments in GREA and APDM as joint ventures, following amendments to the respective shareholder agreements the group obtained control, and consequently reclassified the investments to investment in subsidiaries from that date. Management has determined the control assessment to be a significant judgment.<br>With the assistance of their valuation experts, management has undertaken a purchase price allocation ('PPA') exercise under IFRS 3 'Business Combinations'. Management has recognised $2.2m of goodwill in respect of APDM, with no goodwill in respect of GREA. The group remeasured, at fair value, its previously held interest in GREA and APDM to $94m and $22.7m respectively resulting in a fair value loss of $13m and $10.9m respectively.<br>The group has measured at fair value the net identifiable assets acquired for GREA and APDM. A significant portion of the net assets acquired in GREA related to investment property and owner-occupied property of $141.7m and $10.3m respectively. Our audit procedures in this area are discussed in the Valuation of investment properties ( group) key audit matter.<br>In addition, management identified several pre-existing relationships that existed between the group and GREA, and the group and APDM of $79m and $0.1m respectively - these were settled on acquisition date.<br>Due to the complexity of the business combinations accounting and the subjective nature of some of the assumptions underpinning the accounting we determined that this was an area of significant risk for the group audit and an area of audit focus. | Our audit procedures in respect of the GREA and APDM acquisitions included the following:<br>• We obtained and reviewed the amended shareholder agreements to ensure we understood when control was obtained.<br>• With the assistance of our valuation experts, we reviewed and challenged the PPA valuation reports provided by management's expert and considered their competency and ability to value the previously held equity interest in GREA and APDM.<br>• With the assistance of our valuation experts, we reviewed the property valuation reports provided by management's expert - See Valuation of investment properties (group) key audit matter.<br>• We assessed the appropriateness of the accounting treatment, including the completeness of elimination of pre-existing relationships at acquisition.<br>• We challenged management and their experts on substantiating the resultant goodwill in APDM and GREA.<br>• We reviewed and challenged management's disclosures in the Consolidated Financial Statements to ensure they were consistent with the audit work performed.<br>**Overall findings**<br>Following our challenge, there were a number of adjustments made by management and misstatements deemed to be immaterial which were not adjusted for.<br>Based on the procedures performed and the adjustments made, we are satisfied with the accounting for the acquisitions of GREA and APDM. |



| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Accounting for significant transactions (acquisitions/ disposals) in the year (group)**<br>*See Note 7 Investment in joint ventures, Note 8 Investment in subsidiaries and Note 1 Summary of material accounting policy information.*<br>During the year the group has entered into a number of transactions, including:<br>• Disposal of the Bora structure from Grit Services Limited (GSL) to GREA.<br>• Issue of perpetual notes from BORA Africa Limited ('BORA') to International Finance Corporation (IFC). The preference notes have been classified as an equity instrument as at 30 June 2024 on the basis that there exists an unconditional right to defer both interest and principal repayments.<br>• Control obtained over the Diplomatic Housing One (DH one) entity via an amendment to the shareholder agreement. At 30 June 2024, the group recognised this transaction as an asset acquisition and DH one as a wholly owned subsidiary. | Our audit procedures on the acquisitions and disposals included:<br>• Obtained, read and understood the agreements entered into between Grit and the relevant parties involved.<br>• Assessed the timing of the transactions and ensured these were recorded in the correct accounting period.<br>• Assessed the impact of the acquisition or disposal on the Group's control over the relevant entity under IFRS 10.<br>• Assessed whether the acquisition should be accounted for as a business combination or an asset acquisition in line with IFRS 3.<br>• Inspected a copy of the bank statement and traced payments made or received where applicable;<br>• Recomputed the shares issued to counter parties as part of the consideration.<br>• Audited the overall calculation for the transaction including the journal entries posted.<br>• Evaluated the treatment of transaction costs.<br>• Where necessary, consulted with technical specialists internally.<br>• Reviewed and challenged management's disclosures in the Consolidated Financial Statements to ensure they were consistent with the audit work performed.<br>**Overall findings**<br>Following our challenge, there were a number of adjustments made by management and misstatements deemed to be immaterial which were not adjusted for.<br>Based on the procedures performed and the adjustments made, we are satisfied with the accounting over the acquisitions and disposals. |
| **Valuation of Investment in subsidiaries and recoverability of receivable balances (company)**<br>*Note 8 Investment in subsidiaries, Note 9 Related party loans receivable and payable and Note 1 Summary of material accounting policy information.*<br>The company has investments in and loans to subsidiaries of US$189.7 million (2023: US$71.1 million) and US$90.5m (2023: US$115.8m) respectively as at 30 June 2024. The investment in subsidiary balance has increased following the acquisition of GREA and APDM (above) and the capital raise by GREA. This is net of the recognition of a fair value loss of US$49.7m (2023: US$114.2m) during the year.<br>Due to the material value of the balances and the inherently subjective nature of some of the assumptions underpinning the valuations we determined that this was an area of significant risk for the company audit and an area of audit focus. | Our audit procedures on the valuation of investments in subsidiaries and recoverability of receivable balances included:<br>• Assessing the accounting policies for investments and loans in subsidiaries to ensure they were compliant with IAS 36 and IFRS 9.<br>• Verifying the methodology used by the directors in arriving at the carrying value of each subsidiary and the expected credit loss provision for intercompany receivables, ensuring this was compliant with the respective accounting standards.<br>• Obtaining the impairment of investments and provision of receivables calculations to ensure the mathematical accuracy of calculation and that assumptions within the calculations were consistent with our understanding of the company and its subsidiaries as a whole.<br>• Identifying the key estimates within the requirement for impairment of both the investments and loans due from subsidiaries to the underlying valuation of investment property held by the subsidiaries at fair value (for details of our procedures over investment property valuations please refer to the related group key audit matter above).<br>**Overall findings**<br>Based on the procedures performed the valuation of investments in subsidiaries and recoverability of receivable balances due to the company, following the impairment charges booked, are reasonable. |

## How we tailored the audit scope

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

The group's properties are spread across a number of statutory entities with the group financial statements being a consolidation of these entities, the group and the company's associates and joint ventures. The group has four financially significant components, being Grit Real Estate Income group Limited, Freedom Property Fund SARL, Grit Services Limited, and Gateway Real Estate Africa Limited, which were subject to a full scope audit by ourselves and our component teams PwC Morocco, PwC Mauritius, and Forvis Mazars Mauritius respectively. Full scope audits were also performed on nine other components of the group due to their size by our component teams in Mauritius, Mozambique and Zambia.

The above, together with procedures performed by the group audit team, gave us coverage of 100% (2023: 100%) for investment properties, 77% (2023: 93%) for consolidated revenue, 82% (2023: 93%) for consolidated profit before tax on an absolute basis and 95% (2023: 87%) for total assets for the group. All in scope investment properties were audited by the group audit team.

The group team's involvement comprised of conference calls with all component teams as well as in person meetings with component teams in Morocco and Mauritius; review of component auditor work papers; and other forms of communication as considered necessary. Senior members of the group audit team performed site visits to the properties in Mauritius, Morocco, and Kenya. 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.

## The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

## Materiality

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

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

| | Financial statements - group | Financial statements - company |
|---|---|---|
| Overall materiality | $10.0 million (2023: $9.1 million). | $2.80 million (2023: $3.4m million). |
| How we determined it | approximately 1% of total assets | approximately 1% of total assets |
| Rationale for benchmark applied | The key driver of the business and determinant of the group's total asset value is property investment valuation. On this basis, we set an overall group materiality level based on total assets. In addition, a number of key performance indicators of the group are driven by income statement items and we therefore also applied a lower specific materiality for testing property and other income, administrative expenses, and working capital balances and associated provisions. | The key driver of the business and determinant of the company's value is investments in subsidiaries. As a result we have used an asset based benchmark. |

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between $0.02 million and $4.1 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% (2023: 50%) of overall materiality, amounting to $5.0 million (2023: $4.5 million) for the group financial statements and $1.4 million (2023: $1.7 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $0.50 million (group audit) (2023: $0.45 million) and $0.1 million (company audit) (2023: $0.2 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## 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, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

## Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and, except for the matters reported in the section headed 'Material uncertainty related to going concern', we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies (Guernsey) Law, 2008; Listing rules in London and Mauritius; and applicable corporation and VAT tax legislation in the various jurisdictions in which the group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to accounting estimates and judgemental areas of the financial statements such as the valuation of investment and development properties (see related key audit matter above). The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Reviewing the litigation register in so far as it related to non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Risk Committee and the Audit Committee;
- Review of corporation tax with the involvement of our tax specialists in the audit;
- Review of VAT tax compliance;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Challenging assumptions and judgements made by management in their significant areas of estimation; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

**Companies (Guernsey) Law, 2008 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company ; or
- the company financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 17 August 2018 to audit the financial statements for the year ended 30 June 2018 and subsequent financial periods. The period of total uninterrupted engagement is seven years, covering the years ended 30 June 2018 to 30 June 2024.

## Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

## Other voluntary reporting

### Directors' remuneration

The company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the Companies Act 2006. The directors requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the company were a quoted company.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Diane Walmsley

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognised Auditors
London
31 October 2024

# CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 30 June 2024

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Investment properties | 3 | 792 351 | 628 777 | - | - |
| Deposits paid on investment properties | 3 | 4 976 | 5 926 | - | - |
| Property, plant and equipment | 5 | 13 952 | 4 490 | - | - |
| Intangible assets and goodwill | 6 | 2 406 | 433 | - | 4 |
| Investments in joint ventures | 7 | 52 628 | 197 094 | - | 152 586 |
| Investments in subsidiaries | 8 | - | - | 189 694 | 71 141 |
| Related party loans receivable | 9 | 316 | 92 | 90 235 | 77 552 |
| Finance lease receivable | 10 | 1 906 | - | - | - |
| Other loans receivable | 11 | 22 348 | 21 005 | - | - |
| Derivative financial instruments | 21 | 17 | 91 | - | - |
| Trade and other receivables | 13 | 2 503 | 3 448 | - | - |
| Deferred tax | 12 | 13 124 | 12 578 | - | - |
| **Total non-current assets** | | 906 527 | 873 934 | 279 929 | 301 283 |
| **Current assets** | | | | | |
| Trade and other receivables | 13 | 72 809 | 18 578 | 645 | 1 833 |
| Current tax receivable | | 4 093 | 3 389 | 70 | 70 |
| Related party loans receivable | 9 | 1 534 | 751 | 249 | 38 249 |
| Other loans receivable | 11 | - | - | - | - |
| Derivative financial instruments | 21 | 45 | 1 828 | - | - |
| Cash and cash equivalents | 14 | 18 766 | 9 207 | 214 | 17 |
| | | 97 247 | 33 753 | 1 178 | 40 169 |
| **Non-current assets classified as held for sale** | 31 | 50 624 | - | - | - |
| **Total current assets** | | 147 871 | 33 753 | 1 178 | 40 169 |
| **Total assets** | | 1 054 398 | 907 687 | 281 107 | 341 452 |
| **Equity and liabilities** | | | | | |
| **Total equity attributable to ordinary shareholders** | | | | | |
| Ordinary share capital | 15a | 535 694 | 535 694 | 535 694 | 535 694 |
| Treasury shares reserve | 15b | (13 493) | (16 306) | (192) | (94) |
| Foreign currency translation reserve | | (4 982) | (389) | 948 | 952 |
| Revaluation reserve | | 2 429 | - | - | - |
| Accumulated losses | | (307 710) | (218 349) | (333 744) | (228 259) |
| **Equity attributable to owners of the Company** | | 211 938 | 300 650 | 202 706 | 308 293 |
| Preference share capital | 15c | - | 31 596 | - | - |
| Perpetual preference notes | 15d | 42 771 | 26 827 | - | - |
| Non-controlling interests | | 102 605 | (25 456) | - | - |
| **Total equity** | | 357 314 | 333 617 | 202 706 | 308 293 |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Redeemable preference shares | 16 | - | 12 849 | - | - |
| Proportional shareholder loans | 17 | 36 983 | 35 733 | - | - |
| Interest-bearing borrowings | 18 | 111 635 | 318 453 | - | 6 596 |
| Lease liabilities | 19 | 578 | 3 335 | - | - |
| Derivative financial instruments | 21 | 1 857 | 1 425 | - | - |
| Related party loans payable | 9 | - | 7 195 | - | - |
| Deferred tax | 12 | 47 749 | 51 933 | - | - |
| **Total non-current liabilities** | | 198 802 | 430 923 | - | 6 596 |
| **Current liabilities** | | | | | |
| Interest-bearing borrowings | 18 | 389 529 | 78 282 | 6 789 | 10 885 |
| Lease liabilities | 19 | 137 | 1 265 | - | - |
| Trade and other payables | 20 | 28 974 | 46 366 | 54 112 | 2 320 |
| Current tax payable | | 1 361 | 717 | - | - |
| Derivative financial instruments | 21 | 1 073 | 1 284 | - | - |
| Related party loans payable | 9 | - | - | - | - |
| Other financial liabilities | 22 | 18 886 | 13 358 | 17 500 | 13 358 |
| Bank overdrafts | 14 | 1 988 | 1 875 | - | - |
| | | 441 948 | 143 147 | 78 401 | 26 563 |
| Liabilities directly associated with non-current assets classified as held for sale | 31 | 56 334 | - | - | - |
| **Total current liabilities** | | 498 282 | 143 147 | 78 401 | 26 563 |
| **Total liabilities** | | 697 084 | 574 070 | 78 401 | 33 159 |
| **Total equity and liabilities** | | 1 054 398 | 907 687 | 281 107 | 341 452 |

These financial statements on pages 182 to 291 were approved by the Board of Directors on **31 October 2024** and signed on its behalf by:

**Bronwyn Corbett** **Gareth Schnehage**

The notes on pages 188 to 291 form an integral part of the financial statements.



# CONSOLIDATED AND COMPANY INCOME STATEMENTS

For the year ended 30 June 2024

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Gross property income** | 23 | 63 977 | 56 249 | - | - |
| Property operating expenses | | (12 366) | (9 624) | - | - |
| **Net property income** | | 51 611 | 46 625 | - | - |
| Other income | 24 | 345 | 286 | - | 69 |
| Administrative expenses | | (17 951) | (22 578) | (7 844) | (10 360) |
| Net (impairment)/reversal on financial assets | 25 | (3 217) | (3 868) | (1 283) | 25 517 |
| **Profit / (loss) from operations** | | 30 788 | 20 465 | (9 127) | 15 226 |
| Fair value adjustment on investment properties | 3 | (27 930) | (4 108) | - | - |
| Fair value adjustment on other financial liability | 22 | (2 236) | 3 625 | (2 236) | 1 153 |
| Fair value adjustment on other financial asset | | (949) | 264 | - | - |
| Fair value adjustment on derivative financial instruments | 21 | (2 475) | (3 085) | - | - |
| Fair value loss on revaluation of previously held interest | 30a(i) | (23 874) | - | (23 874) | - |
| Fair value adjustment on investment in subsidiary | 8 | - | - | (49 706) | (114 232) |
| Share-based payment expense | 15e(i) &15e(ii) | (90) | (354) | (90) | (354) |
| Share of profits from associates and joint ventures | 7 | 7 142 | 14 300 | 565 | 9 168 |
| Loss on disposal of investment in subsidiary | | - | (3 240) | - | - |
| Loss on disposal of interest in associate | | - | (3 543) | - | - |
| Loss arising from dilution in equity interest | 7a | (12 492) | - | (12 492) | - |
| Profit/(loss) on derecognition of loans and other receivables | | 1 | (3 735) | - | (3 910) |
| Foreign currency gains/(losses) | | 886 | (2 241) | (153) | (266) |
| Loss on extinguishment of other financial liabilities and borrowings | 22 | (1 353) | (1 166) | (1 353) | (55) |
| Gain/(loss) on disposal of property, plant and equipment | 5a | 33 | (888) | 33 | (888) |
| Other transaction costs | 24a | (8 871) | (2 156) | (2 015) | (2 156) |
| **(Loss)/profit before interest and taxation** | | (41 420) | 14,138 | (100 448) | (96 314) |
| Interest income | 26 | 4 882 | 4,096 | 4 728 | 11 850 |
| Finance costs | 27 | (53 536) | (39 582) | (2 406) | (3 353) |
| **Loss for the year before taxation** | | (90 074) | (21 348) | (98 126) | (87 817) |
| Taxation | 28 | 1 132 | (4 225) | (26) | (13) |
| **Loss for the year after taxation** | | (88 942) | (25 573) | (98 152) | (87 830) |
| **Loss attributable to:** | | | | | |
| Equity shareholders | | (84 496) | (23 631) | (98 152) | (87 830) |
| Non-controlling interests | | (4 446) | (1 942) | - | - |
| | | (88 942) | (25 573) | (98 152) | (87 830) |
| **Basic losses per ordinary share (cents)** | 29 | (17.47) | (4.90) | - | - |
| **Diluted losses earnings per ordinary share (cents)** | 29 | (17.47) | (4.90) | - | - |

**Bronwyn Corbett** **Gareth Schnehage**

The notes on pages 188 to 291 form an integral part of the financial statements.

# CONSOLIDATED AND COMPANY STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

| | Note | GROUP 30 June 2024 US$'000 | GROUP 30 June 2023 US$'000 | COMPANY 30 June 2024 US$'000 | COMPANY 30 June 2023 US$'000 |
|---|---|---|---|---|---|
| Loss for the year | | (88 942) | (25 573) | (98 152) | (87 830) |
| Retirement benefit obligation | | 32 | 86 | – | – |
| Exchange differences on translation of foreign operations | | (2 694) | 1 790 | – | – |
| Share of other comprehensive (expense)/ income of associates and joint ventures | 7 | (2 166) | (43) | – | 952 |
| Revaluation gain through other comprehensive income | | 2 429 | – | – | |
| Other comprehensive (expense)/income that may be reclassified to profit or loss | | (2 399) | 1 833 | – | 952 |
| **Total comprehensive (expense)/income relating to the year** | | **(91 341)** | (23 740) | **(98 152)** | (86 878) |
| **Attributable to:** | | | | | |
| Equity shareholders | | (86 628) | (22 109) | (98 152) | (86 878) |
| Non-controlling interests | | (4 713) | (1 631) | – | – |
| | | (91 341) | (23 740) | (98 152) | (86 878) |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

| GROUP | Note | Ordinary share capital US$'000 | Treasury shares reserve US$'000 | Foreign currency translation reserve US$'000 | Revaluation reserve US$'000 | Accumulated losses US$'000 | Preference share capital US$'000 | Perpetual preference note US$'000 | Non-controlling interest US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 July 2022** | | 535 694 | (16 212) | (5 191) | – | (177 990) | 29 558 | 25 741 | (22 224) | 369 376 |
| Loss for the year | | – | – | – | – | (23 631) | – | – | (1 942) | (25 573) |
| Other comprehensive income for the year | | – | – | 1 436 | – | 86 | – | – | 311 | 1 833 |
| Total comprehensive (expense)/income | | – | – | 1 436 | – | (23 545) | – | – | (1 631) | (23 740) |
| Share based payments | | – | – | – | – | 354 | – | – | – | 354 |
| Share of other changes in equity of joint venture | 7 | – | – | – | – | 7 474 | – | – | – | 7 474 |
| Ordinary dividends declared | 33 | – | – | – | – | (19 188) | – | – | – | (19 188) |
| Treasury shares | 15b | – | (94) | – | – | – | – | – | – | (94) |
| Preferred dividend accrued on perpetual notes | 15d | – | – | – | – | (3 529) | – | 1 086 | – | (2 443) |
| Preferred dividend accrued on preference shares | 15c | – | – | – | – | (2 038) | 2 038 | – | – | – |
| Transaction with non-controlling interests without change in control | 30a & 31a | – | – | – | – | (796) | – | – | 796 | – |
| Reclassification of foreign currency translation reserve on sale of interest in subsidiary | 31b | – | – | 75 | – | – | – | – | – | 75 |

The notes on pages 188 to 291 form an integral part of the financial statements.





## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 30 June 2024

| GROUP | Note | Ordinary share capital US$'000 | Treasury shares reserve US$'000 | Foreign currency translation reserve US$'000 | Revaluation reserve US$'000 | Accumulated losses US$'000 | Preference share capital US$'000 | Perpetual preference note US$'000 | Non-controlling interest US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Acquisition of subsidiary with own equity shares | 30b | – | – | – | – | (604) | – | – | – | (604) |
| Acquisition of additional interest in joint venture with own equity shares | 7a | – | – | – | – | (884) | – | – | – | (884) |
| Reclassification of foreign currency translation reserve on sale of associates | 7c | – | – | 3 291 | – | – | – | – | – | 3 291 |
| Dividends distributable to non-controlling shareholders | | – | – | – | – | 2 397 | – | – | (2 397) | – |
| **Balance as at 30 June 2023** | | 535 694 | (16 306) | (389) | – | (218 349) | 31 596 | 26 827 | (25 456) | 333 617 |
| Balance as at 1 July 2023 | | 535 694 | (16 306) | (389) | – | (218 349) | 31 596 | 26 827 | (25 456) | 333 617 |
| Loss for the year | | – | – | – | – | (84 496) | – | – | (4 446) | (88 942) |
| Other comprehensive (expense)/income for the year | | – | – | (4 593) | 2 429 | 32 | – | – | (267) | (2 399) |
| Total comprehensive (expense)/income | | – | – | (4 593) | 2 429 | (84 464) | – | – | (4 713) | (91 341) |
| Share based payments | | – | – | – | – | 90 | – | – | – | 90 |
| Ordinary dividends declared | 33 | – | – | – | – | (7 227) | – | – | – | (7 227) |
| Treasury shares buy back | 15b | – | (98) | – | – | – | – | – | – | (98) |
| Settlement of shared based payment arrangement | 15b | | 2 911 | – | – | (2 911) | – | – | – | – |
| Perpetual preference notes issued | 15d | – | – | – | – | – | – | 16 875 | – | 16 875 |
| Preferred dividend accrued on perpetual notes | 15d | – | – | – | – | (3 900) | – | 2 668 | – | (1 232) |
| Share issue expenses relating to issue of perpetual notes | 15d | – | – | – | – | – | – | (3 599) | – | (3 599) |
| Preferred dividend accrued on preference shares | 15c | – | – | – | – | (634) | 634 | – | – | – |
| Settlement of pre-existing relationship as part business combination | 30a | – | – | – | – | – | (32 230) | – | – | (32 230) |
| Non controlling interest on acquisition of subsidiaries through business combination | 30a | – | – | – | – | – | – | – | 102 971 | 102 971 |
| Non controlling interest on acquisition of subsidiary other than business combination | 30b | – | – | – | – | – | – | – | 13 094 | 13 094 |
| Transaction with non-controlling interests as part of business combination | 30a | – | – | – | – | (5 158) | – | – | (16 190) | (21 348) |

The notes on pages 188 to 291 form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

| GROUP | Note | Ordinary share capital US$'000 | Treasury shares reserve US$'000 | Foreign currency translation reserve US$'000 | Revaluation reserve US$'000 | Accumulated losses US$'000 | Preference share capital US$'000 | Perpetual preference note US$'000 | Non-controlling interest US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Transaction with non-controlling interests without change in control | 30c | – | – | – | – | 17 336 | – | – | (17 336) | – |
| Transaction with non-controlling interests arising from capital raise of subsidiary | 8 | – | – | – | – | – | – | – | 47 310 | 47 310 |
| Transaction with non-controlling interest | 30c(ii) | – | – | – | – | (2 925) | – | – | 2 925 | – |
| Other movement | – | – | – | – | – | 432 | – | – | – | 432 |
| **Balance as at 30 June 2024** | | 535 694 | (13 493) | (4 982) | 2 429 | (307 710) | – | 42 771 | 102 605 | 357 314 |

# COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

| COMPANY | Note | Ordinary share capital US$'000 | Treasury shares reserve US$'000 | Foreign currency translation reserve US$'000 | Accumulated losses US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|
| **Balance as at 1 July 2022** | | 535 694 | – | – | (126 975) | 408 719 |
| Loss for the year | | – | – | – | (87 830) | (87 830) |
| Other comprehensive income | | – | – | 952 | – | 952 |
| Total comprehensive income | | – | – | 952 | (87 830) | (86 878) |
| Share based payments | | – | – | – | 354 | 354 |
| Share of other changes in equity of associate | | – | – | – | 7 474 | 7 474 |
| Treasury shares | 14b. | – | (94) | – | – | (94) |
| Ordinary dividends declared | 33 | – | – | – | (19 794) | (19 794) |
| Acquisition of indirect subsidiary with own equity shares | 30b | – | – | – | (604) | (604) |
| Acquisition of additional interest in joint venture with own equity shares | 7a | – | – | – | (884) | (884) |
| **Balance as at 30 June 2023** | | 535 694 | (94) | 952 | (228 259) | 308 293 |
| **Balance as at 1 July 2023** | | 535 694 | (94) | 952 | (228 259) | 308 293 |
| **Loss for the year** | | – | – | (4) | (98 152) | (98 156) |
| **Total comprehensive expense** | | – | – | (4) | (98 152) | (98 156) |
| **Share based payments** | | | | | 90 | 90 |
| **Treasury shares buy back** | 15b. | – | (98) | – | – | (98) |
| **Ordinary dividends declared** | 33 | – | – | – | (7 423) | (7 423) |
| **Balance as at 30 June 2024** | | 535 694 | (192) | 948 | (333 744) | 202 706 |

The notes on pages 188 to 291 form an integral part of the financial statements.



# CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

For the year ended 30 June 2024

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Net cash generated from/(utilised in) operating activities | 32a. | 20 381 | 32 551 | (9 383) | (16 475) |
| Acquisition of, and additions to investment properties | 3 | (22 775) | (7 582) | – | – |
| Deposits received/ (paid) on investment properties | 3 | 1 128 | – | – | – |
| Additions to property, plant and equipment | 5 | (443) | (267) | – | – |
| Additions to intangible assets | 6 | (50) | (28) | – | (10) |
| Additions of interests joint ventures | | – | (56 408) | – | (56 408) |
| Proceeds from disposal of interest in subsidiary | | – | 28 880 | – | – |
| Proceeds from disposal of interest in associates and joint ventures | | – | 16 853 | – | – |
| Acquisition of subsidiary other than business combination, net of cash acquired | 30b | 3 771 | 127 | – | – |
| Acquisition of subsidiary through business combination, net of cash acquired | 30a | 6 286 | – | – | – |
| Dividends and interest received from associates and joint ventures | 7 | – | 22 426 | – | – |
| Proportional shareholder loans repayments from associates and joint ventures | 7 | 1 852 | 2 684 | – | – |
| Interest received | | 2 533 | 1 728 | – | – |
| Proceeds from disposal of property, plant and equipment | | 195 | 200 | – | 200 |
| Related party loans receivable repaid | | – | 427 | 32 786 | 120 422 |
| Related party loans receivable granted | | 712 | – | (3 728) | (13 514) |
| Deposits received | | – | 13 776 | – | – |
| Related party loans payables paid | | – | (2 000) | – | – |
| Other loans receivable repaid by partners | | 1 000 | 6 092 | – | – |
| Other loans receivable granted | | (1 518) | – | – | – |
| **Net cash (utilised in)/ generated from investing activities** | | (7 309) | 26 908 | 29 058 | 50 690 |
| Proceeds from the issue of prepetual preference note | 15d | 16 875 | – | – | – |
| Prepetual preference note issue expenses | 15d | (3 599) | – | – | – |
| Perpetual note dividend paid | 15d | (1 232) | (2 443) | – | – |
| Ordinary dividends paid | 33 | (6 911) | (20 175) | (7 106) | (20 443) |
| Proceeds from interest bearing borrowings | 18 | 79 075 | 324 459 | – | 6 624 |
| Settlement of interest bearing borrowings | 18 | (36 916) | (340 127) | (10 430) | (18 804) |
| Finance costs paid | – | (48 453) | (39 662) | (1 840) | (3 257) |
| Proportional shareholder loans repaid | 17 | (2 158) | (4 750) | – | – |
| Proceeds from proportional shareholder loans | – | – | 9 589 | – | – |
| Proceeds received from partners | – | 1 386 | – | – | – |
| Buy back of own shares | 15b | (98) | (94) | (98) | (94) |
| Payment on derivative instrument | 21 | (397) | (433) | – | – |
| Payments of leases | 19 | (1 057) | (1 415) | – | (595) |
| **Net cash utilised in financing activities** | | (3 485) | (75 051) | (19 474) | (36 569) |
| **Net movement in cash and cash equivalents** | | 9 587 | (15 592) | 201 | (678) |
| Cash at the beginning of the year | | 7 332 | 24 146 | 17 | 629 |
| Effect of foreign exchange rates | | (141) | (1 222) | (4) | 66 |
| **Total cash and cash equivalents (including overdrafts) at the end of the year** | 14 | 16 778 | 7 332 | 214 | 17 |

The notes on pages 188 to 291 form an integral part of the financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## General information

Grit Real Estate Income Group Limited (the "Company"; the "Parent") and its subsidiaries (together the "Grit Group" or "the Group") is a real estate company focused on real estate investment assets in pre-selected African countries (excluding South Africa). The Company was a public company incorporated and domiciled in Mauritius and successfully migrated its corporate domicile to Guernsey from Mauritius on 4 February 2021 where it still remains a public company. The address of its registered office is Unity building, The Precinct, Grand Baie, Mauritius. The Company currently holds its primary listing on the Main Market of the London Stock Exchange (LSE) while its listing on the Official Market of the Stock Exchange of Mauritius Ltd (SEM) is termed as a secondary listing. Grit Real Estate Income Group Limited is the ultimate holding company of the group.

## 1. Summary of material accounting policy information

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

### 1.1 Basis of preparation and measurement

The financial statements include the consolidated financial statements of the parent company and its subsidiaries ("**the Group**").

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the IFRS Interpretations Committee (IFRIC); the Financial Pronouncements as issued by Financial Reporting Standards Council, the LSE and SEM Listings Requirements; and, the requirements of the Mauritian Companies Act 2001. The financial statements have been prepared on the going-concern basis and were approved for issue by the board of directors on 31 October 2024.

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 owner occupied property which has been measured under the revaluation model.

### Material uncertainty relating to going concern

The Directors' assessment of the Group and Company's ability to continue as a going concern is required when approving the financial statements.

The Directors have modelled a 'base case' and a 'severe but plausible downside' of the Group and Company's expected liquidity and covenant position for a going concern assessment period through to March 2026, which is a period of at least 12 months following the approval of these financial statements. The Director's going concern assessment has involved a comprehensive review of the Group's risk register, an analysis of trading performance both pre and post year-end, extensive consultations with independent property valuers, and a review of operational indicators and economic data relevant to the Group's markets. As part of this, the Group and Company have a number of secured financing facilities that contain covenants requiring the Group and Company to maintain specified financial ratios including loan to value ratios, debt service and interest cover ratios.

The forecasts assume that the receivable of US$48.5 million due from the Public Investment Corporation SOC Limited of South Africa (PIC), as their contribution to the US$100 million rights issue called by Gateway Real Estate Africa Limited ("GREA") on 28 June 2024, will be received by December 2024 at the latest. The payment was due within seven days of the rights issue being called and has been delayed due to an additional requirement for approval by the South African Reserve Bank before cash can be transferred out of South Africa.

This indicates the existence of a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

The Directors consider that all substantive conditions relating to the capital raise are fulfilled and were confirmed in writing by the PIC, except for the approval of the transaction by the South African Reserve Bank. The conditions that were fulfilled include inter alia:

- Under the terms of the GREA shareholder agreement the PIC has a contractual obligation to participate once a call notice issue is issued and the PIC (as the investment manager acting on behalf of the GEPF) confirmed in writing that they will participate in the rights issue, which was confirmed in September 2023.
- The capital raise has been approved by the Board of GREA in October 2023.
- The South African Government Employee Pension Fund ("GEPF") provided shareholder approval on the 29 of April 2024.

In response to the submission made by the PIC to the SARB on 8 May 2024, the SARB had indicated that the exchange control application was declined based on the South African National Treasury's current tax directive, whereby state-owned entities may not invest in low-tax havens and may not use low-tax jurisdictions as a conduit for offshore investments where such investments (especially to the rest of Africa) could be launched from South Africa.

On 14 of October 2024, the SARB notified the PIC of the immediate withdrawal of the decision to decline the application of the PIC's participation in the GREA rights issue.

On 30 October 2024, the SARB issued a letter confirming that the Minister of Finance has approved the request by the PIC, on behalf of the Government Employee Pension Fund, to participate in the rights issue subject to the condition that GREA will redomicile to Kenya. The Directors have commenced the redomiciling process. At the date of this report, it is expected that the process will be completed by November 2024. In light of this, the timing of the receipt of the funds remains uncertain.

Once the SARB approves the transaction an updated draw request will be submitted to the PIC, whereafter payment is expected within 3 to 5 days, as confirmed by the PIC. The Directors' note, however, that the timing of the receipt of funds is outside their control.

The forecasts assume that the funding can be used to repay debt to reduce the interest charge, decrease the Group LTV position and to provide additional liquidity to the Group. If the Group, through the Company, is unable to obtain the required funding by December 2024, it would need to seek alternative finance arrangements which may not be forthcoming. Consequently, these conditions represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

Mitigating Actions

In response to these uncertainties, the Company has undertaken several mitigating actions to enhance its liquidity position and ensure its ability to continue as a going concern including:

- Execution of the asset disposal strategy that the Group has embarked on, with the sale of both Tamassa and the Artemis Curepipe hospital close to being finalised, whilst further disposals within non-core sectors having started.
- The Company continues to use derivative financial instruments and has increased the hedged percentage of the debt portfolio, which over the short to medium term is expected to reduce Group finance costs as described under the Chief Financial Officer's statement.
- Execution of targeted administrative and other cost savings initiatives.

Despite these mitigation measures, the material uncertainty concerning the timing of the receipt of the funding from PIC means that the Group and Company may not be able to realize its assets and discharge its liabilities in the normal course of business. Therefore, the appropriateness of the going concern assumption is dependent on the successful execution of these plans.

Due to the level of uncertainty the Directors made significant judgement in incorporating the receipt of the receivable from the PIC in the forecast scenario.

### Base Case model

The base case reflects the Directors' best expectations going forward and incorporates board-approved forecasts for the relevant period, adjusted for current business changes. Key assumptions other than those discussed above include:

1. Contractual lease income assumes of a weighted average lease expiry of 5.23 years at 30 June 2024 and average contractual lease escalations of 2.89% being applied over the forecast period.
2. Expected take up of vacancies from ordinary letting activities is assumed which is updated for any leases concluded post balance sheet date
3. Base interest rates are projected to decrease to 4.88% (US Dollar SOFR) and 3.20% (Euro) until March 2025 and December 2024 respectively, before further declines to 3.58% and 2.33% by April 2026.
4. The impact of interest rate hedging contracts valued at US$256.6 million that was secured up to the date of this report on finance costs is incorporated in the financial model – details of the interest rate hedging contracts secured are more fully described in the Chief Financial Officer's statement.
5. Depreciation of the various African currencies versus the US Dollar, most notably the New Mozambique Metical depreciating by 14.3%, the Ethiopian Birr depreciating by 77.6% and the Kenyan Shilling depreciating by 12.7% over the period, whilst the Euro is forecasted to appreciate by 1.9% against the US Dollar over the period.
6. Property valuations that assume constant discount and exit capitalisation rates to those applied by the independent valuers for the year ended 30 June 2024, while applying the cashflow assumptions relating to leasing activities and foreign exchange impacts as mentioned above.
7. Six new development projects are assumed in the model that is expected to be funded through a combination of recapitalisation initiatives and debt instruments.
8. Six property disposals are assumed in the model based on the asset recycling strategy of the Group that targets mostly the non-core sectors of the Group being retail and hospitality. The proceeds of the property disposals are forecasted to be offset against Group debt.
9. The conversion of the Drive in Trading financial guarantee into a related party loan facility post-balance sheet date, bearing interest at 3-month SOFR plus 5.28% with repayment over three years starting 1 November 2024 are incorporated in the model prepared.
10. No ordinary dividend distributions are included in the model over the forecast period.

# 1. Summary of material accounting policy information (continued)

## 1.1 Basis of preparation and measurement (continued)

### Severe but plausible downside model

In the severe but plausible downside scenario the base case assumptions are used as baseline and the following key adjustments were made:

1. No new equity funding and debt instruments are included in the forecast, except those that have been secured up to the date of the report.
2. Base interest rates have been stretched to assume a scenario that rates will remain consistent for longer than those assumed in the base case. The resultant assumed rates are:
    - SOFR base rates remain at actual current levels of 4.88% up to September 2025 before gradually reducing to 4.38% in April 2026.
    - 3month Euribor rates are maintained at c.3.28% for the period up to end of December 2024 and thereafter gradually decreases to 2.80% by April 2026.
3. Impact of foreign currency fluctuations is modified with further depreciation of currencies versus the US$ being assumed, most notably the Euro depreciating by al 1.03% over the period and movements in various African currencies of up to 18.8% from the base case scenario.
4. No new property developments are assumed, and property capital expenditure forecasted is limited to contractually obliged spent remaining at the date of this report.
5. Property disposals, limited to the disposal of the Artemis Curepipe hospital by March 2025.
6. Only contractual preference share coupons that are due to be paid during the forecast period is included in the forecast model.

Although unconditional approval from the SARB and the associated timing of the payment of funds from PIC is modelled under both scenarios, the Directors' note that timing of the payment of funds is outside of their control.

For both scenarios, the Group has identified potential risks to its covenants and obtained specific condonements from its financiers if the forecasted scenarios materialise. These condonements require key actions undertaken by management that include the repayment of specific loan balances. The next repayment in relation to this is due on the 8 November 2024, which will be partly funded through a new facility entered with Maubank Limited (Maubank). At the date of this report, the funds from Maubank have not been received, however, the agreement between the parties has been signed and is deemed to be unconditional with funds to be disbursed imminently. Furthermore, receipt of the US$48.5million is required in order to comply with the condoned covenant tests by 31 December 2024.

In addition, a facility of the Group with ABSA (Mauritius) Limited of US$35.0million matures during the going concern assessment period. Prior to the date of the financial statements, management entered into a binding legal agreement that confirms the extension of the facility to 31 March 2026, however the final signing of the documentation is conditional on normal banking conditions that management has reviewed and assessed to be within the Group's control.

Under both the base case and the severe but plausible downside scenario the material uncertainty relating to the timing of the receipt of the receivable from the PIC relating to the GREA rights issue may result in the Group and Company being unable to meet its continued obligations as they fall due and may result in covenant pressures in future measuring periods if the receipt of the PIC funds are delayed beyond December 2024 as assumed under the various scenarios.Consequently, these conditions represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

The Board, based on the considerations highlighted above, and the recently obtained SARB approval believes that the funds will be received from the PIC within the timelines assumed under the various scenarios, which together with other remedies that are within management's control and continued support from our existing lenders, concluded that it is appropriate to prepare the annual financial statements on a going concern basis.

The financial statements do not include any adjustments that might be necessary if the Group or the Company is unable to continue as a going concern.

## 1.2 Functional and presentation currency

The consolidated financial statements are prepared and presented in US$ which is also the presentation and functional currency of the company. Amounts are rounded to the nearest thousand, unless otherwise stated. Some of the underlying subsidiaries and associates have functional currencies other than the US$. The functional currency of those entities reflect the primary economic enviroment in which they operate.

## 1.3 Segmental reporting

In accordance with IFRS 8, operating segments are identified based on internal financial reports regularly reviewed by the Chief Operating Decision Makers (CODM) for the purpose of allocating resources and assessing performance. Historically, the CODM for the Group was determined to be the Board of Directors. However, following the consolidation of Gateway Real Estate Africa Ltd (GREA) and Africa Property Development Managers (APDM) into the larger Group structure, the responsibility for resource allocation and performance assessment has transitioned from the Board to the Group's C-Suite members.

The C-Suite members, which include the Chief Executive Officer, Chief Financial Officer, and senior executives from GREA, have been identified as the CODM because they now bear the primary responsibility for making strategic decisions regarding the allocation of resources to the Group's operating segments and for evaluating the performance of these segments. This change reflects the growing complexity and scale of the Group, and the need for more focused, operationally informed decision-making by individuals with day-to-day oversight of the Group's activities.

In line with the requirements of IFRS 8, the Group's operating segments continue to be defined based on the nature of the properties and the markets they serve. These segments include Hospitality, Retail, Office, Light Industrial, Corporate Accommodation, Healthcare, Data Centres, Development Management, and Corporate functions. Management believes that this segmentation provides the most relevant information for stakeholders, and, accordingly, no further aggregation of operating segments into reportable segments has been made.

Although the Group's operations span several geographical locations across Africa, and this geographic footprint is disclosed to provide users with a more comprehensive understanding of the Group's activities, management primarily evaluates the performance of its segments based on their economic characteristics rather than their geographic location. Refer to note 42 for more information on the reported segments.

## 1.4 Significant accounting judgements, estimates and assumptions

The preparation of financials statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectation of future events that may have a financial impact on the entity and that are believed to be be reasonable under the circumstances.

### Significant Judgements

In the process of applying the Group's accounting policies, management has made the following judgements.

### Historical significant judgements which continue to affect the financial statements

*Unconsolidated structured entity*

Drive in Trading (DiT), a B-BBEE consortium, secured a facility of US$33.4million from the Bank of America N.A (UK Branch) (BoAML) to finance its investment in Grit. The BoAML facility was granted to DiT after South Africa's Government Employees Pension Fund (GEPF), represented by Public Investment Corporation SOC Limited (PIC), provided a guarantee to BoAML in the form of a Contingent Repurchase Obligation (CRO) for up to US$35million. The terms of the CRO obligate PIC to acquire the loan granted to DiT should DiT default under the BoAML facility.

In order to facilitate the above, the Group agreed to de-risk 50% of PIC's US$35million exposure to the CRO, by granting PIC a guarantee whereby should BoAML enforce the CRO, the Group would indemnify PIC for up to 50% of the losses, capped at US$17.5million, following the sale of the underlying securities, being the shares held by DiT in Grit.

Given the unusual structure of the transaction, the Group has determined that DiT has limited and predetermined activities and can be considered a structured entity under IFRS 12 as the design and purpose of DiT was to fund Grit rights issue and at the same time enable Grit to obtain B-BBEE credentials.

As the Group does not have both, power to direct the activities of DiT and an exposure to variable returns, the Group has exercised judgement on not to consolidate DiT but disclose it as an unconsolidated structured entity due to DiT being a related party. Refer to Note 36d. for disclosure of the transaction.

*Freedom Asset Management (FAM) as a subsidiary*

The Group has considered Freedom Asset Management (FAM) to be its subsidiary for consolidation purposes due to the Group's implied control of FAM, as the Group has ability to control the variability of returns of FAM and has the ability to affect returns through its power to direct the relevant activities of FAM. The Group does not own any interest in FAM however it has exposure to returns from its involvement in directing the activities of FAM.

*Grit Executive Share Trust (GEST) as a subsidiary*

The Group has considered Grit Executive Share Trust 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.

# 1. Summary of material accounting policy information (continued)

## 1.4 Significant accounting judgements, estimates and assumptions (continued)

*Grit Executive Share Trust II (GEST II) as a subsidiary*

Grit Executive Share Trust II has been incorporated to act as trust for the new long term incentive plan of the Group. The trust will hold Grit shares inorder to service the new scheme when the shares will vest to the employees in the future. The corporate set-up of GEST II is similar to GEST and the Group has considered GEST II to be a subsidiary the Group's implied control on GEST II.

*Gateway Real Estate Africa Ltd ("GREA") capital raise*

The Directors have applied significant judgement with regards to the capital raise of GREA. The capital raise has been approved by both of the largest shareholders in GREA and the process for the formal call for equity as defined in the GREA shareholders agreement has been followed. The receipt of the proceeds from the PIC has been delayed due to outstanding regulatory approvals, which were obtained from the SARB on 30 October 2024. The Board has obtained sufficient comfort around the recoverability of the proceeds due from the PIC and has raised a receivable at 30 June 2024. Further details are included in the Going Concern section in Note 1.1.

**New significant judgements made during the current year**

*Africa Development Managers Ltd (APDM) as subsidiary*

Africa Development Managers Ltd transitioned from being classified as a joint venture to a subsidiary during the current reporting period. Despite holding a majority shareholding of 78.95%, the Group previously did not exercise control over APDM due to the power criteria not being met under the previous shareholders agreement. Decision-making authority for relevant activities rested with the investment committee of the Company, requiring seventy-five percent of its members' approval for decisions to pass. The Group could appoint four out of the seven members to the committee, while the Public Investment Corporation (PIC), holding 21.05% of APDM, could appoint two members. Additionally, a non executive member was appointed. Given the requirement for unanimous agreement among the Group and PIC to pass resolutions, control was not previously established.

However, on 30 November 2023, the Group and PIC collectively signed an amended and restated APDM shareholder agreement, clarifying and amending the shareholder rights. Notably, the decision approval threshold at the investment committee was lowered to a simple majority. With the Group's ability to appoint four out of seven members and the revised decision threshold, control now resides with the Group. In assessing control, the Group also evaluated the reserved matters outlined in the amended agreement, where PIC's approval is still required for specific events. Upon a comprehensive review performed by the Group, it was concluded that none of these matters grant PIC the ability to block decisions related to APDM's relevant activities, but rather are included to safeguard the minority shareholder's interests. Due to the inherent judgment that needs to be applied in interpreting terms that are protective rather than substantive, the Group has considered the interpretation of the reserved matters to be an area of significant judgement.

*Gateway Real Estate Africa Ltd (GREA) as subsidiary*

The Group has recognized Gateway Real Estate Africa Ltd (GREA) as a subsidiary on 30 November 2023. Similar to APDM, although the Group held a majority equity stake in GREA, it was previously treated as a joint venture due to the previous shareholders agreement where its board of directors largely directed its relevant activities. The Group could appoint three out of seven directors on the board, while PIC could appoint two directors, with the remaining being non-executive. Decisions required seventy-five percent of present members' votes, necessitating the support of PIC for Grit to make decisions.

On 30 November 2023, the Group and PIC signed an amended and restated GREA shareholder agreement, clarifying and amending shareholder rights. Importantly, under the new agreement, the Group now has the ability to appoint four out of seven directors, while PIC retains the right to appoint two directors. The decision approval threshold at the board level has been lowered to a simple majority and it was therefore concluded that control of GREA has been established by the Group. The Group also evaluated specific events where PIC's approval is still required, reflected in the reserved matter section of the new agreement. Upon comprehensive review, it was concluded that these matters do not grant PIC the ability to block decisions related to GREA's relevant activities but are included to safeguard PIC's interests. Due to the inherent judgment that needs to be applied in interpreting terms that are protective rather than substantive, the Group has considered the interpretation of the reserved matter to be an area of significant judgement.

### Significant Estimates

The principal areas where significant estimates have been made are:

*Fair value of investment properties and owner occupied property*

The fair value of investment properties and owner occupied property are determined using a combination of the discounted cash flows method and the income capitalisation valuation method using assumptions that are based on market conditions existing at the relevant reporting date. For further details of the valuation method, judgements and assumptions made, refer to note 3.

*Fair value of investment in subsidiary- Company only*

The Company accounts for its investment in subsidiary at fair value through profit or loss. The Company has three direct subsidiaries, Grit Services Limited (GSL), Gateway Real Estate Africa Ltd (GREA) and Africa Development Managers Ltd (APDM) which are included in its seperate financial statements as investments. The Company uses a valuation methodology which is based on the net asset value of the investees for GSL and GREA. A separate valuation is peformed at Grit Services Limited and Gateway Real Estate Africa level to ensure that the fair value of  the underlying investment properties held by its subsidiaries appropriately flow into their own net asset value. The estimates and assumptions that the Company considered to be significant and that could have a material impact on the carrying amount if its investment in subsidiaries is the actual valuation of the underlying investment properties. The Company engages independent valuers in their capacity as expert to value the investment properties. Refer to note 3 for sensitivity performed on investment properties.

## 1.5 Consolidation

### Basis of consolidation

The financial statements incorporate the financial information of the Company and all entities which are controlled by the Group.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated at consolidation.

De-facto control exists in situations where the Group has the practical ability to direct the relevant activities of an investee without holding the majority of the voting rights. In determining whether de-facto control exists the Group considers all relevant facts and circumstances, including the size of the Group's voting rights relative to both the size and dispersion of other parties who hold voting rights.

- Substantive potential voting rights held by an entity in the Group and by other parties
- Other contractual arrangements entered into between the Group and the investee

The results of subsidiaries are included in the financial statements from the effective date of their acquisition to the effective date of their disposal.

The Consolidated financial statements of the group are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

*Non-controlling interests*

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this result in a debit balance being recognised for a non-controlling interest.

*Changes in ownership interests in subsidiaries without change in control*

The Group treats transactions with non-controlling interests that do not result in a loss of control (both acquisition and disposal) as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised directly into equity attributable to Grit's owners. The Group has developped an accounting policy choice to record any excess of the consideration paid/ received over the carrying value of net assets acquired/disposed into retained earnings. Refer to note 30a and 31a for transactions that were recorded as transaction with non-controlling interests during this financial year.

*Disposal of subsidiaries*

When the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

*Business combinations*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition- related costs incurred in the acquisiton of a business are expensed as incurred.

The Group also assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

# 1. Summary of material accounting policy information (continued)

## 1.5 Consolidation (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the Group previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

The consideration transferred for the acquisition of a subsidiary that meets the definition of a business is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then a gain is recognised in profit or loss.

*Accounting for asset acquisitions*

For acquisition of a subsidiary not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values as at the date of acquisition. Such transactions or events do not give rise to goodwill nor gain on bargain purchase.

*Accounting for changes in ownership in associate where control is subsequently obtained*

When the Group obtains control of an associate which was previously being equity accounted by the latter acquiring an additional equity stake and further the acquisition does not qualify as the acquisition of a business but rather an asset acquisition, the Group will determine the cost of the group of assets being acquired which is the sum of all the consideration given ie consideration paid for additional interest plus previously held and any non-controlling interests together with transaction costs. As an accounting policy choice, the Group has elected to measure previously held equity interests in the associate at the previously equity accounted carrying amount (Accumulated cost approach). Further as an accounting policy choice, the Group has elected to measure non-controlling interests acquired at the proportionate share of the fair value of the acquiree identifiable net assets.

*Company annual financial statements*

In the Company's separate financial statements, investment in subsidiaries are carried at fair value with changes recognised in profit or loss.

Transaction costs that are directly attributable to acquisition of the subsidiary are expensed in profit or loss. Fair values are determined by reference to the underlying fair value of the subsidiaries' net assets.

## 1.6 Intangible assets and Goodwill

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently carried at cost less any accumulated amortisation and any impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible asset are assessed as either finite or infinite.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided on such intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The residual value, useful life and amortisation method of each intangible asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The amortisation charge for each year is recognised in profit and loss.

Goodwill arises specifically on the acquisition of businesses and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

The carrying value of the cash generating units (CGU) containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Refer to section 1.3 of the summary of material accounting policy information for more information on the operating segments of the Group.

A summary of the useful life and amortisation method for each class of intangible asset is included below:

| Item | Average useful life | Amortization method |
|---|---|---|
| Computer software | 4 years | Straight-line basis over the useful life |
| Goodwill | Indefinite | No amortisation but tested for impairment annually or alternatively when there is indication of impairment. |

## 1.7 Investment properties

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the Group, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Investment properties are those which are held either to earn rental income or for capital appreciation or for both. Investment properties are subsequently carried at fair value. External, independent valuation companies, with professionally qualified valuers and recent experience in the locations and categories of properties being valued, value the Group's investment property portfolios on at least a biannual basis. If an investment property is not externally valued at a reporting date then a directors' valuation is undertaken. The fair values are based on market values, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuations are prepared by considering comparable market transactions for sales and letting and having regard for the current leases in place. In the case of lettings this includes considering the aggregate of the net annual market rents receivable from the properties and where relevant, associated costs. A yield which reflects the risks inherent in the net cash flows is applied to the net annual rentals to arrive at the property valuation.

Any gain or loss arising from a change in fair value of an investment property is recognised in profit or loss.

Under IAS 40 'Investment Property', property that is under construction or development for future use as investment property is within the scope of IAS 40. As the fair value model is applied, such property is measured at fair value. However, where the fair value of investment property under redevelopment is not reliably measurable, the property would be measured at cost until the fair value of the investment property under redevelopment is complete.

To avoid double-counting assets in these financial statements, specific balances are adjusted when reconciling to the fair value of investment properties, as determined by external valuers. These adjustments include balances related to the right of use of land, lease incentive receivables, and straight-line rental income accruals. Descriptions of these balances are provided below:

- Lease Incentive Receivable: The Group offers incentives to attract and retain high-quality tenants for extended lease periods. These incentives, which may include rent-free periods, contributions to tenant fit-outs, or contractually agreed rent reductions, are accounted for as part of the investment property balance.
- Straight-Line Income Accrual: This represents the accrued operating lease income resulting from the recognition of minimum lease payments on a straight-line basis over the lease term.
- Right of Use of Land: In accordance with IFRS 16 'Leases', right of use assets that meet the definition of investment property are initially recognized at the present value of minimum lease payments. These assets are subsequently measured using the fair value model.

# 1. Summary of material accounting policy information (continued)

## 1.8 Investment in associates and joint ventures

An associate is an entity over which the Group and the Company has significant influence. Investments in associates are accounted for under the equity method both in the Group consolidated financial statements and seperate financial statements of the Company.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Interests in joint ventures are accounted for using the equity method of accounting as permitted by IFRS 11 'Joint Arrangements', and following the procedures for this method set out in IAS 28 'Investments in Associates and Joint Ventures'.

The Group's investments in associates and joint ventures include any goodwill (net of any accumulated impairment loss) identified on acquisition. They are initially recognised at cost. This is subsequently adjusted for post-acquisition changes in the Group's share of the net assets of each associate and joint venture, less any impairment in the value of individual investments.

Any excess of the cost of acquisition over the Group's share of the net fair value of the associate's or joint venture's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's or joint venture's profit or loss.

In circumstances where the Group's share of losses exceeds its interest in an associate or joint venture, the Group discontinues recognising further losses, unless it has incurred a legal or constructive obligation or made payments on behalf of the associate or joint venture.

The results of associated or joint ventured companies acquired or disposed of during a year are included in the statement of comprehensive income from the date of their acquisition up to the date of their disposal.

Unrealised profits are eliminated to the extent of the Group's interests in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Where necessary, appropriate adjustments are made to the financial statements of associates and joint ventures to bring their accounting policies in line with those adopted by the Group.

When the Group acquires additional equity interests in an associate and post acquisition, the Group continues to have significant influence, the cost of acquiring the additional equity stake including any directly attributable costs, is added to the equity accounted carrying value of the associate. Previously held interests are not remeasured as there has not been change in status of the investment.

When the Group disposes of its equity interests in an associate but the investment continues to be equity accounted, the Group derecognises the carrying amount of the associate proportionally to the percentage of equity interest disposed. The difference between the fair value of consideration received and the carrying amoung of equity interest disposed is recognised in profit or loss. The proportionate amount of gain or loss that had previously been recognised in other comprehensive income would be reclassified to profit or loss if that gain or loss would be required to be classified to profit or loss on the disposal of the related assets and liabilities.

An associate or joint venture of the Group might have a change in its net assets that does not affect its profit or loss or other comprehensive income for example an equity-settled share-based payment transactions. Although the description of the equity method in IAS 28 requires that the Group's share of the profit or loss of the associate or joint venture is recognised in the Group's profit or loss, and the Group's share of changes in items of other comprehensive income of the associate or joint venture is recognised in the other comprehensive income of the Group, no explicit reference is made to other items that the associate or joint venture might have in its statement of changes in equity. When the Group's associate or joint venture has recorded an equity settled share based payment in its financial statements, the share based payment expense is included within the profit or loss of the associate or joint venture and will be reflected in the share of the associate's or joint venture's profit or loss recognised in the Group's profit or loss. With regards to the corresponding amount recorded in the equity of the associate or joint venture, the Group has reflected its share of the credit to the associate and joint venture equity as a 'share of other changes in equity of the associate or joint venture' in the Group statement of changes in equity.

## 1.9 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 with the exception of owner occupied property which is measured using the revaluation model.

Owner-occupied property is stated at its revalued amount, which is determined in the same manner as investment property. It is depreciated over its remaining useful life (40 years) with the depreciation included in administrative expenses. On revaluation, any accumulated depreciation is eliminated against the gross carrying amount of the property concerned, and the net amount restated to the revalued amount. Subsequent depreciation charges are adjusted based on the revalued amount for each property. Any difference between the depreciation charge on the revalued amount and that which would have been charged under historic cost is transferred, net of any related deferred tax, between the revaluation reserve and retained earnings as the property is utilised. Surpluses or deficits resulting from changes in the fair value are reported in the Group statement of comprehensive income.

Item of property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual values.

| Item | Average useful life |
|---|---|
| Furniture and fittings | 6 years |
| Computer equipment | 3 years |
| Office equipment | 8 years |
| Office buildings | 40 years |
| Plant and machinery | 4 years |
| Motor vehicles | 5 years |
| Right of use of land | 15 years |
| Right of use of motor vehicles | 5 years |
| Right of use of office | 6 years |

In note 5, Furniture and fittings, Computer equipment, Office equipment, Plant and Machinery and Motor vehicles have been presented under Other property, plant and equipment.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The depreciation charge for each year is recognised in profit and loss.

The average useful life of the right of use assets is the shorter of the lease term and the useful economic life.

The carrying amount of an item of property, plant and equipment is derecognised on disposal; or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from de-recognition of an item of property, plant and equipment is included in profit and loss when the item is derecognised. The gain or loss arising from de recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Where the carrying amount of an asset is greater than its recoverable amount, it is immediately impaired to its recoverable amount.

## 1.10 Non-current assets (or disposal groups) held for sale

The Group classifies non-current assets (principally investment property) and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Investment property held for sale continues to be measured at fair value. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

# 1. Summary of material accounting policy information (continued)

## 1.11 Financial instruments - recognition, classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

*Recognition, measurement and derecognition*

Non-derivative financial instruments comprise investment in equity securities, trade and other receivables, cash and cash equivalents, loans and other borrowings and trade and other payables.

All non-derivative financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the relevant contractual arrangement.

*Subsequent measurement*

Subsequent to initial recognition, non-derivative financial assets are measured as stated below.

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the relevant year.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the Group's right to receive payment is established.

Related party loans receivables, other loans receivable, trade and other receivables and cash and cash equivalents are measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

*Investments at fair value through profit or loss*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses".

*Trade and other receivables*

Trade and other receivables including related party loans and other loan receivables that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired.

Unbilled income based on contractual amounts due within the year which have not been invoiced are included within trade and other receivables as income accrued.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances on hand, cash deposited with financial institutions and other short-term liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated and company statements of cash flows, cash and cash equivalents consist of cash and short term liquid investments as defined above net of outstanding bank overdrafts as they are considered an integral part of the Group and company cash management.

*Trade and other payables*

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost. Any amounts received from tenants that relate to periods after the financial year end are recognised as deferred income and included under trade and other payables.

*Bank overdraft and borrowings*

Bank overdraft and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting year.

*Derivative financial instruments*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

*Preference share capital classied as financial liability*

Preference shares, which are redeemable through a put option, are classified as liabilities. Dividends on these preference shares are recognised in profit or loss as finance costs.

*Proportional shareholder loan*

The Group typically aims to acquire a controlling equity stake in the entities that it acquires. These acquisitions are often facilitated by involving external co-investors. The Group's primary objective is to retain control over the acquired entities, leading to their consolidation in the Group consolidated financial statements while the co-investors will hold a minority interests in these acquired entities. The acquisition will normally be structured so that the shareholders will need to contribute funds in the form of shareholder loans in proportion to their existing shareholdings.

From a consolidation perspective, any shareholder loans provided by co-investors who are not part of the Group will be recognized as financial liabilities on the consolidated balance sheet of the Group. The proportional shareholder loan will initially be recognised at fair value and subsequently at amortized costs.

*Fair value determination*

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (including unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent comparable arm's length transactions, reference to valuations of other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

*Provision for expected credit losses of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due with higher rates allocated to receivable balances that are long-outstanding. The provision matrix is initially based on the Group's observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The asset management team also monitors the payment profile and any qualitative indicators that might indicate a deterioration in the ability of the tenant to repay on time. If it becomes apparent that a tenant is in financial difficulty and will not be able to settle an amount due, a specific provision will be made on the balance at risk to mitigate the overall credit risk on that particular tenant.

## 1.12 Income tax

*Current tax assets and liabilities*

Current tax for current and prior years are, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior years exceeds the amount due for those years, the excess is recognised as an asset.

Current tax liabilities / (assets) are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates laws that have been enacted or substantively enacted by the end of the relevant reporting year. Current tax payable also includes any tax liability arising from the declaration of dividends and payment of withholding taxes.

*Deferred tax assets and liabilities*

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that it arises:

- from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- from temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- from temporary differences arising on the initial recognition of goodwill.

# 1. Summary of material accounting policy information (continued)

## 1.12 Income tax (continued)

A deferred tax asset is recognised for:

- all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when 1) it arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) and 2) is not recognised when temporary differences relate to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the relevant reporting year. For investment properties that are measured at fair value the presumption that the carrying amount of the investment properties will be recovered through sale has not been rebutted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the eventual current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, where they intend to settle the eventual current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

*Tax expenses*

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the relevant year, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different year, in other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different year, to other comprehensive income.

## 1.13 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.

## 1.14 Perpetual instrument issued classified as equity

When a perpetual financing instrument is issued, the classification of the instrument as a liability or equity will depend on the terms of the contract. The instrument will be classified as a liability if the definition of a liability is met. If the definition of a liability is not met, the instrument will be classified as equity.

If an instrument contains both a liability and equity component based on the terms of the contract, the fair value of the liability component is determined first. This amount is classified as a financial liability measured at amortized costs (net of transaction costs) until it is extinguished. The remainder of the proceeds from issuance is recognised and included in equity. Tranasaction costs are deducted from equity, net of associated infome tax.

Tranasaction costs are apportioned between the liability and equity components based on the allocation of proceeds to the liability and equity components when the instrument is initially recognised.

## 1.15 Gross Property Income

The Group's key sources of income include:

- Rental income
- Revenue from contracts with customers which include services to tenants (including management charges) and other expenses recoverable from tenants.

The accounting for each of these elements is dicsussed below:

### 1.15.1 Rental income

The Group earns revenue from acting as lessor in operating leases which do not transfer substantially all of the risk and rewards incidental to ownership of an investment property.

Contractual rental income and parking rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature except for contigent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as expense over the lease term on the same basis as lease income.

The Group also provides incentives to its tenants inorder to incentivize them to either get into new leases or extend their existing leases. Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases are recognised in the statement of profit or loss when the right to receive them arises. Contingent rents being those lease payments that are not fixed at the inception of the lease, including for example turnover rents are recognised in the period in which they are earned.

Lease modifications are defined as a change in the scope of a lease, or the consideration of a lease, that was not part of the original terms and conditions of the lease. Modifications to operating leases the Group holds as a lessor are accounted for from the effective date of the modification. Modifications take into account any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. The revised remaining consideration under the modified lease is then recognised in rental income on a straight-line basis over the remaining lease term.

### 1.15.2 Revenue from services to tenants

The Group applies the requirement of IFRS 15 in recognising its service charge income (recoverable property expenses) and management fee.

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. The agreements include certain services offered to tenants as well as support services. The consideration charged to tenants for these services includes fix fee charged. Recoverable property expenses relate to expenditures that are directly recoverable from tenants. The recoverable property expenses are recognised as revenue in the period to which it relates as required by IFRS 15 Revenue from Contract with Customers.

The Group also acts as asset and property manager for some of its associates and receive management fees in relation to these services. Revenue from those fees is recognised over time as the recepient of those services receive and consume benefits as the Group performs its management obligations. The method to be used to calculate the transaction prices are defined in the asset and property management agreement that exist between the Group and the associate's property company.

Other income consists of commissions and fees arising from the management of the Group's properties and is recognised in the Group income statement in accordance with the delivery of service.

Dividend income is recognised, in profit or loss, when the Group's right to receive payment has been established.

## 1.16 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. Summary of material accounting policy information (continued)

## 1.17 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.

## 1.18 Ordinary dividend distributions and the antecedent dividend reserve

### 1.18a Ordinary dividend distributions

Ordinary dividends are recognised when they become legally payable. For all dividends this is when declared by the directors.

A dividend distribution to ordinary shareholders is accordingly recognised as a liability in the financial statements in the year in which the dividend is declared.

### 1.18b Antecedent portion of ordinary dividends

Not distributing the antecedent portion of ordinary dividends would result in existing ordinary shareholders' interests being diluted. This can arise due to the payment of an ordinary dividend based on a greater number of ordinary shares in issue, without having had the benefit of the cash flow from the new issues of ordinary shares (or the risks and rewards of ownership of any investment property purchased with the proceeds of the issue of new shares) in the financial year to which the dividend relates. Such distributions are made out of the antecedent dividend reserve.

# 2 New standards and interpretations

## 2.1. Standards, interpretations and amendments to published standards that are issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Group and Company. Based on Group's and Company's current circumstances, the Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Group and Company. The standards, amendments and interpretations were:

– IFRS 18 - Presentation and disclosure in financial statements'
– IFRS 19 - Subsidiaries without Public Accountability: Disclosures
– Amendments to IAS 1- Presentation of financial statements' on classification of liabilities
– Amendments to IAS 1- Presentation of financial statements' on non-current liabilities with covenants
– Amendments to IFRS 16 - 'Leases' Lease Liability in a Sale and Leaseback
– Amendment to IAS 7 and IFRS 7 - Supplier finance
– Amendments to IAS 21 - Lack of Exchangeability

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. The standard will be effective for the first time in the financial statements of Grit Real Estate Income Group for the year ending 30 June 2028. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. The Group is currently working to identify all impacts the standard will have on the primary financial statements and notes to the financial statements.

In May 2024, the IASB issued IFRS 19, which permits eligible entities to apply reduced disclosure requirements while continuing to follow the recognition, measurement, and presentation requirements of other IFRS standards. IFRS 19 will become effective for the Group's reporting for the year ending 30 June 2028. However, as the Group's equity instruments are publicly traded, it is not eligible to elect to apply the reduced disclosure options under IFRS 19.

## 2.2. New standards adopted during the year

The following standards, amendments and interpretations were effective for the first time for the Group's current accounting period and had no material impact on the financial statements.

– IFRS 17- 'Insurance contracts'
– Narrow scope amendments to IAS 1, IAS 8 and IFRS Practice statement 2
– Amendments to IAS 12 - 'Taxation', relating to Deferred tax related to assets and liabilities arising from a single transaction
– Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
– Amendment to IAS 12 - International tax reform - pillar two model rules

# 3. Investment properties

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Net carrying value of properties** | | 792 351 | 628 777 | – | – |
| **Movement for the year excluding straight-line rental income accrual, lease incentive and right of use of land** | | | | | |
| Investment property at the beginning of the year | | 611 854 | 588 229 | – | – |
| Acquisition through subsidiary in a business combination[1] | 30a | 141 110 | – | – | – |
| Property acquired on step up to subsidiary[2] | 30b | 75 040 | 11 036 | – | – |
| Reduction in property value on asset acquisition[2] | 30b | (938) | (1 207) | | |
| Other capital expenditure and construction | | 22 775 | 13 683 | – | – |
| Transfer to disposal group held for sale[3] | 31 | (49 000) | – | – | – |
| Foreign currency translation differences | | (2 487) | 4 221 | – | – |
| Revaluation of properties at end of year | | (27 930) | (4 108) | – | – |
| **As at 30 June** | | 770 424 | 611 854 | – | – |
| **Reconciliation to consolidated statement of financial position and valuations** | | | | | |
| Carrying value of investment properties excluding right of use of land, lease incentive and straight-line income accrual | | 770 424 | 611 854 | – | – |
| Right of use of land | | 6 681 | 6 599 | – | – |
| Lease incentive receivable | | 4 070 | 3 311 | – | – |
| Straight-line rental income accrual | 4 | 11 176 | 7 013 | – | – |
| **Investment properties** | | 792 351 | 628 777 | – | – |

[1] *Acquisition through subsidiary in a business combination*

## 3. Investment properties (continued)

During the year, the Group has successfully acquired control of Gateway Real Estate Africa ("GREA"). The completion of this strategic move has led to the consolidation of investment properties valued at US$141.7million as of the acquisition date of 30 November 2023. The entire amount, representing the fair value of GREA's investment properties held by the subsidiaries of GREA, has been seamlessly integrated into the Group's investment property portfolio. The US$141.7million is further categorized as follows as of the acquisition date:

*- US$141.1million included in the carrying value of investment properties excluding right of use of land, lease incentive and straight-line income accrual*

*- US$0.57million included within lease incentive asset*

*- US$0.08million included within right of use of land.*

*[2] Property acquired on step up to subsidiary*

*The Group has obtained control of DH One Real Estate PLC during the year which has stepped up from a joint venture to a subsidiary. Refer to note 30b.*

*[3] Transfer to disposal group held for sale*

*Mara Delta (Mauritius) Property Limited ("Mara Delta") assets and liabilities including the Tamassa Resort investment property have been classified as held for sale as at the 30 June 2024. Refer to note 31.*

### Lease incentive asset included in investment property

In accordance with IFRS 16, rental income is recognised in the Group income statement on a straight line basis over the lease term. This includes the effect of lease incentives given to tenants. The Group has given lease incentives to tenants (in the form of rent free periods). The result is a receivable balance included within investment property in the balance sheet as those are balances that must be considered when reconciling to valuation figures to prevent double counting of assets. This balance is subject to impairment testing under IFRS 9 using the simplified approach to expected credit loss of IFRS 9.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Lease incentive receivables before impairment | 4 442 | 3 856 | – | – |
| Impairment of lease incentive receivables | (372) | (545) | – | – |
| Net lease incentive included within investment property | 4 070 | 3 311 | – | – |

### Investment property pledged as security

As of 30 June 2024, the Group's debt was secured by fixed and floating charges over the investment properties of its subsidiaries, associates, and joint ventures. These charges amounted to:

- US$791.4million (2023: US$628.7million) from the Group's subsidiary properties, and
- US$161.2million (2023: US$252.2million) from the Group's associates and joint ventures, presented on a proportionate basis in the accompanying table under Investment properties held within associates and joint ventures. On a proportionate basis, the total value of these properties amounts to US$80.6million.

The syndication facility led by Standard Bank of South Africa is a cross-collateralized arrangement that covers the Group's assets in Mozambique, Zambia, Senegal, and Ghana, excluding the Adumuah Place property. This facility secures:

- US$421.4million (2023: US$421.0million) in investment properties held by the Group's subsidiaries, and
- US$101.5million (2023: US$105.4million) in investment properties from associates and joint ventures, presented on a proportionate basis in the accompanying table under 'Investment properties held within associates and joint ventures.' On a proportionate basis, these properties have a total value of US$50.7million (2023: US$52.7million).

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

The Group has elected to measure its investment properties at fair value in accordance with IAS 40 Investment Property. Investment properties are valued at each reporting date with independent valuations performed every year by independent professional reputable valuation experts who have sufficient expertise in the jurisdictions where the properties are located. All valuations that are not performed in the reporting currency of a group (US$) are converted to US$ at the closing rate of the reporting period. All valuations have been undertaken by the Royal Institute of Chartered Surveyors' ("RICS's"), accredited and registered valuers, in accordance with the version of the RICS Valuation Standards that were in effect at the relevant valuation date and are further compliant with International Valuation Standards. Market values presented by the Group have also been confirmed by the respective valuers to be fair value in terms of IFRS.

In respect of the all of the Mozambican investment properties, independent valuations were performed at 30 June 2024 by REC Chartered Surveyors (2023: REC Chartered Surveyors) using the discounted cash flow method (2023: discounted cash flow method).

In respect of the all of the Mauritian investment properties, independent valuations were performed at 30 June 2024 by Knight Frank (2023: Aestima) using the discounted cash flow method (2023: discounted cash flow method).

The remainder of the portfolio including investment properties held by joint ventures was independently valued at 30 June 2024 by Knight Frank Chartered Surveyors (2023: Knight Frank Chartered Surveyors), using the discounted cash flow method with the exception of freehold land which is valued by comparable method.

### Capital commitments

Capital commitments are disclosed under note 35.

| | | | | | | GROUP | |
|---|---|---|---|---|---|---|---|
| Summary of valuations by reporting date | *Most recent independent valuation date* | Valuer (for the most recent valuation) | Sector | Country | Note | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Commodity House Phase 1 | 30-Jun-24 | REC | Office | Mozambique | | 56 957 | 54 094 |
| Commodity House Phase 2 | 30-Jun-24 | REC | Office | Mozambique | | 20 717 | 19 727 |
| Hollard Building | 30-Jun-24 | REC | Office | Mozambique | | 21 123 | 20 847 |
| Vodacom Building | 30-Jun-24 | REC | Office | Mozambique | | 51 281 | 53 362 |
| Zimpeto Square | 30-Jun-24 | REC | Retail | Mozambique | | 3 277 | 3 303 |
| Bollore Warehouse | 30-Jun-24 | REC | Light industrial | Mozambique | | 10 144 | 10 770 |
| Anfa Place Mall | 30-Jun-24 | Knight Frank | Retail | Morocco | | 67 506 | 73 357 |
| Tamassa Resort 1 | 30-Jun-24 | Knight Frank | Hospitality | Mauritius | | - | 54 674 |
| VDE Housing Compound | 30-Jun-24 | REC | Corporate accommodation | Mozambique | | 44 021 | 50 238 |
| Imperial Distribution Centre | 30-Jun-24 | Knight Frank | Light industrial | Kenya | | 18 620 | 20 210 |
| Mara Viwandani | 30-Jun-24 | Knight Frank | Light industrial | Kenya | | 2 530 | 2 330 |
| Buffalo Mall | 30-Jun-24 | Knight Frank | Retail | Kenya | | 9 950 | 11 036 |
| Mall de Tete | 30-Jun-24 | REC | Retail | Mozambique | | 13 396 | 13 675 |
| Acacia Estate | 30-Jun-24 | REC | Corporate accommodation | Mozambique | | 70 237 | 73 120 |
| 5th Avenue | 30-Jun-24 | Knight Frank | Office | Ghana | | 16 660 | 16 066 |
| Capital Place | 30-Jun-24 | Knight Frank | Office | Ghana | | 20 040 | 20 470 |
| Mukuba Mall | 30-Jun-24 | Knight Frank | Retail | Zambia | | 62 180 | 60 040 |
| Orbit Complex | 30-Jun-24 | Knight Frank | Light industrial | Kenya | | 26 750 | 39 470 |
| Tatu Warehouse - Tip[1] | 30-Jun-24 | Knight Frank | Light industrial | Kenya | | 6 670 | 6 670 |
| Club Med Cap Skirring Resort | 30-Jun-24 | Knight Frank | Hospitality | Senegal | | 31 406 | 25 318 |
| Coromandel Hospital | 30-Jun-24 | Knight Frank | Healthcare | Mauritius | | 877 | - |
| Falcon Curepipe Clinic | 30-Jun-24 | Knight Frank | Healthcare | Mauritius | | 24 726 | - |
| The Precint- Freedom House | 30-Jun-24 | Knight Frank | Office | Mauritius | | 658 | - |
| The Precint- Harmony House | 30-Jun-24 | Knight Frank | Office | Mauritius | | 2 085 | - |
| The Precint- Unity House | 30-Jun-24 | Knight Frank | Office | Mauritius | | 18 058 | - |
| Eneo Tatu City- CCI | 30-Jun-24 | Knight Frank | Office | Kenya | | 47 990 | - |
| Metroplex Shopping Mall | 30-Jun-24 | Knight Frank | Retail | Uganda | | 20 020 | - |
| Adumuah Place | 30-Jun-24 | Knight Frank | Office | Ghana | | 2 717 | - |
| Africa Data Centers | 30-Jun-24 | Knight Frank | Data Centre | Nigeria | | 28 500 | - |
| DH4 Bamako | 30-Jun-24 | Knight Frank | Corporate accommodation | Mali | | 16 385 | - |
| DH1 Elevation | 30-Jun-24 | Knight Frank | Corporate accommodation | Ethiopia | | 76 870 | - |

## 3. Investment properties (continued)

| Summary of valuations by reporting date | *Most recent independent valuation date* | Valuer (for the most recent valuation) | Sector | Country | Note | GROUP 30 June 2024 US$'000 | GROUP 30 June 2023 US$'000 |
|---|---|---|---|---|---|---|---|
| *Total valuation of investment properties directly held by the Group- IFRS* | | | | | | 792 351 | 628 777 |
| *Valuation of investment property classified as held for sale* | | | | | 31 | 49 000 | - |
| *Valuation of owner-occupied property classified as property, plant and equipment* | | | | | 5 | 12 500 | - |
| *Total valuation of property portfolio* | | | | | | 853 851 | 628 777 |
| | | | | | | | |
| *Total carrying value of investment properties per the consolidated statement of financial position* | | | | | | 792 351 | 628 777 |
| Deposits paid on Imperial Distribution Centre Phase 2 | | | | | | 1 426 | 2 376 |
| Deposits paid on Capital Place 2 | | | | | | 3 550 | 3 550 |
| *Total deposits paid on investment properties* | | | | | | 4 976 | 5 926 |
| *Total carrying value of investment properties including deposits paid* | | | | | | 797 327 | 634 703 |

[1] *Investment Property has been reclassified as held for sale at 30 June 2024. Refer to note 31.*

[2] *An expected credit loss of US$3.0million has been recognised against the deposit balance within trade and other receivable as at 30 June 2024. (2023: US$2.6million).*

| Summary of valuations by reporting date | *Most recent independent valuation date* | Valuer (for the most recent valuation) | Sector | Country | GROUP 30 June 2024 US$'000 | GROUP 30 June 2023 US$'000 |
|---|---|---|---|---|---|---|
| *Investment properties held within associates and joint ventures (note 7) - Group share* | | | | | | |
| Kafubu Mall - Kafubu Mall Limited (50%) | 30-Jun-24 | Knight Frank | Retail | Zambia | 9 875 | 12 865 |
| CADS II Building - CADS Developers Limited (50%) | 30-Jun-24 | Knight Frank | Office | Ghana | 12 725 | 12 300 |
| Cosmopolitan Shopping Centre - Cosmopolitan Shopping Centre Limited (50%) | 30-Jun-24 | Knight Frank | Retail | Zambia | 28 190 | 27 570 |
| Gateway Real Estate Africa Ltd (51.48%) | 30-Jun-23 | Knight Frank | Other investment | Mauritius | - | 73 369 |
| DH3- Rosslyn Grove (50%) | 30-Jun-24 | Knight Frank | Corporate accomodation | Kenya | 29 850 | - |
| *Total of investment properties acquired through associates and joint ventures* | | | | | 80 640 | 126 104 |
| | | | | | | |
| Total portfolio | | | | | 877 967 | 760 807 |

| | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
|---|---|---|
| Functional currency of total investment property portfolio | | |
| United States Dollars | 741 924 | 592 263 |
| Euros | 56 132 | 79 992 |
| Moroccan Dirham | 67 506 | 73 357 |
| Kenyan Shilling | 2 530 | 2 330 |
| Zambian Kwacha | 9 875 | 12 865 |
| Total portfolio | 877 967 | 760 807 |



All of the valuations were performed using the discounted cash flow method. These methodologies are based on estimated rental values with consideration given to the future earnings potential and applying an appropriate capitalisation rate and/or discount rate to the property and country. The capitalisation rates (equivalent yield) applied to the Group's valuations of investment properties at 30 June 2024 ranged between 7.25% and 10.00% (2023: ranged between 7.25% and 10.00%). The discount rates applied to the Group valuations that were performed at 30 June 2024 using the discounted cash flow method ranged between 9.25% and 16.00% (2023: ranged between 9.25% and 12.00%).

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

There have been no material changes to the valuation methodology applied by the registered valuers.

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 40.

All of the Group's investment properties are categorised as level 3 on the fair value hiearchy in all the years presented.

### Inter-relationships between key observable inputs and fair value for level 3 valuations.

All other factors remaining constant, an increase in rental income would increase a valuation whilst increases in nominal equivalent yield and discount rate would result in a fall in value and vice versa. However, there are inter-relationships between unobservable inputs as they are determined by market conditions. Corresponding movements in more than one unobservable input may have a complementary effect on a valuation whereas unobservable inputs moving in opposite directions may compensate each other. For example, where market rents and nominal equivalent yields increase simultaneously, the overall impact on a valuation may be minimal.

### Restrictions on the realisability of investment property

The only restriction on the realisability of investment property is obtaining bank approval on disposal of bonded properties.

**Information about fair value measurements using unobservable inputs (Level 3) as at 30 June 2024**

| Sector | Fair value at 30 June 2024 US$'000 | Valuation technique used | Discount rate Min % | Discount rate Max % | Discount rate Average % | Reversionary all risk yield (RARY) Min % | Reversionary all risk yield (RARY) Max % | Reversionary all risk yield (RARY) Average % |
|---|---|---|---|---|---|---|---|---|
| Office | 258 286 | Discounted cash flow method | 9.25% | 12.00% | 10.27% | 7.25% | 10.00% | 7.99% |
| Retail | 176 329 | Discounted cash flow method | 10.50% | 12.25% | 11.27% | 8.25% | 9.25% | 8.48% |
| Hospitality | 31 406 | Discounted cash flow method | 9.75% | 9.75% | 9.75% | 7.50% | 8.10% | 8.10% |
| Corporate accommodation | 207 513 | Discounted cash flow method | 9.50% | 12.25% | 10.30% | 7.50% | 10.00% | 8.09% |
| Light industrial | 64 714 | Discounted cash flow method | 10.50% | 11.25% | 9.22% | 8.25% | 8.75% | 7.13% |
| Healthcare | 25 603 | Discounted cash flow method | 10.25% | 10.25% | 9.90% | 8.25% | 8.25% | 7.97% |
| Data Centre | 28 500 | Discounted cash flow method | 9.50% | 9.50% | 9.50% | 8.95% | 8.95% | 8.95% |
| Investment Properties (For subsidiaries) | 792 351 | | | | | | | |
| Office | 12 725 | Discounted cash flow method | 11.75% | 11.75% | 11.75% | 8.25% | 8.25% | 7.99% |
| Retail | 38 065 | Discounted cash flow method | 11.74% | 16.00% | 11.74% | 8.00% | 8.00% | 8.48% |
| Corporate accommodation | 29 850 | Discounted cash flow method | 10.50% | 10.50% | 10.50% | 7.75% | 7.75% | 8.09% |
| Investment Properties (For joint-ventures) | 80 640 | | | | | | | |

## 3. Investment properties (continued)

**Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio including share of joint ventures as at 30 June 2024**

| | | Impact on valuations Change in discount rate | | Impact on valuations Change in RARY | |
|---|---|---|---|---|---|
| **Sector** | **Fair value at 30 June 2024 US$'000** | **-50 bps US$'000** | **+50 bps US$'000** | **-50 bps US$'000** | **+50 bps US$'000** |
| Office | 258 286 | 267 253 | 250 023 | 266 813 | 251 053 |
| Retail | 176 329 | 182 072 | 170 805 | 181 507 | 171 705 |
| Hospitality | 31 406 | 33 601 | 29 355 | 32 430 | 30 502 |
| Corporate accommodation | 207 513 | 213 601 | 201 681 | 212 801 | 202 831 |
| Light industrial | 64 714 | 66 350 | 63 020 | 66 120 | 63 340 |
| Healthcare | 25 603 | 26 352 | 24 811 | 26 278 | 24 940 |
| Data Centre | 28 500 | 28 569 | 28 421 | 30 107 | 27 053 |
| Investment Properties (For subsidiaries) | 792 351 | 817 798 | 768 116 | 816 056 | 771 424 |
| Office | 12 725 | 13 135 | 12 330 | 13 100 | 12 390 |
| Retail | 38 065 | 39 295 | 36 887 | 39 242 | 37 023 |
| Corporate accommodation | 29 850 | 30 815 | 28 980 | 30 800 | 29 065 |
| Investment Properties (For joint-ventures) | 80 640 | 83 245 | 78 197 | 83 142 | 78 478 |

**Information about fair value measurements using unobservable inputs (Level 3) as at 30 June 2023**

| | | | Discount rate | | | Reversionary all risk yield (RARY) | | |
|---|---|---|---|---|---|---|---|---|
| **Sector** | **Fair value at 30 June 2023 US$'000** | **Valuation technique** | **Min %** | **Max %** | **Average %** | **Min %** | **Max %** | **Average %** |
| Office | 184 566 | Discounted cash flow method | 9.25% | 11.75% | 10.50% | 7.25% | 8.25% | 7.75% |
| Retail | 161 411 | Discounted cash flow method | 10.50% | 11.75% | 11.13% | 8.25% | 9.25% | 8.75% |
| Hospitality | 79 992 | Discounted cash flow method | 9.85% | 11.00% | 10.43% | 8.10% | 8.25% | 8.18% |
| Corporate accommodation | 123 358 | Discounted cash flow method | 9.50% | 12.00% | 10.75% | 7.50% | 10.00% | 8.75% |
| Light industrial | 79 450 | Discounted cash flow method | 10.50% | 12.00% | 11.25% | 8.25% | 8.50% | 8.38% |
| Investment Properties (For subsidiaries) | 628 777 | | | | | | | |
| Office | 39 847 | Discounted cash flow method | 10.75% | 12.00% | 11.38% | 8.25% | 10.00% | 9.13% |
| Retail | 51 298 | Discounted cash flow method | 10.25% | 16.00% | 13.13% | 8.00% | 9.25% | 8.63% |
| Corporate accommodation | 8 038 | Discounted cash flow method | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Data Centre | 14 390 | Discounted cash flow method | 10.00% | 10.00% | 10.00% | 8.95% | 8.95% | 8.95% |
| Healthcare | 12 531 | Discounted cash flow method | 10.75% | 10.75% | 10.75% | 8.25% | 8.25% | 8.25% |
| Investment Properties (For associates and joint-ventures) | 126 104 | | | | | | | |

**Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio including share of associates and joint ventures as at 30 June 2023.**

| | | Impact on valuations Change in discount rate | | Impact on valuations Change in RARY | |
|---|---|---|---|---|---|
| **Sector** | **Fair value at 30 June 2023 US$'000** | **-50 bps US$'000** | **+50 bps US$'000** | **-50 bps US$'000** | **+50 bps US$'000** |
| Office | 184 566 | 190 640 | 178 760 | 190 740 | 179 140 |
| Retail | 161 411 | 166 606 | 156 453 | 166 197 | 157 160 |
| Hospitality | 79 992 | 84 106 | 76 173 | 82 666 | 77 733 |
| Corporate accommodation | 123 358 | 127 326 | 119 556 | 126 996 | 120 146 |
| Light industrial | 79 450 | 81 930 | 77 100 | 81 660 | 77 510 |
| Investment Properties (For subsidiaries) | 628 777 | 650 608 | 608 042 | 648 259 | 611 689 |
| Office | 39 847 | 42 299 | 40 470 | 42 151 | 40 663 |
| Retail | 51 298 | 52 940 | 49 715 | 52 820 | 49 942 |
| Corporate accommodation | 8 038 | 7 395 | 7 395 | 7 395 | 7 395 |
| Data Centre | 14 390 | 14 423 | 14 348 | 15 199 | 13 658 |
| Medical | 12 531 | 11 366 | 10 461 | 11 083 | 10 738 |
| Investment Properties (For joint-ventures) | 126 104 | 128 423 | 122 389 | 128 648 | 122 396 |

## 4. Straight-line rental income accrual

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **30 June 2024 US$'000** | **30 June 2023 US$'000** | **30 June 2024 US$'000** | **30 June 2023 US$'000** |
| **Reconciliation to amounts included in investment properties (note 3)** | | | | |
| Balance at the beginning of the year | 7 013 | 5 987 | - | - |
| Foreign currency translation reserve movement through OCI | (16) | - | - | - |
| Acquired through subsidiary other than business combination | 1 494 | 49 | - | - |
| Straight lining of rental income | 2 685 | 977 | - | - |
| **As at 30 June** | 11 176 | 7 013 | - | - |

## 5. Property, plant and equipment

| | | GROUP | | | | | |
|---|---|---|---|---|---|---|---|
| | Note | Right of use office lease | Right of use motor vehicle | Office buildings | Other property, plant and equipment | Owner Occupied Property | Total |
| **As at 01 July 2022** | | | | | | | |
| Cost | | 1 216 | 322 | 1 585 | 3 418 | – | 6 541 |
| Accumulated depreciation | | (703) | (303) | (380) | (3 068) | – | (4 454) |
| **Net book value** | | 513 | 19 | 1 205 | 350 | – | 2 087 |
| **Year ended 30 June 2023** | | | | | | | |
| **Opening net book value- 01 July 2022** | | 513 | 19 | 1 205 | 350 | – | 2 087 |
| Additions | | 4 405 | 32 | – | 235 | – | 4 672 |
| Disposals | | (346) | (1) | (1 088) | – | – | (1 435) |
| Reclassification | | – | (20) | – | 20 | – | – |
| Effect of translation to presentation currency | | – | – | – | 6 | – | 6 |
| Depreciation charge | | (607) | (2) | (78) | (153) | – | (840) |
| **Closing net book value- 30 June 2023** | | 3 965 | 28 | 39 | 458 | – | 4 490 |
| **As at 30 June 2023** | | | | | | | – |
| Cost | | 4 443 | 32 | 43 | 4 038 | – | 8 556 |
| Accumulated depreciation | | (478) | (4) | (4) | (3 580) | – | (4 066) |
| **Net book value** | | 3 965 | 28 | 39 | 458 | – | 4 490 |
| **Year ended 30 June 2024** | | | | | | | |
| **Opening net book value- 01 July 2023** | | 3 965 | 28 | 39 | 458 | – | 4 490 |
| Additions | | 199 | 154 | 5 | 85 | – | 443 |
| Acquired through business combination | 30a. | 1 095 | 607 | – | 42 | 10 220 | 11 964 |
| Settlement of pre-existing relationship as part of business combination[1] | 30a. | (4 793) | – | – | – | – | (4 793) |
| Acquired through subsidiary other than business combination | 30a. | – | – | – | 450 | – | 450 |
| Disposals | | (58) | (50) | (5) | (82) | – | (195) |
| Effect of translation to presentation currency | | – | (12) | – | (10) | – | (22) |
| Depreciation charge | | (393) | (126) | (1) | (145) | (149) | (814) |
| Revaluation through other comprehensive income | | – | – | – | – | 2 429 | 2 429 |
| **Closing net book value- 30 June 2024** | | 15 | 601 | 38 | 798 | 12 500 | 13 952 |
| **As at 30 June 2024** | | | | | | | |
| Cost | | 1 545 | 1 227 | 44 | 4 375 | 10 220 | 17 411 |
| Accumulated depreciation | | (1 530) | (626) | (6) | (3 577) | (149) | (5 888) |
| Fair value adjustment | | – | – | – | – | 2 429 | 2 429 |
| **Net book value** | | 15 | 601 | 38 | 798 | 12 500 | 13 952 |

[1] *During the year, Gateway Real Estate Africa ("GREA") and its subsidiaries were consolidated into the Group's financial results. The Group, through its wholly owned subsidiary Grit Services Limited ("GSL"), had been leasing office space at The Precinct from GR1T House Limited, a subsidiary of GREA and the beneficial owner of the Precinct building. This office space currently serves as the Group's corporate head office in Mauritius. Through the business combination of GREA and upon consolidation, the right-of-use asset, which had previously been recognized by the Group, was effectively settled as a pre-existing relationship following the integration of GR1T House Limited into the Group results. Also refer to note 30a where more information has been provided on the acquisition of GREA.*

In 2024 and 2023, no borrowing costs were capitalised for Property, plant and equipment.

Motor vehicles with a cost of US$0.3million (30 June 2023: US$0.1million) are held as security in relation to lease liabilities amounting to US$0.2million ( 2023: US$0.1million).

There is no contractual commitments for the acquisition of property, plant and equipment.

## 6. Intangible assets

### Group

| | Note | Goodwill US$'000 | Computer software US$'000 | Total US$'000 |
|---|---|---|---|---|
| **At 01 July 2022** | | | | |
| Cost | | – | 1 189 | 1 189 |
| Accumulated amortization | | – | (519) | (519) |
| **Net book value** | | – | 670 | 670 |
| Opening net book value- 01 July 2022 | | – | 670 | 670 |
| Addition | | – | 28 | 28 |
| Amortisation | | – | (265) | (265) |
| **Closing net book value- 30 June 2023** | | – | 433 | 433 |
| **As at 30 June 2023** | | | | |
| Cost | | – | 1 217 | 1 217 |
| Accumulated amortization | | – | (784) | (784) |
| **Net book value** | | – | 433 | 433 |
| **Opening net book value- 01 July 2023** | | – | 433 | 433 |
| Acquisition of subsidiaries through business combination | 30a. | 2 213 | – | 2 213 |
| Addition | | – | 50 | 50 |
| Amortisation | | – | (290) | (290) |
| **Closing net book value- 30 June 2024** | | 2 213 | 193 | 2 406 |
| **As at 30 June 2024** | | | | |
| Cost | | 2 213 | 1 267 | 3 480 |
| Accumulated amortization | | – | (1 074) | (1 074) |
| **Net book value** | | 2 213 | 193 | 2 406 |

**Computer software**

Computer software consists of capitalised development costs.

**Goodwill**

Goodwill was recognised on the acquisition of Africa Property Development Managers Ltd ("APDM") (See note 30a) and is allocated to the development business CGU of the Group.

## 7. Investment in joint ventures

Set out below are the associates and joint ventures of the Group as at 30 June. The country of incorporation is also the principal place of business and the proportion of ownership interest is the same as the proportion of voting rights held.

| Name of joint venture | Country of incorporation and operation | % held | GROUP 30 June 2024 US$'000 | GROUP 30 June 2023 US$'000 | COMPANY 30 June 2024 US$'000 | COMPANY 30 June 2023 US$'000 |
|---|---|---|---|---|---|---|
| Kafubu Mall Limited[1] | Zambia | 50.00% | 9 822 | 12 531 | – | – |
| Cosmopolitan Mall[1] | Zambia | 50.00% | 28 143 | 27 495 | – | – |
| CADS Developers Limited[1] | Ghana | 50.00% | 4 114 | 4 482 | – | – |
| Africa Property Development Managers Ltd [2] | Mauritius | 78.95% | – | 29 073 | – | 29 073 |
| Gateway Real Estate Africa Ltd [3] | Mauritius | 46.33% | – | 123 513 | – | 123 513 |
| DH3 Holdings Ltd[4] | Kenya | 50.00% | 10 549 | | – | |
| Diplomatic Housing[4,5] | Ethiopia | 50.00% | – | | – | |
| **Carrying value of joint ventures** | | | **52 628** | 197 094 | – | 152 586 |
| Joint ventures | | | 52 628 | 197 094 | – | 152 586 |
| Associates | | | – | – | – | – |
| **Total carrying value of associates and joint ventures** | | | **52 628** | 197 094 | – | 152 586 |

1 *The percentage of ownership interest during the year ended 30 June 2024 did not change.*
2 *Joint venture status has changed to subsidiary during the year. Figures included for comparative purpose. The percentage shareholding that the Group has in the investment has not change.*
3 *During the year, the status of the Group's investment in Gateway Real Estate Africa ("GREA") changed from a joint venture to a subsidiary. Figures have been included for comparative purposes. The Group's shareholding in GREA decreased from 51.48% to 46.33% due to the legal issuance of free carry shares to APDM on 3 October 2023. Refer to note 7a. for more information.*
4 *Joint ventures have been acquired from GREA as part of the business combination that occurred on 30th November 2023. Refer to note 30a.*
5 *The investment in Diplomatic Housing ("DH1") has been acquired by the Group as part of the GREA business combination. Further on 30 June 2024, the Group obtained control of DH1 and the status of the investment has changed from joint venture to subsidiary. Refer to note 30b.*

*All investments in joint ventures are private entities and do not have quoted prices available.*

The tables below present the summarized financial information of the Group's joint ventures. These amounts reflect figures as reported in the financial statements or IFRS reporting packs of the respective joint ventures, rather than the Group's proportionate share. Where a joint venture has the same reporting date as the Group, the IFRS financial statements are used. If the reporting dates differ, the IFRS reporting pack is utilized to incorporate their results into the Group's consolidated financial statements. Where applicable, financial information has been adjusted to align with the Group's accounting policies before applying the equity method.

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.

**APDM and GREA**

On 30 November 2023, the Group completed two separate business combinations: one involving APDM and the other involving GREA. These transactions resulted in the combined derecognition of a total carrying amount of US$140.6million from joint ventures. The accounting for these business combinations is detailed in Note 30a(i)."

**Diplomatic Housing**

On 30 June 2024, the Group completed the acquisition of Diplomatic Housing, which was treated as an asset acquisition. The carrying amount derecognised from joint ventures for this acquisition was US$32.8million. Please refer to Note 30b for further information on the transaction."

## 7a. Dilution of investment in Gateway Real Estate Africa Ltd

On 3 October 2023, GREA concluded a management incentive plan agreement with APDM. As part of this arrangement, GREA issued 19.6 million shares to APDM, representing a 10% equity stake in GREA. The issuance of these additional shares diluted Grit's holding in GREA from 51.48% to 46.33%. This resulted in a dilution loss amounting to US$12.49million, as reflected below:

| | Grit shareholding | US$'000 |
|---|---|---|
| GREA equity accounted carrying amount as at 3 October 2023 before dilution | 51.48% | 124 876 |
| GREA equity accounted carrying amount as at 3 October 2023 after dilution | 46.33% | 112 384 |
| **Dilution loss** | (5.15%) | (12 492) |

This dilution loss has been recognised as a reduction in the carrying value of Grit's investment in GREA, with the corresponding impact reflected in the income statement.

## 7. Investment in joint ventures (continued)

| | Note | Kafubu Mall Limited US$'000 | Africa Property Development Managers Ltd US$'000 | Gateway Real Estate Africa Ltd US$'000 | CADS Developers Limited US$'000 | Cosmopolitan Shopping Centre Limited US$'000 | DH3 Holdings Ltd US$'000 | Diplomatic Housing US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|
| **As at 30 June 2024** | | | | | | | | | |
| **Statement of financial position** | | | | | | | | | |
| Non-current assets | | 19 749 | – | – | 25 450 | 56 380 | 56 941 | – | 158 520 |
| Current assets | | 92 | – | – | 485 | 272 | 2 333 | – | 3 182 |
| | | 19 841 | – | – | 25 935 | 56 652 | 59 274 | – | 161 702 |
| Non-current liabilities | | 160 | – | – | 15 000 | – | 36 255 | – | 51 415 |
| Current liabilities | | 38 | – | – | 2 707 | 367 | 1 921 | – | 5 033 |
| | | 198 | – | – | 17 707 | 367 | 38 176 | – | 56 448 |
| **Net asset value** | | 19 643 | – | – | 8 228 | 56 285 | 21 098 | – | 105 254 |
| Percentage held by Group | | 50.00% | 78.95% | 46.33% | 50.00% | 50.00% | 50.00% | 50.00% | |
| Group's share of net asset value | | 9 822 | – | – | 4 114 | 28 143 | 10 549 | – | 52 628 |
| Goodwill | | – | – | – | – | – | – | – | – |
| **Group's carrying value of investment** | | 9 822 | – | – | 4 114 | 28 143 | 10 549 | – | 52 628 |
| **For the year to 30 June 2024** | | | | | | | | – | |
| **Total comprehensive income** | | | | | | | | | |
| **Revenue** | | 1 045 | – | 1 864 | 572 | 2 475 | 1 932 | 2 974 | 10 862 |
| Fair value movement in investment properties | | 1 266 | – | (1 334) | 417 | 593 | 1 120 | 236 | 2 298 |
| **Profit/(loss) for the year** | | 2 042 | 4 537 | (3 972) | (585) | 2 508 | 742 | 1 870 | 7 142 |
| **Total comprehensive (expense) / income** | | (1 955) | 4 537 | (3 972) | (585) | 2 508 | 742 | 3 701 | 4 976 |
| **Dividends received from joint ventures** | | – | – | – | – | – | – | – | – |
| **Reconciliation to carrying value in joint ventures** | | | | | | | | | |
| Balance at the beginning of the year | | 12 531 | 29 073 | 123 513 | 4 482 | 27 495 | – | – | 197 094 |
| Acquired during the year through business combination | | – | – | – | – | – | 9 262 | 29 118 | 38 380 |
| Profit / (losses) from joint ventures | | 2 042 | 4 537 | (3 972) | (585) | 2 508 | 742 | 1 870 | 7 142 |
| - Revenue | | 1 045 | – | 1 864 | 572 | 2 475 | 1 932 | 2 974 | 10 862 |
| - Property operating expenses and construction costs | | (154) | – | (121) | (139) | (432) | (225) | (296) | (1 367) |
| - Admin expenses and recoveries | | (11) | (1 517) | (3 051) | (12) | (14) | 19 | (735) | (5 321) |
| - Other income | | – | 6 076 | – | – | – | – | – | 6 076 |
| - Net impairment reversal on financial assets | | – | – | (181) | – | – | – | – | (181) |
| - Unrealised foreign exchange gains/(losses) | | – | 9 | 89 | 18 | 49 | 21 | (805) | (619) |
| - Investment at fair value | | – | – | (185) | – | – | (231) | – | (416) |
| - Transaction income | | – | 2 | – | – | – | – | – | 2 |
| - Interest income | | 1 | – | 1 168 | – | 3 | – | 40 | 1 212 |
| - Finance charges | | (6) | (55) | (1 600) | (1 212) | – | (1 452) | (1 811) | (6 136) |
| - Fair value movement on investment property | | 1 266 | – | (1 334) | 417 | 593 | 1 120 | 236 | 2 298 |
| - Fair value adjustment on other financial asset | | – | – | (516) | – | – | – | – | (516) |
| - Current tax | | (99) | – | – | – | (166) | (12) | (46) | (323) |
| - Deferred tax | | – | 22 | (105) | (229) | – | (430) | 2 313 | 1 571 |
| Repayment of proportionate shareholders loan | | (754) | – | – | 217 | (1 860) | 545 | – | (1 852) |
| Effect of dilution in equity interest | 7a. | – | – | (12 492) | – | – | – | – | (12 492) |
| Foreign currency translation differences | | (3 997) | – | – | – | – | – | 1 831 | (2 166) |
| Joint venture step up to subsidiary[1] | | – | (33 610) | (107 049) | – | – | – | (32 819) | (173 478) |
| **Carrying value of joint ventures** | | 9 822 | – | – | 4 114 | 28 143 | 10 549 | – | 52 628 |

1 *During the financial year, the Group undertook step acquisitions, resulting in the reclassification of certain investments from joint ventures to subsidiaries.*

# 7. Investment in joint ventures (continued)

| | Letlole La Rona Limited US$'000 | Kafubu Mall Limited US$'000 | Beachcomber Hospitality Investments Limited US$'000 | Capital Place Limited US$'000 | Africa Property Development Managers Ltd US$'000 | Gateway Real Estate Africa Ltd US$'000 | CADS Developers Limited US$'000 | Cosmopolitan Shopping Centre Limited US$'000 | Buffalo Mall Naivasha Limited US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at 30 June 2023** | | | | | | | | | | |
| **Statement of financial position** | | | | | | | | | | |
| Non-current assets | - | 25 729 | - | - | 35 149 | 248 943 | 24 600 | 55 139 | - | 389 560 |
| Current assets | - | 105 | - | - | (1 141) | 48 638 | (204) | 204 | - | 47 602 |
| | - | 25 834 | - | - | 34 008 | 297 581 | 24 396 | 55 343 | - | 437 162 |
| Non-current liabilities | - | 251 | - | - | 1 692 | 78 606 | 15 391 | - | - | 95 940 |
| Current liabilities | - | 521 | - | - | 519 | 6 582 | 41 | 354 | - | 8 017 |
| | - | 772 | - | - | 2 211 | 85 188 | 15 432 | 354 | - | 103 957 |
| **Net asset value** | - | 25 062 | - | - | 31 797 | 212 393 | 8 964 | 54 989 | - | 333 205 |
| Percentage held by Group | - | 50.00% | - | - | 78.95% | 51.48% | 50.00% | 50.00% | - | - |
| Group's share of net asset value | - | 12 531 | - | - | 25 104 | 109 340 | 4 482 | 27 495 | - | 178 952 |
| Goodwill | - | - | - | - | 3 969 | 14 173 | - | - | - | 18 142 |
| **Group's carrying value of investment** | - | 12 531 | - | - | 29 073 | 123 513 | 4 482 | 27 495 | - | 197 094 |
| **For the year to 30 June 2023** | | | | | | | | | | |
| **Total comprehensive income** | | | | | | | | | | |
| **Revenue** | 1 588 | 1 085 | 3 890 | - | - | 1 717 | 1 321 | 2 400 | 281 | 12 282 |
| Fair value movement in investment properties | 150 | 1 034 | (1 496) | - | - | 2 325 | (2 704) | 309 | (623) | (1 005) |
| **Profit/(loss) for the year** | 1 263 | 1 832 | 2 611 | - | 14 578 | (5 321) | (1 999) | 2 178 | (842) | 14 300 |
| **Total comprehensive (expense) / income** | (143) | 1 528 | 3 326 | - | 14 578 | (4 369) | (1 999) | 2 178 | (842) | 14 257 |
| **Dividends received from associates and joint ventures** | 105 | - | 20 052 | - | - | - | - | - | - | 20 157 |
| **Reconciliation to carrying value in associates and joint ventures** | | | | | | | | | | |
| Balance at the beginning of the year | 17 353 | 11 761 | 69 870 | | 14 247 | 55 866 | 6 974 | 27 173 | 3 753 | 206 997 |
| (Sold)/acquired during the year | (17 105) | - | (51 298) | | 248 | 64 631 | - | - | - | (3 524) |
| Profit / (losses) from associates and joint ventures | 1 263 | 1 832 | 2 611 | | 14 578 | (5 321) | (1 999) | 2 178 | (842) | 14 300 |
| - Revenue | 1 588 | 1 085 | 3 890 | | - | 1 717 | 1 321 | 2 400 | 281 | 12 282 |
| - Property operating expenses and construction costs | (161) | (186) | - | | - | (271) | (34) | (389) | (129) | (1 170) |
| - Admin expenses and recoveries | (60) | (19) | (25) | | (4 358) | 696 | (9) | (16) | (4) | (3 795) |
| - Other income | - | - | - | | 19 385 | - | - | - | - | 19 385 |
| - Net impairment charge on financial assets | 28 | - | - | | - | (2 218) | - | - | (18) | (2 208) |
| - Unrealised foreign exchange gains/(losses) | 110 | - | (264) | | (8) | (1 430) | 10 | (5) | (53) | (1 640) |
| - Investment at fair value | - | - | - | | - | (738) | - | - | - | (738) |
| - Impairments | - | - | - | | - | (71) | - | - | - | (71) |
| - Gain on bargain purchase from acquisition of additional equity interest | - | - | - | | 77 | - | - | - | - | 77 |
| - Transaction costs | - | - | - | | 2 | 1 | - | - | - | 3 |
| - Loss on extiguishment of loan | - | - | - | | - | - | (25) | | | (25) |
| - Share based payment expense | - | - | - | | - | (7 474) | - | - | - | (7 474) |
| - Interest income | 235 | 1 | - | | - | 3 020 | - | 2 | - | 3 258 |
| - Finance charges | (429) | (5) | (848) | | (71) | (1 276) | (728) | - | (296) | (3 653) |
| - Fair value movement on investment property | 150 | 1 034 | (1 496) | | - | 2 325 | (2 704) | 309 | (623) | (1 005) |
| - Fair value adjustment on other financial asset | - | - | 1 948 | | - | - | - | - | - | 1 948 |
| - Current tax | (198) | (78) | (263) | | (485) | (357) | - | (123) | - | (1 504) |
| - Deferred tax | - | - | (331) | | 36 | 1 141 | 170 | - | - | 1 016 |
| - Other movement in profit or loss | - | - | - | | - | (386) | - | - | - | (386) |
| Dividends and interest paid to Group | (105) | - | (21 898) | | - | - | (423) | - | - | (22 426) |
| Other equity movement | - | - | - | | - | 7 474 | - | - | - | 7 474 |
| Repayment of proportionate shareholders loan | - | (758) | - | | - | - | (70) | (1 856) | - | (2 684) |
| Consolidation elimination | - | - | - | | - | (89) | - | - | - | (89) |
| Foreign currency translation differences | (1 406) | (304) | 715 | | - | 952 | - | - | - | (43) |
| Associate step up to subsidiary | - | - | - | | - | - | - | - | (2 911) | (2 911) |
| **Carrying value of associates and joint ventures** | - | 12 531 | - | | 29 073 | 123 513 | 4 482 | 27 495 | - | 197 094 |

## 8. Investment in subsidiaries

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Name of company** | **% held** | | | | |
| Grit Services Limited | 100% | – | – | 23 380 | 71 141 |
| Gateway Real Estate Africa Ltd | 48.08% | – | – | 145 932 | – |
| Africa Development Managers Ltd | 78.95% | – | – | 20 382 | – |
| | | – | – | 189 694 | 71 141 |
| **Movement for the year** | | | | | |
| **Balance at the beginning of the year** | | – | – | 71 141 | 69 373 |
| Conversion of intercompany loan into additional investment | | – | – | – | 116 000 |
| Step up of joint ventures to subsidiaries[1] | | – | – | 116 785 | – |
| Addition during the year[2] | | – | – | 51 474 | – |
| Fair value through profit and loss | | – | – | (49 706) | (114 232) |
| **As at 30 June** | | – | – | 189 694 | 71 141 |

[1] *Step up of joint ventures to subsidiaries*
*Refer to note 30a(i)*

[2] *Additional investment during the year*

On 28 June 2024, Gateway Real Estate Africa Ltd ("GREA"), in accordance with the terms of its shareholder agreement, issued a call notice to its shareholders, Grit and PIC, as part of its US$100million rights issue. Africa Property Development Managers Ltd ("APDM") who was also a shareholder in GREA with a shareholding of 10% did not participate in the right issue. The Board of Grit had previously approved the Company's participation in the rights issue. Under the terms of the shareholder agreement, Grit has a contractual obligation to participate once the call notice is issued. The amount called from Grit totals US$51.4million, which remained unpaid as of 30 June 2024. The additional shares in GREA have been issued to Grit and PIC on 30 June 2024. On that date, Grit's direct shareholding in GREA has increased from 46.33% to 48.08%.

For the capital call portion that is receivable from PIC, the Company, through GREA, has recognised a receivable of US$48.5million, which has been classified as listing receivables under trade and other receivables. From the Group's perspective, the equity increase of US$48.5million in GREA is not attributable to the parent, Grit, and has therefore been recognised as an increase in non-controlling interest in the Group's consolidated financial statements.

As part of the rights issue, GREA incurred transaction costs directly attributable to the rights issue amounting to US$2.5million. In GREA's financial records, the full amount has been recorded as a reduction in equity since the costs are directly attributable to raising equity instruments.

In the Group's consolidated financial statements, the portion of transaction costs related to the issuance of equity instruments to non-controlling interests has been accounted for within non-controlling interest, resulting in a reduction in non-controlling interest of US$1.2million. The portion of the transaction costs relating to Grit's participation which amounted to US$1.3million has been recognised as transaction costs in profit or loss.

**Fair value of the investments in subsidiaries**

The Company accounts for its investments in subsidiaries at fair value, with changes recognized in profit or loss. As of 30 June 2024, the Company engaged independent valuation specialists to determine the fair value of its investment properties held within its subsidiaries. The holding companies of these subsidiaries are Grit Services Limited ("GSL") and Gateway Real Estate Africa Ltd ("GREA"). The valuations for GSL and GREA are based on directors' assessments, using the net asset value (NAV) approach, as the primary driver of the fair value is the underlying investment properties. For related sensitivities on investment properties, refer to note 3.

The fair value of APDM was determined using a discounted cash flow ("DCF") approach as at 30 June 2024, resulting in a valuation of US$20.3million. The valuation applied a discount rate of 18.03% for future cash flows and a 5% discount for lack of marketability. Sensitivities to changes in these assumptions are outlined in the table below:

| Sensitivity Factor | Adjusted Rate % | Fair Value (US$) |
|---|---|---|
| Increase of 1% in discount rate | 19.03 | 20 166 |
| Decrease of 1% in discount rate | 17.03 | 20 627 |
| Increase of 1% in discount for lack of marketability | 6.00 | 20 157 |
| Decrease of 1% in discount for lack of marketability | 4.00 | 20 608 |

| Name of subsidiary | Place of incorporation and operation | Effective ownership held by the Group 30 June 2024 US$'000 | Effective ownership held by the Group 30 June 2023 US$'000 |
|---|---|---|---|
| Abland Diversified Holdings Limited | Mauritius | 100% | 100% |
| ADC Eko Land (Mauritius) Limited | Mauritius | 53% | 0% |
| Africa Property Development Managers Ltd | Mauritius | 79% | 0% |
| Athari Solar Africa (Previously GR1T Capital Co. Ltd ) | Mauritius | 100% | 100% |
| BME Kenya Investments Limited | Mauritius | 53% | 100% |
| Bora Africa (Previously Grit Urban Logistics) | Mauritius | 53% | 100% |
| Bora Africa REM (Previously Pangea Holdings Limited) | Mauritius | 79% | 100% |
| Boyzana International Ltd | Mauritius | 53% | 0% |
| Boyzana Ventures Ltd | Mauritius | 53% | 0% |
| Buffalo Mall Naivasha Limited | Kenya | 100% | 100% |
| Capital Place Limited Company | Ghana | 70% | 70% |
| Casamance Holdings Limited | Mauritius | 100% | 100% |
| CD Properties Limited | Mauritius | 53% | 100% |
| Cognis 1 Limitada* | Mozambique | 78% | 58% |
| Commotor Limitada | Mozambique | 100% | 100% |
| Coromandel Hospital Co Ltd* | Mauritius | 46% | 0% |
| DC One FZE* | Nigeria | 53% | 0% |
| Delta International Bahrain W.L.L | Bahrain | 81% | 60% |
| Delta Tete Limitada* | Mozambique | 100% | 100% |
| DH Bamako Investment Holdings Ltd | Mauritius | 49% | 0% |
| DH Bamako SAU* | Mali | 49% | 0% |
| DH One Real Estate PLC* | Ethiopia | 50% | 0% |
| DHA Real Estate Management Ltd | Mauritius | 79% | 0% |
| DIF 1 Co Limited | Mauritius | 100% | 100% |
| Diplomatic Holdings Africa Ltd | Mauritius | 53% | 0% |
| Diplomatic Housing Addis Ltd | Mauritius | 53% | 0% |
| Freedom Asset Management | Mauritius | 0% | 0% |
| Freedom Property Fund SARL* | Morocco | 82% | 60% |
| Gateway Apolonia Holdings Limited | Mauritius | 53% | 0% |
| Gateway CCI SEZ Limited* | Kenya | 53% | 0% |
| Gateway EMT Holdings Ltd | Mauritius | 53% | 0% |
| Gateway Insola Ltd | Mauritius | 53% | 0% |
| Gateway Metroplex Limited* | Uganda | 53% | 0% |
| Gateway Properties Limitada* | Mozambique | 56% | 100% |
| Gateway Real Estate Africa Ltd | Mauritius | 53% | 0% |
| GD Appolonia Limited* | Ghana | 53% | 0% |
| GD Mauritius Hospitality Investments Ltd | Mauritius | 53% | 0% |
| Gerania Limited | Mauritius | 100% | 100% |
| Goodison Two Hundred Thirteen Limited | Kenya | 53% | 0% |
| GR1T House Limited* | Mauritius | 50% | 0% |
| GRES Ghana Limited Company | Ghana | 100% | 100% |
| GRES Mauritius (Previously GMS Mauritius) | Mauritius | 100% | 53% |
| GRES Mozambique Limitada | Mozambique | 100% | 100% |
| Grit Accra Limited* | Ghana | 100% | 100% |
| GRIT Executive Share Trust | Mauritius | 0% | 0% |
| GRIT Executive Share Trust II | Mauritius | 0% | 0% |
| Grit Management SA Pty Ltd | South Africa | 100% | 100% |
| GRIT Management Services Kenya SEZ Limited | Kenya | 100% | 100% |
| Grit Parc Nicol (Pty) Ltd | South Africa | 100% | 100% |
| Grit Services Limited | Mauritius | 100% | 100% |
| Grit Services Limited - Rep. Office | United Arab Emirates | 100% | 100% |

## 8. Investment in subsidiaries (continued)

| Name of subsidiary | Place of incorporation and operation | Effective ownership held by the Group 30 June 2024 US$'000 | 30 June 2023 US$'000 |
|---|---|---|---|
| HM&K Properties Limited | Mauritius | **100%** | 100% |
| IDC Kenya Investments Limited | Mauritius | **53%** | 100% |
| IWH Kenya Investments Limited | Mauritius | **53%** | 100% |
| Kitwe Mukuba Investments Limited | Zambia | **100%** | 100% |
| LTH New Street Square Limited | Nigeria | **53%** | 0% |
| Lusaka Cosmopolitan Investment Limited | Mauritius | **100%** | 100% |
| Mall de Tete Limitada* | Mozambique | **100%** | 100% |
| Mara Delta (Mauritius) Property Limited* | Mauritius | **100%** | 100% |
| Mara Viwandani Limited* | Kenya | **53%** | 100% |
| Metroplex Holding Ltd | Mauritius | **53%** | 0% |
| Moz Delta FZ-LLC | Mauritius | **77%** | 51% |
| Mukuba Mall Limited* | Zambia | **75%** | 75% |
| Ndola Kafubu Investments Limited | Zambia | **100%** | 100% |
| Orbit Africa Logistics | Mauritius | **37%** | 70% |
| Paradise Consultancy Services Limited | Mauritius | **53%** | 0% |
| Paradise Hospitality Group Limited | Mauritius | **100%** | 100% |
| Paxton Investments Limited | Mauritius | **100%** | 100% |
| RSM Investments Ltd | Mauritius | **53%** | 0% |
| S&C Immobiliaria Limitada* | Mozambique | **100%** | 100% |
| SAL Investment Holdings Limited | Mauritius | **100%** | 100% |
| Société Immobilière Et De Gestion Hôtelière Du Cap Skirring* | Senegal | **100%** | 100% |
| St Helene Clinic Co Ltd* | Mauritius | **46%** | 0% |
| Stellar Warehousing and Logistics Limited* | Kenya | **37%** | 70% |
| TC Maputo Properties Ltd | Mauritius | **77%** | 51% |
| Transformers Holdings Mauritius Limited | Mauritius | **100%** | 100% |
| Tulip Stations Limitada | Mozambique | **53%** | 0% |
| Ubertas Tatu Investments SEZ Limited* | Kenya | **53%** | 100% |
| Warehousely Limited* | Kenya | **53%** | 100% |
| Zambian Property Holdings Limited | Mauritius | **100%** | 100% |
| Zimpeto Imobiliara Limitada* | Mozambique | **100%** | 100% |

All subsidiaries have coterminous reporting dates with those of the Company with the exception of Société Immobilière et de Gestion Hôteliére du Cap Skirring.

All the subsidiaries marked with an * are property holding companies. The rest with the exception of GMS Serviços De Gestão De Imoveis, Limitada which is an asset management company are investment holding companies.

## 9. Related party loans receivable and payable

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| ***Current loans to related parties*** | | | | |
| Copapax Limited | **138** | 138 | **–** | – |
| Africa Property Development Managers Ltd | **–** | 95 | **–** | – |
| Buffalo Mall Naivasha Limited | **–** | – | **–** | – |
| ***Non current loans to / (from) related parties*** | | | | |
| *Goodison Two Hundred Thirteen Limited** | **–** | (357) | **–** | – |
| Loan granted for operational funding of GMS Kenya. Loan does not bear interest is repayable as and when free cash flows from operations are available to service the loan. | | | | |
| *Gateway Real Estate Africa Ltd** | **–** | (1 532) | **–** | – |
| Loan bears no interest and is repayable when free cash flows from operations are available to service the loan. | | | | |
| Gateway Real Estate Africa Ltd - Pre-development Funding 2* | **–** | (5 306) | **–** | – |
| Project costs for the Bollore warehouse development project. The loan bears interest at 8% and is repayable when free cash flows from operations are available to service the loan. | | | | |
| *Bronwyn Corbett** | **122** | 122 | **–** | – |
| *Noble Tree (Darren Veenhuis)** | **110** | 50 | **–** | – |
| *Krishnen Kistnen** | **125** | – | **–** | – |
| *Gregory Pearson** | **125** | 86 | **–** | – |
| Loan are for 5 years and bears interest @5.75% per anumn | | | | |
| ***Loan to/(from) subsidiaries and consolidated entities*** | | | | |
| *Grit Services Limited* | **–** | – | **86 379** | 110 917 |
| - Current Portion | **–** | – | **–** | 38 000 |
| - Non-Current Portion* | **–** | – | **86 379** | 72 917 |
| The loan is unsecured and bears interest at 4%. The loan is repayable 7 years from date of advance or such later date as agreed by the parties. | | | | |
| *Freedom Asset Management Limited** | **–** | – | **17 547** | 16 959 |
| At the relevant reporting dates the above loans were unsecured, and bear 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** | **–** | – | **2 571** | 2 655 |
| At the relevant reporting dates the above loans were unsecured, and bear interest at 5.75% and it is repayable on demand by Grit Real Estate Income Group Limited within such timeframe agreed by the borrower and lender. | | | | |
| ***Other accounts with subsidiaries/associates*** | | | | |
| Freedom Property Fund SARL | **–** | – | **249** | 249 |
| CADS Developers Limited | **752** | 518 | **–** | – |
| DH3 Holding Ltd | **194** | – | **–** | – |
| DH3 Kenya Limited | **450** | – | **–** | – |
| Allowance for credit losses IFRS 9 - Impairment on financial assets | **(166)** | (166) | **(16 262)** | (14 979) |
| In the current year, the above loans are unsecured, do not bear interest and the borrower has an unconditional right to defer payment for a period of 12 months. | | | | |
| | **1 850** | (6 352) | **90 484** | 115 801 |
| *Classification of related party loans:* | | | | |
| Non-current assets* | **316** | 92 | **90 235** | 77 552 |
| Current assets | **1 534** | 751 | **249** | 38 249 |
| Non-current liabilities* | **–** | (7 195) | **–** | – |
| Current liabilities | **–** | – | **–** | – |
| | **1 850** | (6 352) | **90 484** | 115 801 |

Details of the relationship of the Group with each of the above related parties is disclosed in note 36.

In the current year, the non current portions are marked with an *

In the opinion of the directors, on the basis that the loans interest rates are deemed to be market related risk (taking into account the applicable risk adjusted interest rates), the carrying values of loans to related parties approximate their fair values at each reporting date.

## 10. Finance lease receivables

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Schedule of movement | | | | |
| At 01 July 2023 | - | – | - | – |
| Acquired through business combination | 1 950 | – | - | – |
| Interest income | 114 | – | - | – |
| Receipt | (158) | – | - | – |
| **As at 30 June** | **1 906** | – | - | |
| Undiscounted lease payments analysed as: | | | | |
| Recoverable after 12 months | 2 248 | – | - | – |
| Recoverable within 12 months | 328 | – | - | – |
| **As at 30 June** | **2 576** | – | - | – |
| Net investment in the lease analysed as: | | | | |
| Recoverable after 12 months | 1 578 | – | - | – |
| Recoverable within 12 months | 328 | – | - | – |
| **As at 30 June** | **1 906** | – | - | – |

The Group has two active lease arrangements as follows:

1) The Company's subsidiary (Tulip Stations Limitada) entered into a finance leasing arrangement as a lessor for development of a certain liquid mud plant for its tenant. The lease term is for 5.5 years and can be renewed at the option of the tenant's normal/ incremental interest rate only.

2) In line with the lease agreement signed between St Helene Clinic Co Ltd and Falcon Healthcare Group ("FHG"). A finance lease agreement was entered into by these parties for part financing of the specialized medical equipment required for operations of the hospital. The term of the finance lease is 5 years extendable by 2 additional years at the election of both parties; early termination options are however not applicable. The nominal interest rate assigned to the finance lease is 10.5%.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Amount receivable under finance lease:** | | | | |
| Year 1 | 327 | - | - | - |
| Year 2 | 487 | - | - | - |
| Year 3 | 457 | - | - | - |
| Year 4 | 1 305 | - | - | - |
| Undiscounted lease payments | 2 576 | - | - | - |
| Less: unearned finance income | (670) | - | - | - |
| **Present value of minimum lease payments receivable** | 1 906 | - | - | - |
| **Amount included in profit or loss** | | | | |
| **Finance income on the net investment in finance leases** | 114 | - | - | - |

The average effective interest rate contracted is 8.3% per annum.

**Impairment of finance lease receivables**

None of the finance lease receivables at the end of the reporting year is past due and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, the directors of the Company consider that none of the finance lease receivables is impaired.

## 11. Other loans receivable

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| African Property Investments Limited[1] | | 21 034 | 21 034 | - | – |
| Drift (Mauritius) Limited[2] | | 9 135 | 8 637 | - | – |
| Drift (Mauritius) Limited | | - | 2 | - | – |
| Pangea 2 Limited | | 6 | 6 | - | – |
| Ignite Mozambique Holdings S.A | | 1 520 | – | - | – |
| IFRS 9 - Impairment on financial assets (ECL) | 26 | (9 347) | (8 674) | - | – |
| **As at 30 June** | | **22 348** | 21 005 | - | – |
| Classification of other loans: | | | | | |
| Non-current assets | | **22 348** | 21 005 | - | – |

*[1] At inception, the Group advanced loans amounting to 50% of a total facility of US$ 77.0million to other investors involved in the Zambian portfolio investments, namely Ndola Investments Limited ("Ndola"), Kitwe Copperbelt Limited ("Kitwe"), and Syngenta Limited ("Syngenta"). Each of these loans initially had a 5-year term.*

*In the financial year 2023, the Group entered into an agreement with African Property Investments Limited ("API"), the parent company of Ndola, Kitwe, and Syngenta. As part of this agreement, Ndola, Kitwe, and Syngenta assigned their rights and obligations under the initial facility to API.*

*The Group holds a loan receivable from API amounting to US$21million. The loan has a maturity date of 20 June 2027. The loan accrues interest at a fixed margin of 5.65% per annum, plus the compounded daily SOFR rate.*

*[2] Project pre-funding 1 - Maputo Housing Project*
*Loan bears interest at 3-month SOFR plus 6.50%, repayable within 24 months or such other time as agreed in writing between the parties.*

In the opinion of the directors, the carrying values of the above loans receivable approximate their fair values at each reporting date.

## 12. Deferred tax

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Deferred tax asset/(liability)** | | | | |
| Assessed losses | 7 530 | 8 006 | – | – |
| Foreign exchange losses | 2 442 | 3 102 | – | – |
| Loss allowance on financial assets | 2 095 | 1 466 | – | – |
| Other | 1 057 | 4 | – | – |
| *Total deferred tax asset* | 13 124 | 12 578 | – | – |
| Straight-line rental income accrual | (2 388) | (1 767) | – | – |
| Lease incentives | (805) | (1 376) | – | – |
| Capital allowances | (28 278) | (27 567) | – | – |
| Fair value adjustments to investment property | (16 278) | (21 223) | – | – |
| *Total deferred tax liability* | (47 749) | (51 933) | – | – |
| Deferred tax - net position per the consolidated statement of financial position | (34 625) | (39 355) | – | – |

## 12. Deferred tax (continued)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Balance at the beginning of the year** | (39 355) | (37 048) | – | – |
| Assessed losses | 1 011 | (314) | – | – |
| Foreign exchange movements | (633) | (123) | – | – |
| Loss allowance on financial assets | (559) | 402 | – | – |
| Lease incentives | 572 | 561 | – | – |
| Straight-line rental income accrual | (626) | (238) | – | – |
| Other | (81) | (1) | – | – |
| Fair value adjustments to investment properties | 2 612 | (2 519) | – | – |
| **Movement per income statement** | 2 296 | (2 232) | – | – |
| Acquired through acquisition of subsidiary during the year | 847 | – | – | – |
| Reclassification for asset held for sale | 1 557 | – | – | – |
| Foreign currency translation differences | 30 | (75) | – | – |
| **Total movement for the year** | 4 730 | (2 307) | – | – |
| **As at 30 June** | (34 625) | (39 355) | – | – |

*Deferred tax assets have been recognised on deductible temporary differences where management, having reviewed the Group's projections, believe that there will be sufficient taxable income in future to utilise the temporary differences.*

*In accordance with the Group's accounting policies, deferred tax assets have not been recognised in respect of certain companies within the Group, with unrecognised tax losses (see note 29).*

## 13. Trade and other Receivables

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Trade receivables | | 17 918 | 12 733 | – | – |
| Total allowance for credit losses and provisions | 25 | (7 914) | (5 682) | – | – |
| IFRS 9 - Impairment on financial assets (ECL)[1] | | (2 801) | (1 496) | – | – |
| IFRS 9 - Impairment on financial assets (ECL) (Management overlay on specific receivables)[1] | | (5 113) | (4 186) | – | – |
| **Trade receivables - net[2]** | | 10 004 | 7 051 | – | – |
| Accrued Income | | 2 645 | 2 603 | – | – |
| Loan interest receivable | | 44 | – | – | – |
| Deposits paid | | 172 | 77 | 1 | 1 |
| VAT recoverable | | 11 496 | 10 293 | 575 | 666 |
| Purchase price adjustment account[3] | | 965 | 961 | – | – |
| Deferred expenses and prepayments[4] | | 5 126 | 3 695 | 69 | 1 166 |
| Listing receivables[5] | | 48 751 | – | – | – |
| IFRS 9 - Impairment on other financial assets (ECL) | 25 | (3 891) | (3 470) | – | – |
| Rental guarantees receivable | | – | 52 | – | – |
| Sundry debtors | | – | 764 | – | – |
| **Other receivables** | | 65 308 | 14 975 | 645 | 1 833 |
| **Total trade and other receivables** | | 75 312 | 22 026 | 645 | 1 833 |
| **Classification of trade and other receivables:** | | | | | |
| Non-current assets | | 2 503 | 3 448 | – | – |
| Current assets | | 72 809 | 18,578 | 645 | 1 833 |
| | | 75 312 | 22 026 | 645 | 1 833 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Ageing of trade receivables** | | | | |
| Current | 1 996 | 2 055 | – | – |
| 30 days | 2 535 | 1 853 | – | – |
| 60 days + | 1 149 | 563 | – | – |
| 90 days + | 4 324 | 2 580 | – | – |
| | 10 004 | 7 051 | – | – |

[1] *An impairment assessment using the simplified approach outlined in the expected credit loss (ECL) model of IFRS 9 has been performed. In estimating expected credit losses, the Group undertook a comprehensive assessment, with a particular focus on tenants with elevated risk profiles, especially those in the retail sector and those undergoing administration proceedings. The Group incorporated forward-looking information into its ECL model by analyzing payment patterns and considering payment receipts for past-due balances up to three months after year-end to assess the likelihood of recoverability.*
*In addition, geographical region, macroeconomic factors including regional economic trends and sector-specific challenges, were assessed to ensure that all relevant risks were reflected in the impairment model.*

[2] *Total tenants deposits held disclosed under Trade and other payable amounts to US$2.6million (2023:US$2.5million) Refer to note 20.*

[3] *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.*

[4] *Included in deferred expenses and prepayments are advance payments made by the Group for services to be provided in future periods..*

[5] *In accordance with the terms of its shareholder agreement, GREA issued a call notice to its shareholders (Grit and PIC) as part of the US$100million rights issue. US$48.5million of the total listing receivable balance represents the capital call fund receivable from PIC as at 30 June 2024. Refer to note 8 for more information.*

The carrying value of trade and other receivables are considered by the directors to approximate their fair values.

## 14. Cash and cash equivalents

**Cash and cash equivalents consists of the following:**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Cash at bank available on demand | 18 755 | 9 200 | 214 | 17 |
| Petty cash | 11 | 7 | – | – |
| Current assets | 18 766 | 9 207 | 214 | 17 |
| Bank overdrafts | (1 988) | (1 875) | – | – |
| *Current liabilities* | (1 988) | (1 875) | – | – |
| | 16 778 | 7 332 | 214 | 17 |
| **Cash and cash quivalents are held in the following currencies.** | | | | |
| United States Dollars | 8 489 | 1 176 | 214 | 11 |
| Mozambican Meticais | 2 734 | 3 753 | – | – |
| Moroccan Dirhams | 150 | 173 | – | – |
| Mauritian Rupees | 204 | 21 | – | – |
| Bahraini Dinars | 15 | 15 | – | – |
| South African Rands | 27 | 27 | – | – |
| Kenyan Shilling | 101 | 65 | – | – |
| Zambian Kwacha | 128 | 176 | – | – |
| Nigerian Naira | 49 | – | – | – |
| Ugandan Shilling | 312 | – | – | – |
| Ethiopian Birr | 3 117 | – | – | – |
| United Arab Emirates Dirham | 56 | 71 | – | – |
| Ghanaian Cedi | 55 | 274 | – | – |
| West African CFA Franc | 220 | 1 549 | – | – |
| Euros | 1 121 | 32 | – | 6 |
| | 16 778 | 7 332 | 214 | 17 |

**Overdraft facilities**

Grit Services Limited holds an overdraft facility of US$2.0million with Standard Bank (Mauritius) Limited, which is unsecured and carries interest at a rate of US Federal Funds Target Midpoint + 2.54% per annum.

# 15. Ordinary share capital, share awards and treasury shares reserve

## 15a. Ordinary share capital

| | THE GROUP AND THE COMPANY | | | |
|---|---|---|---|---|
| | 30 June 2024 Number of shares issued '000 | 30 June 2023 Number of shares issued '000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Authorised** | | | | |
| 7 500 000 000 ordinary shares of no par value (2023: 7 500 000 000 ordinary shares of no par value) | | | | |
| **Issued** | | | | |
| Ordinary shares | | | | |
| 495 092 339 ordinary shares of no par value (2023: 495 092 339 ordinary shares of no par value) | | | | |
| **Balance at the beginning of the year** | 495 093 | 495 093 | 535 694 | 535 694 |
| Shares issued during the year | - | - | - | - |
| **Balance at end of the year** | 495 093 | 495 093 | 535 694 | 535 694 |

**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 | |
|---|---|---|---|---|
| | Number of shares issued '000 | US$'000 | Number of shares issued '000 | US$'000 |
| **Balance as at 01 July 2022** | (15 134) | (16 212) | - | - |
| Re-acquired treasury shares under the share repurchase and liquidity management programme of the Group | (247) | (94) | (247) | (94) |
| **Balance as at 30 June 2023** | (15 381) | (16 306) | (247) | (94) |
| **Balance as at 01 July 2023** | (15 381) | (16 306) | (247) | (94) |
| Treasury shares issued to service Legacy long term incentive plan | 2 109 | 2 911 | - | - |
| Addition to treasury reserve | (9 000) | (98) | (9 000) | (98) |
| **Balance as at 30 June 2024** | (22 272) | (13 493) | (9 247) | (192) |

In September 2023, participants of the Group's legacy Long-Term Incentive Plan ("Legacy LTIP") exercised their rights to receive shares that had previously vested. At inception, the shares intended to service the Legacy LTIP were held by the Grit Executive Share Trust. To fulfill these obligations, 2.1 million shares were issued from the treasury reserve, equivalent to US$2.9million.

There was an addition of 9 million shares in treasury during the year equivalent to US$0.098million. Refer to note 22.

## 15c. Preference share capital

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Opening balance** | 31 596 | 29 558 | - | - |
| Preference shares dividend accrued | 634 | 2 038 | - | - |
| Settlement of pre-existing relationship as part of business combination | (32 230) | - | - | - |
| **As at 30 June** | - | 31 596 | - | - |

During the financial year 2021, the group issued 25 481 240 class B preference shares each at a par value of $1 through DIF 1 Co Limited, a wholly owned indirect subsidiary of the group to Gateway Real Estate Africa Limited ("GREA"), which was then an associate of the group. The class B shares did not carry any voting rights. The class B preference shares were entitled to a dividend at a fixed rate of 8% per annum. However, the terms of the instrument were such that the group did not have a contractual obligation to settle the preferred dividend unless shareholder loan capital, interest or ordinary shares dividends were paid to the holding company of DIF1 Co Limited that is Grit Services Limited. The preference dividends, if unpaid, were cumulative until settled. The preference shares were redeemable at the option of DIF1 Co Limited only. The preference shares had been classified as equity instruments in the group consolidated financial statements as the group did not have a contractual obligation to deliver cash to settle the instruments both in terms of the principal and the preferred dividend portion.

On 30 November 2023, the Group obtained control of GREA, which was subsequently consolidated in the Group's results. The class B preference shares held by GREA were accounted for as an investment in equity instruments at fair value. As part of the onboarding of GREA's statement of financial position into the Group, the class B preference shares were settled. Upon consolidation, the balance became an intercompany balance with GREA, requiring separate settlement from the business combination accounting.

## 15d. Perpetual preference notes

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Opening balance | 26 827 | 25 741 | - | - |
| Issue of perpetual preference note classified as equity | 16 875 | - | - | - |
| Preferred dividend accrued | 3 900 | 3 529 | - | - |
| Preferred dividend paid | (1 232) | (2 443) | - | - |
| Less: Incremental costs of issuing the perpetual preference note | (3 599) | - | - | - |
| **As at 30 June** | 42 771 | 26 827 | - | - |

The Group has two perpetual peference notes arrangements as at 30 June 2024. Included below are more details of each arrangement.

***International Finance Corporation ("IFC") Perpetual Preference Notes***

During this financial year, the Group, through one of its indirect subsidiaries, Bora Africa (Bora), has issued perpetual preference notes to the International Finance Corporation (IFC). The proceeds received by the Group from the issue amounted to US$16.8million. Below are the salient features of the notes:

- The notes attract cash coupon at a rate of 3% + Term SOFR per annum and a 3% redemption premium per annum. At its sole discretion, the Group has the contractual right to elect to capitalize the cash coupons.
- The notes do not have a fixed redemption date and are perpetual in tenor. However, if not redeemed on the redemption target date, the notes carry a material coupon step-up provision and are therefore expected to result in an economic maturity and redemption by the Group on or before those redemption target dates.

The Group has classified the notes in their entirety as equity in the statement of financial position because of the unconditional right of the Group to avoid delivering cash to the noteholder.

***Mezzanine Partners GP Proprietary Limited and Blue Peak Private Capital GP Perpetual Preference Notes***

In the financial year 2022, the Group through its wholly owned subsidiary Grit Services Limited has issued perpetual preference note to two investors Ethos Mezzanine Partners GP Proprietary Limited and Blue Peak Private Capital GP during the year. The total cash proceeds received from the two investors for the issuance of the perpetual note amounts to US$31.5million.

# 15. Ordinary share capital, share awards and treasury shares reserve (continued)

## 15d. Perpetual preference notes (continued)

Below are salient features of the notes:

- The Note has a cash coupon of 9% per annum and a 4% per annum redemption premium. The Group at its sole discretion may elect to capitalise cash coupons.
- Although perpetual in tenor, the note carries a material coupon step-up provision after the fifth anniversary that is expected to result in an economic maturity and redemption by the Group on or before that date.
- The Note may be voluntarily redeemed by the Group at any time, although there would be call-protection costs associated with doing so before the third anniversary.
- The Note if redeem in cash by the Group can offer the noteholders an additional return of not more than 3% per annum, linked to the performance of Grit ordinary shares over the duration of the Note.
- The noteholders have the option to convert the outstanding balance of the note into Grit equity shares. If such option is exercised by the noteholders, the number of shares to be issued shall be calculated based on a pre-defined formula as agreed between both parties in the note subscription agreement.

On recognition of the perpetual preference note, the Group has classified eighty five percent of the instrument that is US$26.8million as equity because for this portion of the instrument the Group at all time will have an unconditional right to avoid delivery of cash to the noteholders. The remaining fifteen percent of the instrument that is US$4.7million has been classified as debt and included as part of interest bearing borrowings. The debt portion arises because the note contains terms that can give the noteholders the right to ask for repayment of fifteen percent of the outstanding amount of the note on the occurence of some future events that are not wholly within the control of the Group. The directors believe that the probability that those events will happen are remote but for classification purposes, because the Group does not have an unconditional right to avoid delivering cash to the noteholders on fifteen percent of the notes, this portion of the instrument has been classified as liability.

The accrued dividend on the equity portion of the note has been recognised as deduction into equity that is a reduction of retained earnings.

The incremental costs directly attributable to issuing the notes (classified as equity) have been recorded as a deduction in equity, in the same equity line where the equity portion of the instrument has been recorded, so that effectively the equity portion of the instrument is recorded net of transaction costs. The incremental costs related to the issue of the IFC perpetual preference notes recorded during the year amounts to US$2.7million.

## 15e. Share awards / options

The Company has two long term incentive plans. Each of the plan has been detailed below in section 15e(i) and 15e(ii) respectively.

### 15e(i). Legacy long term incentive scheme

During the year to 30 June 2018, the Company introduced an equity-settled share based remuneration scheme for the executive directors, senior managers and key employees ("Eligible Employee(s)") called the Grit Long Term Incentive Scheme ("the GRIT Scheme"). The purpose of the GRIT Scheme is to provide a long-term performance and retention incentive scheme which aligns the interests of participants with the Company's shareholders, by motivating them, through participation, to increase the long-term growth in shareholder returns. In August 2016, the Company's subsidiary, Freedom Asset Management had implemented an equity-settled share based remuneration scheme ('the FAM scheme) in order to provide for the retention of staff within the Group following the internalisation of the asset management function into the Group. During the year ended 30 June 2018, all awards under the FAM scheme were replaced by new awards in the GRIT Scheme.

Eligible Employees are awarded shares and are advanced a notional loan equivalent to the value of the share award at the date of the award. All dividends attributable to the shares are utilised to reduce this notional loan over a five year vesting period. The notional loan bears interest equivalent to the Group's weighted average cost of debt, which is set quarterly in arrears, less attributed dividends accruing on the allocated shares. The effective option price has been determined as the outstanding notional loan balance divided by the number of shares awarded.

On the date of vesting, the Eligible Employee may elect to sell all the shares and receive a cash pay-out after settlement of the loan; sell sufficient shares to settle the loan and take transfer of the residual shares or may elect to keep the shares within the scheme, at which time the Eligible Employee will become personally liable for the outstanding loan balance attached to the shares.

The GRIT Scheme is administered by the Grit Share Trust ('the Trust') for the benefit of management and staff. The Trust is formed under the laws of Mauritius and the administration of the Trust is conducted out of Mauritius.

Movements in the number of share options outstanding and their related weighted average exercise prices at each reporting date during which the GRIT Scheme was in operation were as follows:

| | Weighted average exercise price cents | 30 June 2024 Shares '000 | Weighted average exercise price cents | 30 June 2023 Shares '000 |
|---|---|---|---|---|
| **Balance at the beginning of the year** | 89 | 3 350 | 89 | 3 350 |
| Excerised | 89 | (2 127) | – | – |
| Forfeited | 89 | (83) | – | – |
| **Balance at the end of the year** | 89 | 3 267 | 89 | 3 350 |
| Add shares vested not exercised | – | – | 140 | 2 127 |
| **Total outstanding options** | 89 | 3 267 | 109 | 5 477 |

As of 30 June 2024, none of the 3.27 million outstanding options were exercisable into the 2024 financial year, following the 30-day notification period. During the year, 0.083 million options were cancelled due to the resignation of participants, and 2.127 million vested shares from prior periods were exercised.

At 30 June 2023, out of the 3.35 million options outstanding, no options were exercisable into the 2023 financial year (following the 30 day notification period). 0.149 million options were cancelled as the participants left the employment of the Grit Group. Post balance sheet date, 2.127 million vested shares were exercised by participants.

The expiry period of the options at those dates were as follows:

| First vesting period | Weighted average exercise price cents | 30 June 2024 Shares '000 | Weighted average exercise price cents | 30 June 2023 Shares '000 |
|---|---|---|---|---|
| **2025** | 89 | 3 267 | 89 | 3 350 |
| **At end of year** | 89 | 3 267 | 89 | 3 350 |
| Add shares vested not exercised | – | – | 140 | 2 127 |
| **Total outstanding options** | 89 | 3 267 | 109 | 5 477 |

Due to the relative illiquidity of the Company's share price over the last three years, the volatility was measured as the standard deviation of expected share price returns of a similar peer group of listed property companies, and is based on a statistical analysis of daily share prices over that timeframe. The shared based payment charge recorded in respect of the above awards was US$0.05million for the year ended 30 June 2024 (2023:US$0.03million) and is equity settled.

### 15e(ii). New long-term incentive plan

The establishment of the Company new Long Term Incentive Plan ('LTIP') was approved by shareholders at the 17 June 2021 annual general meeting. The new LTIP was introduced to incentivize a group of selected key talents which the Company believes are high performers and significant contributors to the future of the larger Group. Share awards granted under the new LTIP will entitle participants to receive the Company's shares and are designed to support the Group's long-term strategic goals. These awards will be issued as conditional rights to acquire shares on a specified future date, contingent upon meeting financial and non-financial performance targets, the grantee's continued service, and adherence to minimum holding periods after vesting.

Participation in the plan is at the board's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Eligible employees may elect not to participate in the scheme.

During the year 2023, awards were granted to 49 employees, including executive directors and other key employees, under the newly established Long-Term Incentive Plan (LTIP). No payment was required upon the grant of these awards in accordance with the plan's terms. The terms and conditions of this arrangement were communicated to employees on 12 December 2022. These awards will vest upon satisfaction of service and performance conditions, as detailed in the table below, over a specified vesting period, subject to further approval by the remuneration committee. The vesting date for this batch of awards is set for 25 November 2025.

No awards were granted in the financial year 2024.

The terms of the LTIP grant the remuneration committee discretion in determining whether the awards will vest on the vesting date, regardless of whether the performance conditions have been met during the vesting period. Due to the discretion vested in the remuneration committee, the Company has valued the charge to be recognized in the income statement using the market price of the underlying shares as of the end of the reporting period. Subsequently, at each reporting date, the Company will re-evaluate the income statement charge based on the market price at that specific reporting date. This ensures that, cumulatively over the period from when employees commenced providing service to the vesting date, the income statement charge recorded equals the number of shares vested multiplied by the market price of the underlying shares at the vesting date.

# 15. Ordinary share capital, share awards and treasury shares reserve (continued)

## 15e. Share awards / options (continued)

### 15e(ii).New long-term incentive plan (continued)

**Service condition**: Employees and non-employees are within employment at the date of vesting.

**Performance conditions**: Employees and non-employees have maintained an acceptable level of performance within the company over the vesting period as determined by the board of the company in their sole discretion and that they have consistently achieved their key performance indicators as detailed in the table below.

| Financial Based Metrics | Target | Weightage |
|---|---|---|
| Total (accounting) return – measured by EPRA NAV movements between period plus dividend yield (calculated on opening NAV) | 12% | 60% |
| Total property return- i.e) portfolio performance | 3% | 10% |
| Growth in EPRA earnings per share | 2% | 5% |
| **Financial based metrics resulting %** | – | 75% |

| Non-Financial Strategic target metrics | Target | Weightage |
|---|---|---|
| EPRA Occupancy Rate | 95% | 5% |
| Staff Satisfaction Score | 75% | 5% |
| **ESG KPI's per Grit sustainability policy** | | |
| i. Reduction of carbon footprint by 2025 | 25% | 2.50% |
| ii. Improvement of building efficiency by 2025 | 25% | 2.50% |
| iii. Women in leadership positions (gender diversity) | 40% | 5.00% |
| iv. Local employee representation | 65% | 5.00% |
| **Non- Financial Strategic target metrics resulting %** | – | 25% |
| **Total** | – | 100% |

The shares issued to employees and non-employees under the new LTIP are administered by Grit Executive Share Trust II. The Group considers the trust to be a subsidiary and is therefore consolidated into the group consolidated financial statements. The shares that will be used to service the new LTIP have been acquired as part of the capital raised performed by the Company in December 2022. Those shares are currently being held as treasury shares until such time as they are vested.

In measuring the fair value of the awards, expected dividend were not incorporated into the measurement of fair value as employees are entitled to dividends throughout the vesting period. Dividends that will be declared during the vesting period but not paid until vesting would be charged to equity and will be recognized as a liability at the point in time that they are declared. On the award vesting the employees or non-employees will receive at the discretion of the remunueration committe either cash and/or shares at a price equal to the market value of the granted shares at the date of vesting. The Company does not have a past practice of settling shares-based compensation scheme in cash.

Considering the terms and conditions on which the shares were granted, the new LTIP has been accounted as an equity-settled plan.

The expense recognized for the new LTIP and further arising from equity settled share-based payment transactions in respect of employee service received during the year is US$0.03million (2023:US$0.33million).

**Movement in the year**

The table below illustrates the number of movements in shares awarded during last financial year and the current financial year.

| | Number of shares '000 |
|---|---|
| Balance as at 01 July 2022 | 5 980 |
| Awards granted during the year | 7 026 |
| Awards cancelled for leavers | (547) |
| **Outstanding at 30 June 2023** | 12 459 |
| **Balance as at 01 July 2023** | **12 459** |
| Awards granted during the year | **–** |
| Awards cancelled for leavers | **(412)** |
| **Outstanding at 30 June 2024** | **12 047** |

# 16. Redeemable preference shares

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Opening balance | | **12 849** | 12,840 | **–** | – |
| Foreign exchange loss | | **(317)** | 9 | **–** | – |
| Reclassify to held for sale disposal group | 31 | **(12 532)** | – | **–** | – |
| **As at 30 June** | | **–** | 12,849 | **–** | – |

During the year ended 30 June 2017 one of the Company's subsidiaries, Mara Delta (Mauritius) Property Limited ("Mara Delta"), issued 1,284 preference shares at US$10,000 per share to the National Pension Fund of Mauritius ("NPF"). The US$ denominated 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 Mara Delta with an 18 months notice of their intention to exercise. As at 30 June 2024, Mara Delta has not receive any notice from NPF and therefore the Group has classified the redeemable preference shares in its entirety as a non-current liability as there is no contractual cash obligation within the next 12 months.

In March 2022, an agreement was signed between NPF and Mara Delta where both parties have agreed to redenominate the 1,284 preference shares from US$ to Mauritian Rupee ("MUR"). The parties had further agreed that the redomination of the preference shares will be carried out in tranches.

During the financial year 2023, US$10.3million worth of preference shares (equivalent to 1,030 shares) have been redenominated to MUR to an equivalent amount of MUR 473million.

During this current financial year, the remaining 254 preference which represented US$2.54million has been redominated to an MUR amount of MUR116million in July 2023.

The US$ denominated portion of the preference shares bear interest at 6.25% per annum and the MUR denominated portion of the preference shares bear interest at 7.50% per annum.

The directors consider that the fair value of the preference shares approximates to their book value at 30 June 2024 and 30 June 2023 and that the put option has a negligible fair value at both of these dates.

## 17. Proportional shareholder loans

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Opening balance | | 35 733 | 26 716 | - | – |
| Interest accrued on proportional shareholder loans | | 1 032 | 1 790 | - | – |
| Proportional shareholder loans repaid | | (2 158) | (4 750) | - | – |
| Acquired as part of asset acquisition | 30b. | 20 734 | 88 | - | – |
| Acquired as part of business combination | 30a. | 763 | – | - | – |
| Settled as part of business combination | | (19 121) | – | - | – |
| Proportional shareholder loan from LLR | | - | 7 234 | - | – |
| Additional proportional shareholder loans received | | - | 4 655 | - | – |
| **As at 30 June** | | **36 983** | 35 733 | **-** | – |

During the previous financial years one of the Company's joint ventures' Mukuba Mall Limited became a subsidiary of the Group through the acquisition of Paxton Investments Limited. In Mukuba Mall Limited there are loans payable to shareholders which are in the same proportion as the shareholder's percentage holding. There is currently a loan payable to Kitwe Copperbelt Investments Limited (the external 25% shareholder of Mukuba Mall Limited which does not form part of Grit Group). From a Group perspective and for consolidation purposes, this loan payable to a party outside of the Group is not eliminated. The loan is denominated in US$, it is unsecured and interest free and repayable from the free cashflows generated from Mukuba Mall Limited. The amount owing to Kitwe Copperbelt Investments Limited is US$6.0million (2023:US$7.0million).

During the financial year 2023, the Group has disposed of 30% of its equity interest in Orbit Africa Logistics ("OAL") to Letlole La Rona Limited ("LLR"). As part of the disposal, LLR has contributed a shareholder loan of US$7.23million in proportion to its equity stake in OAL. As at 30 June 2024, the balance of the shareholder loan amounted to US$7.6million (2023: US$7.2million).

In the 2021 financial year, the Group disposed of an indirect 26.66% interest in Acacia Estate. As part of this transaction, Gateway Real Estate Africa Limited (GREA), the acquiring shareholder, initially contributed US$7.7million as their portion of the shareholder loan. This loan, denominated in US$, is unsecured, interest-free, and has no fixed repayment terms. As of 30 November 2023, the loan balance was US$6.7million (30 June 2023: US$6.3million).

Additionally, GREA holds an indirect 39.60% interest in Freedom Property Fund SARL, the beneficial owner of Anfa Mall. Through the funding vehicle DIF 1 Co Ltd, GREA has provided a shareholder loan, which amounted to US$11.8million as of 30 November 2023 (30 June 2023: US$11.9million).

Following the consolidation of GREA on 30 November 2023 (see Note 30a), the Group has eliminated a previously recognized proportional shareholder loan payable to GREA, amounting to US$18.5million.

## 18. Interest-bearing borrowings

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Non-current liabilities | | 111 635 | 318 453 | - | 6 596 |
| Current liabilities | | 389 529 | 78 282 | 6 789 | 10 885 |
| **As at 30 June** | | **501 164** | 396 735 | **6 789** | 17 481 |
| **Currency of the interest-bearing borrowings (stated gross of unamortised loan issue costs)** | | | | | |
| United States Dollars | | 404 960 | 294 114 | 6 780 | 17 430 |
| Euros | | 84 504 | 103 132 | - | – |
| Mauritian Rupees | | - | 1 025 | - | – |
| Ethiopian Birr | | 10 492 | – | - | – |
| | | 499 956 | 398 271 | 6 780 | 17 430 |
| Interest accrued | | 9 588 | 7 725 | 9 | 330 |
| Unamortised loan issue costs | | (8 380) | (9 261) | - | (279) |
| **As at 30 June** | | **501 164** | 396,735 | **6 789** | 17 481 |
| **Movement for the year** | | | | | |
| Balance at the beginning of the year | | 396 735 | 425 066 | 17 481 | 29 207 |
| Proceeds of interest bearing-borrowings | | 79 075 | 324 459 | - | 6 624 |
| Loan reduced through disposal of subsidiary | | - | (19 404) | - | – |
| Loan acquired through asset acquisition | 30b. | 10 770 | 4 369 | - | – |
| Loan acquired through business combination | 30a. | 88 240 | – | - | – |
| Reclassify to held for sale disposal group | 31 | (37 066) | – | - | – |
| Loan issue costs | | (2 658) | (7 355) | (276) | (264) |
| Amortisation of loan issue costs | | 3 539 | 3 368 | 335 | 515 |
| Foreign currency translation differences | | (1 612) | 4 761 | 1 | 651 |
| Interest accrued | | 49 510 | 40 432 | 1 518 | 2 809 |
| Interest paid during the year | | (48 453) | (38 834) | (1 840) | (3 257) |
| Debt settled during the year | | (36 916) | (340 127) | (10 430) | (18 804) |
| **As at 30 June** | | **501 164** | 396 735 | **6 789** | 17 481 |

## 18. Interest-bearing borrowings (continued)

### Analysis of facilities and loans in issue

| Lender | Borrower | Initial facility | GROUP 30 June 2024 US$'000 | GROUP 30 June 2023 US$'000 | COMPANY 30 June 2024 US$'000 | COMPANY 30 June 2023 US$'000 |
|---|---|---|---|---|---|---|
| *Financial institutions* | | | | | | |
| Standard Bank South Africa | Commotor Limitada | US$140.0m | 140 000 | 140 000 | – | – |
| Standard Bank South Africa | Zambian Property Holdings Limited | US$70.4m | 64 400 | 64 400 | – | – |
| Standard Bank South Africa | Grit Services Limited | EUR33m | 24 502 | 31 698 | – | – |
| Standard Bank South Africa | Grit Services Limited | US$3.6m | – | 3 633 | – | – |
| Standard Bank South Africa | Capital Place Limited | US$6.2m | 6 200 | 6 200 | – | – |
| Standard Bank South Africa | Casamance Holdings Limited | EUR6.5m | 7 060 | 7 198 | – | – |
| Standard Bank South Africa | Grit Accra Limited | US$6.4m | 8 400 | 8 400 | – | – |
| Standard Bank South Africa | Casamance Holdings Limited | EUR7.0m | – | 7 618 | – | – |
| Standard Bank South Africa | Casamance Holdings Limited | EUR11m | 3 257 | – | – | – |
| Standard Bank South Africa | Casamance Holdings Limited | EUR11m | 7 472 | – | – | – |
| Standard Bank South Africa | Gateway Real Estate Africa Ltd | US$ 18m | 23 000 | – | – | – |
| Standard Bank South Africa | Grit Services Limited | EUR0.5m | 576 | – | – | – |
| Standard Bank South Africa | Grit Services Limited | EUR0.4m | 452 | – | – | – |
| Standard Bank South Africa | Grit Services Limited | US$ 2.5m | 588 | – | – | – |
| Standard Bank South Africa | Grit Services Limited | US$2.02m | 2 025 | – | – | – |
| *Total Standard Bank* | | | 287 932 | 269 147 | – | – |
| State Bank of Mauritius[1] | Mara Delta (Mauritius) Property Limited | EUR22.3m | – | 24 336 | – | – |
| State Bank of Mauritius[1] | Mara Delta (Mauritius) Property Limited | MUR 72m | – | 1 025 | – | – |
| State Bank of Mauritius | Grit Real Estate Income Group Limited | Equity Bridge US$20.0m | – | 10 000 | – | 10 000 |
| State Bank of Mauritius | St Helene Clinic Co Ltd | EUR11.64m | 4 600 | – | – | – |
| State Bank of Mauritius | St Helene Clinic Co Ltd | EUR1.06m | 964 | – | – | – |
| State Bank of Mauritius | St Helene Clinic Co Ltd | EUR0.33m (capitalised) | 337 | – | – | – |
| State Bank of Mauritius | St Helene Clinic Co Ltd | EUR0.04m (capitalised) | 40 | – | – | – |
| State Bank of Mauritius | GD (Mauritius) Hospitality Investments Ltd | US$10m | 10 000 | – | – | – |
| State Bank of Mauritius | GR1T House Limited | US$ 22.5m | 22 190 | – | – | – |
| *Total State Bank of Mauritius* | | | 38 131 | 35 361 | – | 10 000 |
| Investec South Africa | Freedom Property Fund SARL | EUR36m | 30 288 | 31 570 | – | – |
| Investec South Africa | Freedom Property Fund SARL | US$8.7m | – | 2 722 | – | – |
| Investec Mauritius | Grit Real Estate Income Group Limited | US$0.5m | – | 430 | – | 430 |
| *Total Investec* | | | 30 288 | 34 722 | – | 430 |
| ABSA Bank (Mauritius) Limited | Gateway Real Estate Africa Ltd | US$10.0m | 10 000 | – | – | – |
| Total ABSA | | | 10 000 | – | – | – |
| Maubank Mauritius | Freedom Asset Management | EUR4.0m | – | 712 | – | – |
| *Total Maubank* | | | – | 712 | – | – |
| Nedbank South Africa | Warehously Limited | US$8.6m | 8 620 | 8 635 | – | – |
| Nedbank South Africa | Grit Real Estate Income Group Limited | US$7m | 6 780 | 7 000 | 6 780 | 7 000 |
| *Total Nedbank South Africa* | | | 15 400 | 15 635 | 6 780 | 7 000 |
| NCBA Bank Kenya | Grit Services Limited | US$3.9m | 3 984 | – | – | – |

| Lender | Borrower | Initial facility | GROUP 30 June 2024 US$'000 | GROUP 30 June 2023 US$'000 | COMPANY 30 June 2024 US$'000 | COMPANY 30 June 2023 US$'000 |
|---|---|---|---|---|---|---|
| NCBA Bank Kenya | Grit Services Limited | US$8.0m | 8 000 | – | – | – |
| NCBA Bank Kenya | Grit Services Limited | US$6.5m | 6 500 | 6 500 | – | – |
| NCBA Bank Kenya | Grit Services Limited | US$11.0m | 11 000 | 11 000 | – | – |
| NCBA Bank Kenya | Grit Services Limited | US$6.5m | 514 | – | – | – |
| NCBA Bank Kenya | Grit Services Limited | US$11.0m | 589 | – | – | – |
| *Total NCBA Bank Kenya* | | | 30 587 | 17 500 | – | – |
| Ethos Mezzanine Partners GP Proprietary Limited | Grit Services Limited | US$2.4m | 2 475 | 2 475 | – | – |
| Blue Peak Holdings S.A.R.L | Grit Services Limited | US$2.2m | 2 250 | 2 250 | – | – |
| *Total Private Equity* | | | 4 725 | 4 725 | – | – |
| International Finance Corporation | Stellar Warehousing and Logistics Limited | US$16.1m | 16 100 | 16 100 | – | – |
| *Total International Finance Corporation* | | | 16 100 | 16 100 | – | – |
| Housing Finance Corporation | Buffalo Mall Naivasha Limited | US$4.24m | 4 131 | 4 369 | – | – |
| *Total Housing Finance Corporation* | | | 4 131 | 4 369 | – | – |
| AfrAsia Bank Limited | Africa Property Development Managers Ltd | MUR 2.95m | 15 | – | – | – |
| *Total AfrAsia Bank Limited* | | | 15 | – | – | – |
| SBI (Mauritius) Ltd | St Helene Clinic Co Ltd | EUR11.64m | 5 159 | – | – | – |
| SBI (Mauritius) Ltd | St Helene Clinic Co Ltd | EUR0.25m | 249 | – | – | – |
| *Total SBI (Mauritius) Ltd* | | | 5 408 | – | – | – |
| Stanbic Bank Ghana Ltd | GD Appolonia Limited | US$1.5m | 1 295 | – | – | – |
| Stanbic Bank Uganda Limited | Gateway Metroplex Ltd | US$10.75m | 8 337 | – | – | – |
| Stanbic IBTC PLC Nigeria | DC One FZE | US$13.59m | 11 155 | – | – | – |
| Stanbic Bank Kenya | Gateway CCI Limited | US$25.9m | 25 640 | – | – | – |
| *Total Stanbic Bank* | | | 46 427 | – | – | – |
| Bank of Oromia | DH One Real Estate PLC | Ethiopian Birr 620m | 10 491 | – | – | – |
| *Total Bank of Oromia* | | | 10 491 | – | – | – |
| High West Capital Partners | Grit Services Limited | US$3.5m | 321 | – | – | – |
| *Total High West Capital Partners* | | | 321 | – | – | – |
| **Total loans in issue** | | | 499 956 | 398 271 | 6 780 | 17 430 |
| plus: interest accrued | | | 9 588 | 7 725 | 9 | 330 |
| less: unamortised loan issue costs | | | (8 380) | (9 261) | – | (279) |
| **As at 30 June** | | | 501 164 | 396 735 | 6 789 | 17 481 |

[1] *The facilities have now been transfered as part of liabilities of disposal group classified as held for sale. Refer to note 31.*

# 18. Interest-bearing borrowings (continued)

## Terms of the facilities (analysed by maturity date)

| Lender | Group 30 June 2024 US$'000 | Base rate | Margin | Currency | Initial Facility | Maturity date |
|---|---|---|---|---|---|---|
| *Financial Institutions* | | | | | | |
| *ACTIVE FACILITIES* | | | | | | |
| Standard Bank South Africa | **140 000** | SOFR | 5.80% | US$ | 140.0m | Jun 2027 |
| Standard Bank South Africa | **64 400** | SOFR | 5.80% | US$ | 70.4m | Jun 2027 |
| Standard Bank South Africa | **24 502** | EURIBOR - 3 month | 4.25% | EUR | 33m | Dec 2025 |
| Standard Bank South Africa | **6 200** | SOFR | 5.80% | US$ | 6.2m | Jun 2027 |
| Standard Bank South Africa | **7 060** | EURIBOR - 3 month | 5.50% | EUR | 6.5m | Jun 2027 |
| Standard Bank South Africa | **8 400** | SOFR | 5.80% | US$ | 6.4m | Jun 2027 |
| Standard Bank South Africa | **3 257** | EURIBOR - 3 month | 5.50% | EUR | 11m | Jun 2027 |
| Standard Bank South Africa | **7 472** | EURIBOR - 3 month | 5.50% | EUR | 11m | Jun 2027 |
| Standard Bank South Africa | **23 000** | SOFR | 10.76% | US$ | 18m | Apr 2025 |
| Standard Bank South Africa | **576** | EURIBOR - 3 month | 4.25% | EUR | 0.5m | Dec 2025 |
| Standard Bank South Africa | **452** | EURIBOR - 3 month | 4.25% | EUR | 0.4m | Dec 2025 |
| Standard Bank South Africa | **588** | SOFR | 4.50% | US$ | 2.5m | Dec 2025 |
| Standard Bank South Africa | **2 025** | SOFR | 4.50% | US$ | 2.02m | Dec 2025 |
| State Bank of Mauritius | **4 600** | EURIBOR - 3 month | 4.50% | EUR | 11.64m | Dec 2033 |
| State Bank of Mauritius | **964** | EURIBOR - 3 month | 4.50% | EUR | 1.06m | Jun 2028 |
| State Bank of Mauritius | **337** | Fixed | 0.00% | EUR | 0.33m (capitalised) | Dec 2033 |
| State Bank of Mauritius | **40** | Fixed | 0.00% | EUR | 0.048m (capitalised) | Jun 2028 |
| State Bank of Mauritius | **10 000** | Term SOFR - 3 month | 5.00% | US$ | 10m | Dec 2024 |
| State Bank of Mauritius | **22 190** | Term SOFR - 1 month | 4.00% | US$ | 22.5m | Oct 2035 |
| Investec South Africa | **30 288** | EURIBOR - 3 month | 5.08% | EUR | 36m | Dec 2025 |
| Absa Bank (Mauritius) | **10 000** | Term SOFR - 3 month | 4.00% | US$ | 10.0m | Jun 2024 |
| Nedbank South Africa | **8 620** | SOFR | 4.80% | US$ | 8.6m | Mar 2025 |
| Nedbank South Africa | **6 780** | SOFR | 9.65% | US$ | 7m | Sep 2024 |
| NCBA Bank Kenya | **3 984** | Term SOFR - 3 month | 6.50% | US$ | 3.9m | Jun 2024 |
| NCBA Bank Kenya | **8 000** | Term SOFR - 3 month | 6.50% | US$ | 8.0m | Jun 2024 |
| NCBA Bank Kenya | **6 500** | Term SOFR - 3 month | 6.50% | US$ | 6.5m | Jun 2024 |
| NCBA Bank Kenya | **11 000** | Term SOFR - 3 month | 6.50% | US$ | 11.0m | Jun 2024 |
| NCBA Bank Kenya | **514** | Term SOFR - 3 month | 6.50% | US$ | 6.5m | Jun 2024 |
| NCBA Bank Kenya | **589** | Term SOFR - 3 month | 6.50% | US$ | 11.0m | Jun 2024 |
| Ethos Mezzanine Partners GP Proprietary Limited | **2 475** | Fixed | 9.00% | US$ | 2.4m | Dec 2028 |
| Blue Peak Holdings S.A.R.L | **2 250** | Fixed | 9.00% | US$ | 2.2m | Dec 2028 |
| International Finance Corporation | **16 100** | Term SOFR - 6 month | 6.18% | US$ | 16.1m | Jan 2030 |
| Housing Finance Corporation | **4 131** | Fixed | 11.00% | US$ | 4.24m | Sep 2033 |
| AfrAsia Bank Limited | **15** | SBM PLR | 1.50% | US$ | 2.95m | May 2025 |
| SBI (Mauritius) Ltd | **5 159** | ESTR - 3M Cpd.Av | 4.50% | EUR | 11.64m | Dec 2031 |
| SBI (Mauritius) Ltd | **249** | Fixed | 0.00% | EUR | 0.25m | Dec 2031 |
| Stanbic Bank Ghana Ltd | **1 295** | SOFR | 6.84% | US$ | 1.5m | Jun 2027 |
| Stanbic Bank Uganda Limited | **8 337** | SOFR | 5.76% | US$ | 10.75m | Jul 2026 |
| Stanbic IBTC PLC Nigeria | **11 155** | SOFR | 6.51% | US$ | 13.59m | Sep 2027 |
| Stanbic Bank Kenya | **25 640** | Term SOFR - 3 month | 5.55% | US$ | 25.9m | Jun 2029 |
| Bank of Oromia | **10 491** | Fixed | 10.00% | ETB | 620m | Dec 2028 |
| High West Capital Partners | **321** | Fixed | 4.87% | US$ | 3.5m | Jun 2029 |
| Total debt as at 30 June 2024 | **499 956** | | | | | |

(Weighted average cost of debt for the year ended 30 June 2024: 10% (2023: 8.43%)

The Group has experienced financial challenges during the year, driven by rising finance charges and delays in receiving the GREA capital raise proceeds of US$48.5 million from the PIC as discussed in note 1.1. These factors have impacted financial covenants, notably the Loan to Value (LTV) and the Interest Cover Ratio (ICR), which, consequently, were not met on certain loans as at 30 June 2024. The next formal assessment and reporting of the covenant conditions is due on 31 October 2024, the Group proactively engaged with lenders before and after the balance sheet date regarding waivers and covenant condonements. Although it was not possible for the Group to secure all condonements and waivers by 30 June 2024 due to timing constraints in the formal approval process, it successfully obtained them after the balance sheet date and prior to the signing and approval of the financial statements. These waivers and condonements cover the period from 30 June 2024 to 30 April 2026.

IAS 1–Presentation of Financial Statements mandates the classification of long-term borrowing facilities as current where financial covenants have not been met at balance sheet date, and when covenant condonements or waivers are not received by the balance sheet date. Given the waivers and condonements were obtained after 30 June 2024, the Group did not have the unconditional right as of the balance sheet date to defer settlement for the next twelve months on the impacted borrowing facilities. Consequently, on 30 June 2024, the Group reclassified US$279.9 million of borrowing facilities from non-current to current interest-bearing borrowings. Subsequent to receiving the covenant condonements and waivers post year-end, the Group has reclassified these borrowing facilities back to non-current interest-bearing borrowings – please refer to note 13 for more information.

To improve its financial position, the Group is advancing strategic initiatives, including recycling non-core assets, optimizing costs, and increasing hedging on debt from 50% to 75%. Additionally, the completion of the GREA capital raise and the application of its proceeds toward debt reduction are expected to alleviate future covenant pressures, particularly enhancing the Group's LTV position.

# 19. Lease liabilities

Set out below are the carrying amounts of the lease liabilities and the movements during the year:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **As at 01 July** | **4 600** | 1 409 | **–** | 566 |
| Accretion of interest | **256** | 201 | **–** | 29 |
| Addition of land held under lease | **–** | 4 405 | **–** | – |
| Settlement of pre-existing relationship as part of business combination | **(3 883)** | – | **–** | – |
| Acquired through business combination | **800** | – | **–** | – |
| Payments | **(1 058)** | (1 415) | **–** | (595) |
| **As at 30 June** | **715** | 4 600 | **–** | – |
| The maturity analysis of lease liabilities is disclosed below: | | | | |
| **Maturity of lease liabilities:** | | | | |
| Current | **137** | 1 265 | **–** | – |
| Non-current can be analysed as follows: | | | | |
| Payable between 1 and 5 years | **404** | 3 335 | **–** | – |
| Payable after 5 years | **174** | – | **–** | – |
| | **715** | 4 600 | **–** | – |
| **Minimum lease payments:** | | | | |
| Payable in 1 year | **203** | 1 569 | **–** | – |
| Payable between 1 and 5 years | **530** | 3 850 | **–** | – |
| Payable after 5 years | **285** | – | **–** | – |
| | **1 018** | 5 419 | **–** | – |
| Future finance charges on lease liabilities | **(303)** | (819) | **–** | – |
| | **715** | 4 600 | **–** | – |

During the year, through the acquisition of Gateway Real Estate Africa Ltd ("GREA"), the Group has settled its office lease obligation vis-à-vis Grit House Limited ("GHO"), the lessor of the Precinct Office located in Grand Baie, Mauritius. As a result of the acquisition, GHO is now consolidated within the Group, and the lease obligation no longer exists from a group perspective.

The leases on motor vehicles have lease terms between 5 and 7 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

There are no restrictions imposed on the Group by these lease arrangements other than in respect of the specific assets being leased.

The statement of profit or loss shows the following amounts relating to leases:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Depreciation expense of right-of-use assets | **586** | 676 | **164** | 164 |
| Interest expense on lease liabilities | **256** | 201 | **–** | 29 |
| **Total amount recognised in profit or loss** | **842** | 877 | **164** | 193 |

Refer to note 3 and 5 for more details on the right of use asset of the Company and the Group.

## 20. Trade and other payables

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Trade payables | 10 058 | 6 476 | 1 178 | 1 290 |
| Accruals | 5 599 | 4 757 | 993 | 640 |
| Deposits received[1] | 2 676 | 20 873 | - | - |
| Deferred income | 5 287 | 8 836 | - | - |
| Dividends payable | 359 | 42 | 359 | 42 |
| Capital raise obligation | - | - | 51 477 | - |
| Withholding tax payable | - | 300 | 10 | 4 |
| Sundry creditors | 2 842 | 4 022 | 62 | 66 |
| Taxation and social security costs | 970 | 1 060 | 33 | 278 |
| Retention | 1 183 | - | - | - |
| **As at 30 June** | 28 974 | 46 366 | 54 112 | 2 320 |

[1] Significant movement realates to refundable deposit received by the Group previously for the Acacia disposal from GREA. Upon consolidation of GREA, this balance becomes intercompany and is elimanated on consolidation. Acacia deposit balance amounted to US$19.9million at acquisition date (2023:US$18million). Also the Group received deposit from tenants amounting to US$2.7million (2023:US$2.5million).

## 21. Derivative financial instruments

| | Maturity date | GROUP 30 June 2024 US$'000 | GROUP 30 June 2023 US$'000 | COMPANY 30 June 2024 US$'000 | COMPANY 30 June 2023 US$'000 |
|---|---|---|---|---|---|
| Interest rate collars - Standard Bank | Oct-26 | (80) | (140) | - | - |
| Interest rate collars - Standard Bank | Oct-25 | (309) | - | - | - |
| Interest rate swap - Standard Bank | Jun-27 | (595) | - | - | - |
| Cross currency swap | Apr-24 | - | (643) | - | - |
| Cross currency swap | Jun-24 | - | (641) | - | - |
| Cross currency swap | Aug-24 | (538) | (641) | - | - |
| Cross currency swap | Oct-24 | (535) | (644) | - | - |
| Cross currency swap | Apr-27 | (723) | - | - | - |
| Forward contract- Standard Bank | Apr-27 | (150) | - | - | - |
| **As at 30 June - liability** | | (2 930) | (2 709) | - | - |
| Interest rate swap - Standard Bank | Oct-23 | - | 384 | - | - |
| Interest rate collars - Standard Bank | Oct-23 | - | 712 | - | - |
| Interest rate collars - Standard Bank | Oct-23 | - | 732 | - | - |
| Interest rate collars - Standard Bank | Oct-24 | 45 | 88 | - | - |
| Interest rate collars - Standard Bank | Oct-25 | 17 | 3 | - | - |
| **As at 30 June - asset** | | 62 | 1 919 | - | - |
| **Net asset/(liability)** | | | | | |
| Opening balance | | (790) | 1 862 | - | - |
| Fair value adjustment on other financial liability through profit and loss | | (2 475) | (3 085) | - | - |
| Repayment | | 397 | 433 | - | - |
| **As at 30 June** | | (2 868) | (790) | - | - |

The interest rate derivative instruments have been executed with Standard Bank South Africa Limited. At 30 June 2024 the benchmark US$ rate for all instruments referenced the Secured Overnight Financing Rate (compounded over a 3-month period). The valuation follows the discounted cash flow model, resulting in a netted present value of payables and receivables per instrument. The valuer sources a forward curve and a discount curve independently based on its cost of funding and market rate expectations. The cross currency swaps are the sole instruments comprising a EUR leg alongside a US$ leg, with the former being fixed; and thus also adopts a EUR discount curve as part of the valuation.

During the year, two cross-currency swap contracts, originally set to mature in April 2024 and June 2024, were extended. The Group chose to replace the existing contracts with a cross-currency swap and an interest rate swap, both now carrying maturity dates of April 2027 and June 2027, respectively.

The Group does not apply hedge accounting in accordance with IFRS 9. Nevertheless, interest rate swaps, interest rate collars and cross currency swaps are part of economic hedge relationships. Interest rate swaps and Interest rate collars are used to fix the interest payments of variable debt instruments.

The split between current and non-current is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Current assets | 45 | 1 828 | - | - |
| Non-current assets | 17 | 91 | - | - |
| Current liabilities | (1 073) | (1 284) | - | - |
| Non-current liabilities | (1 857) | (1 425) | - | - |
| **As at 30 June** | (2 868) | (790) | - | - |

## 22. Other financial liabilities

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Total other financial liabilities** | | | | |
| CRO obligation liability | - | 13 358 | 17 500 | 13 358 |
| Settlement obligation liability | 17 500 | - | - | - |
| Other financial obligation | 1 386 | - | - | - |
| | 18 886 | 13 358 | 17 500 | 13 358 |
| **Reconciliation of CRO obligation liability** | | | | |
| Opening balance | 13 358 | 16 983 | 13 358 | 14 511 |
| Fair value adjustment on other financial liability through profit and loss | 2 236 | (3 625) | 2 236 | (1 153) |
| Extinguishment of liability | (15 594) | - | (15 594) | - |
| **As at 30 June** | - | 13 358 | - | 13 358 |
| **Reconciliation of Settlement obligation liability** | | | | |
| Opening balance | 16 947 | - | 16 947 | - |
| Accretion of interest | 553 | - | 553 | - |
| **As at 30 June** | 17 500 | - | 17 500 | - |
| | | | | |
| **Loss on extinguishment of other financial liabilities** | (1 353) | - | (1 353) | - |
| **Reconciliation of other financial obligation** | | | | |
| Opening balance | - | - | - | - |
| Recognition of new financial liability | 1 386 | - | - | - |
| **As at 30 June** | 1 386 | - | - | - |

In 2017, the Company facilitated a transformation initiative jointly with the PIC on behalf of South Africa's Government Employment Pension Fund (GEPF). The transformation initiative was to jointly provide guarantees in order to allow Drive in Trading Proprietary Limited ("DiT") to raise cost effective debt facilities to subscribe for shares in the Company. 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% of any losses suffered by the PIC (up to a maximum of US$17.5million) resulting from PIC's potential liability under its Contingent Repurchase Obligation ("CRO").

The primary security for DiT's financier was the CRO for an amount of US$35million between the PIC and DiT's financier whereby, in the event of default of the DiT, the PIC would be obliged to purchase the loan from the financier at cost, up to a maximum amount of US$35million. On expiry of DiT's loan on or around 14 August 2020, DiT failed to repay its financier following which the CRO was enforced, on 24 August 2020 PIC purchase DiT's debt and became the current financier on record.

## 22. Other financial liabilities (continued)

In November 2022, the Company, PIC and DiT signed an Addendum to the Guarantee Agreement along with an implementation agreement that would enable the Company to take ownership of a proportionate number of Grit shares owned by DiT in exchange for Grit paying US$17.5million to GEPF under the Guarantee Agreement. The formula to determine the proportionate entitlements to DiT's shares in Grit is defined as 23 250 000 ordinary shares x US$17.5million/DiT outstanding loan balance at implementation date, capped at 11.6million ordinary Shares ("DiT Security Shares").

In September 2023, the parties signed a second addendum to the Implementation Agreement to create an effective date, the addendum outlined several conditions precedent (CPs) that needed to be fulfilled before the restructuring could proceed. These CPs were met, and on 15 November 2023, PIC confirmed that all required documentation had been received, making the agreement effective.

On 4 June 2024, the Company concluded and announced the unwinding of the DiT structure. PIC added its entitlement of DiT security shares to its existing holdings, while the Company acquired 9 million shares through its share buy back program, which were recorded as treasury shares. An additional 0.8 million shares remained in DiT's brokerage account as of 30 June 2024, pending transfer. As part of the arrangement, the Company was contractually entitled to repurchase its shares at a pre-determined price of US$0.01 per share.

As of 30 June 2024, the Company has an outstanding obligation of US$17.5million toward PIC.

The Company extinguished the original financial liability related to the CRO and recognized a new financial liability due to the change in the nature of the obligation. Initially, the CRO was measured at fair value through profit or loss, reflecting changes in the Company's exposure based on the value of the underlying shares. As of 30 June 2023, this liability was US$13.3million.

Upon evaluating the arrangement against IFRS 17, it has been concluded that the contractual obligation does not meet the criteria for an insurance contract. The obligation relates to the settlement of a financial commitment based on share price performance, rather than an uncertain insurance event. Therefore, the obligation has been treated as a financial liability in accordance with IFRS 9.

On 15 November 2023, The CRO obligation was re-measured and due to a decrease in Grit's share price, the CRO obligation has increased to US$15.5million, with a fair value loss of US$2.2million (2023: Fair value gain of US$3.6million).

Upon the confirmation of the effective date, the Company reclassified the liability from fair value through profit or loss to amortized cost, as it became a fixed payable amount of US$17.5million, due on 31 March 2024. This reclassification was treated as a derecognition of the original liability and recognition of a new liability at amortized cost. On initial recognition, the new instrument was measured at fair value of US$16.9million and subsequently carried at amortised cost. The loss on extinguishment, amounting to US$1.3million, was recognized on the income statement under "Loss on extinguishment of other financial liabilities and borrowings."

## 23. Gross property income

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Contractual rental income | 51 755 | 46 767 | - | - |
| Retail parking income | 1 730 | 1 683 | - | - |
| Straight-line rental income accrual (note 4) | 2 685 | 977 | - | - |
| Other rental expense (lease incentives) | (473) | (104) | - | - |
| Gross rental income | 55 697 | 49 323 | - | - |
| Asset Management Fees | 1 525 | 1 187 | - | - |
| Recoverable property expenses | 6 755 | 5 739 | - | - |
| **Gross property income** | 63 977 | 56 249 | - | - |

None of the revenue recognised in the current year reporting period relates to carried forward contract liabilities and to performance obligations that were satisfied in a prior year.

Contractual rental income included within deferred revenue in the prior year has been fully recognised as revenue in the current year.

Contractual rental income and retail parking income recognition are governed by lease agreement and are within the scope of IFRS 16.

Straight-line rental income arises as a direct consequence of applying the requirement of IFRS 16, that is, spreading of rental income over the lease term on a straight line basis.

The recoverable property expenses were recognised in the group income statement in accordance with the delivery of services. In line with IFRS 15 Revenue from Contracts with Customers, the Group recognised a total US$6.7million (2023: US$5.7million) of recoverable property expenses which relates to expenditure that is directly recoverable from tenants, within gross property and other income.

## 24. Profit / (loss) from operations

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Profit / (loss) from operations for each period is stated after (crediting)/ charging:** | | | | |
| Other income | (345) | (286) | - | (69) |
| - Asset management fees received | (115) | - | - | (69) |
| - Other income | (230) | (286) | - | - |
| Amortisation and impairment of intangible assets - included in administrative expenses (note 6) | 290 | 265 | - | 11 |
| Depreciation of property, plant and equipment (note 5) | 814 | 840 | 244 | 244 |
| Employee benefit expense: | | | | |
| - Executive directors' salaries and bonus | 868 | 1 803 | - | - |
| - Executive directors' other benefits | 101 | 136 | - | - |
| - Wages and salaries | 7 905 | 7 600 | 13 | 17 |
| Acquisition costs not capitalised | - | 1 268 | - | 585 |
| Set-up costs | - | 438 | - | 18 |
| Letting commissions amortised during the year | - | 204 | - | - |
| Audit fees | 2 600 | 2 135 | 1 066 | 594 |
| Non-audit services performed by PwC | 163 | 1 | - | - |
| Non-executive directors' fees | 567 | 594 | 567 | 594 |
| Asset and property management fees | 146 | 404 | - | - |

In the current financial year, PwC provided the following non-audit services to the Group:

**Subscription to PwC's Online Manual of Accounting:**
The Group subscribed to PwC's accounting guidance platform to ensure compliance with evolving IFRS standards and accounting practices.

**Issuance of a 'No Significant Change' Report:**
PwC issued a 'No Significant Change' report to facilitate the transfer of Bora Group to GREA. This report was required to support the Group's restructuring process.

**Visa Certification for Moroccan Subsidiary:**
PwC Morocco was engaged to issue a visa certification for the Group's Moroccan subsidiary. This certification confirmed the reconciliation of quarterly declaration data, unpaid invoices, and related documents, ensuring compliance with local regulatory requirements for 2024.

**Prior Year Non-Audit Service:**
In the previous financial year, the Group engaged PwC for a subscription to the PwC Manual of Accounting, providing access to up-to-date IFRS guidance.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Directors' emoluments** | | | | |
| **Executive directors emoluments** | | | | |
| **Bronwyn Corbett** | 623 | 1 212 | - | - |
| Basic salary | 538 | 538 | - | - |
| Performance bonus | - | 539 | - | - |
| Other benefits[1] | 85 | 110 | - | - |
| Directors fees received from associates | - | 25 | - | - |
| **Leon van de Moortele**[2] | 241 | 752 | - | - |
| Basic salary | 227 | 389 | - | - |
| Performance bonus | - | 337 | - | - |
| Other benefits[1] | 14 | 26 | - | - |
| **Gareth Schnehage**[3] | 106 | - | | |
| Basic salary | 104 | - | - | - |
| Other benefits[1] | 2 | - | - | - |
| Total executive directors' emoluments | 970 | 1 964 | - | - |

## 24. Profit / (loss) from operations (continued)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Total executive directors - emoluments by category** | | | | |
| Basic salary | 869 | 927 | - | - |
| Performance bonus | - | 876 | - | - |
| Other benefits[2] | 101 | 136 | - | - |
| Directors fees received from associates | - | 25 | - | - |
| Total executive directors' emoluments | 970 | 1 964 | - | - |

[1] *Other Benefits include car allowance, school allowance, insurance and housing allowance.*
[2] *Leon van de Moortele has resigned as Chief Financial Officer and executive director on 27 February 2024.*
[3] *Gareth Schnehage has been appointed as Chief Financial Officer and executive director on 27 February 2024.*

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Non-executive directors** | | | | |
| Fees were paid to the following directors: | | | | |
| Peter Todd | 122 | 126 | 122 | 126 |
| David Love | 104 | 101 | 104 | 101 |
| Sir Samuel Jonah[1] | 29 | 65 | 29 | 65 |
| Jonathan Crichton | 65 | 65 | 65 | 65 |
| Nomzamo Radebe[2] | - | 70 | - | 70 |
| Cross Kgosidiile | 56 | 54 | 56 | 54 |
| Catherine McIlraith | 100 | 100 | 100 | 100 |
| Lynette Finlay | 59 | 14 | 59 | 14 |
| Nigel Nunoo[3] | 31 | - | 31 | - |
| Total non-executive directors' fees | 566 | 595 | 566 | 595 |
| Total directors' emoluments | 1 536 | 2 559 | 566 | 595 |

[1] *Sir Samuel Jonah has resigned from the board of directors on 19 December 2023*
[2] *Nomzamo Radebe has resigned from the board of directors on 05 June 2023*
[3] *Nigel Nunoo has been appointed on the board of directors on 19 December 2023*

| | | | GROUP | | COMPANY | |
|---|---|---|---|---|---|---|
| **Share options- Legacy Long Term Incentive Plan** | Vesting Date | Option strike price US$ | 30 June 2024 Number of options '000 | 30 June 2023 Number of options '000 | 30 June 2024 Number of options '000 | 30 June 2023 Number of options '000 |
| **Bronwyn Corbett** | | | | | | |
| Opening balance of share options | | | 1 281 | 1 281 | - | - |
| - 2020 award | 30 April 2025 | 0.89 | 1 281 | 1 281 | - | - |
| Options vested during the year | | | - | - | - | - |
| Closing balance of share options | | 1.40 | 1 281 | 1 281 | - | - |
| - 2020 award | 30 April 2025 | 0.89 | 1 281 | 1 281 | - | - |
| **Leon van de Moortele**[1] | | | | | | |
| Opening balance of share options | | | | | | |
| - 2020 award | 30 April 2025 | 0.89 | - | 925 | - | - |
| Options vested during the year | | 1.40 | - | 925 | - | - |
| Closing balance of share options | | | - | 925 | - | - |
| - 2020 award | 30 April 2025 | 0.89 | - | 925 | - | - |

[1] *Leon van de Moortele has resigned as Chief Financial Officer and executive director on 27 February 2024.*

| | | | GROUP | | COMPANY | |
|---|---|---|---|---|---|---|
| **New Long term incentive plan** | Vesting Date | Option strike price US$ | 30 June 2024 Number of options '000 | 30 June 2023 Number of options '000 | 30 June 2024 Number of options '000 | 30 June 2023 Number of options '000 |
| **Bronwyn Corbett** | | | | | | |
| Opening balance of awards | | | 2 637 | 1 442 | - | - |
| - 2022 awards | 17 December 2024 | 0.52 | 1 442 | 1 442 | - | - |
| - 2023 awards | 29 November 2025 | 0.36 | 1 195 | - | - | - |
| Awards granted during the year | | | - | 1 195 | - | - |
| Closing balance of awards | | | 2 637 | 2 637 | - | - |
| - 2022 awards | 17 December 2024 | 0.52 | 1 442 | 1 442 | - | - |
| - 2023 awards | 29 November 2025 | 0.36 | 1 195 | 1 195 | - | - |
| **Leon van de Moortele** | | | | | | |
| Opening balance of awards | | | 1 826 | 962 | - | - |
| - 2022 awards | 17 December 2024 | 0.52 | 962 | 962 | - | - |
| - 2023 awards | 29 November 2025 | 0.36 | 864 | - | - | - |
| Awards granted during the year | | | - | - | - | - |
| Closing balance of awards | | | 1 826 | 1 826 | - | - |
| - 2022 awards | 17 December 2024 | 0.52 | 962 | 962 | - | - |
| - 2023 awards | 29 November 2025 | 0.36 | 864 | 864 | - | - |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Key management remuneration** | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Key Management**[1] | 2 410 | 4 130 | - | - |
| Basic salary | 2 169 | 2 615 | - | - |
| Performance bonus | 50 | 1 076 | - | - |
| Other benefits[2] | 191 | 439 | - | - |
| Total key management remuneration (2024: 15 employees, 2023: 12 employees) | 2 410 | 4 130 | - | - |

[1] *Key Management for the year were: Bronwyn Corbett, Leon Van De Moortele, Gareth Schnehage, Moira Van Der Westhuizen, Aurelie Mallac, Hugo Jordaan, Gregory Pearson, Krishnen Kistnen, Andre Janari, Shevira Bissessor, Craig Glutz, Bevan Smith, Andries Smit, Darren Veenhuis and Donald Borthwick.*

*Bronwyn Corbett, Gareth Schnehage and Leon van de Moortele are also key management personel and their remunerations have been dislcosed in the Directors' emoluments section of this note.*

*Leon van de Moortele resigned on 27 February 2024 and ceased to be considered key management personnel from that date.*

## 24. Profit / (loss) from operations (continued)

| Share options- Legacy Long Term Incentive | Vesting Date | Option strike price US$ | GROUP 30 June 2024 Number of options '000 | GROUP 30 June 2023 Number of options '000 | COMPANY 30 June 2024 Number of options '000 | COMPANY 30 June 2023 Number of options '000 |
|---|---|---|---|---|---|---|
| **Key Management** | | | | | | |
| Opening balance of share options | | | 660 | 660 | - | - |
| - Initial award | 30 June 2021 | 1.40 | - | - | - | - |
| - 2017 award | 30 June 2022 | 1.40 | - | - | - | - |
| - 2020 award | 30 April 2025 | 0.89 | 660 | 660 | - | - |
| Movement due to changes in key management personnel | | | - | - | - | - |
| Options vested but not exercised during the year | | | - | - | - | - |
| Options cancelled | | | - | - | - | - |
| Closing balance of share options | | | 660 | 660 | - | - |
| - Initial award | 30 June 2021 | 1.40 | - | - | - | - |
| - 2017 award | 30 June 2022 | 1.40 | - | - | - | - |
| - 2020 award | 30 April 2025 | 0.89 | 660 | 660 | - | - |

| New Long term incentive plan | Vesting Date | Option strike price US$ | GROUP 30 June 2024 Number of options '000 | GROUP 30 June 2023 Number of options '000 | COMPANY 30 June 2024 Number of options '000 | COMPANY 30 June 2023 Number of options '000 |
|---|---|---|---|---|---|---|
| **Key Management** | | | | | | |
| Opening balance of awards | | | 5 516 | 2 269 | - | - |
| - 2022 awards | 17 December 2024 | 0.52 | 2 269 | 2 269 | - | - |
| - 2023 awards | 29 November 2025 | 0.36 | 3 247 | - | - | - |
| Movement due to changes in key management personnel | | | (139) | - | - | - |
| Awards during the year | 29 November 2025 | 0.36 | - | 3 247 | - | - |
| Closing balance of awards | | | 5 377 | 5 516 | - | - |
| - 2022 awards | 17 December 2024 | 0.52 | 2 269 | 2 269 | - | - |
| - 2023 awards | 29 November 2025 | 0.36 | 3 108 | 3 247 | - | - |
| **Employee costs** | | | | | | |
| Staff costs, including those of directors: | | | | | | |
| Wages and salaries | | | 6 368 | 5 965 | - | - |
| Other benefits | | | 989 | 654 | - | - |
| | | | 7 357 | 6 619 | - | - |

## 24a. Transaction costs

The Group's transaction costs for the year amounted to US$8.8million, representing a significant increase from the US$2.1million incurred in the previous financial year. This increase reflects the essential investments required to execute the Group's restructuring efforts under the Grit 2.0 strategy, along with costs associated with aborted projects.

The incurred costs include one-off setup expenses and legal fees, necessary to position the Group for sustainable income generation and operational efficiencies over the medium term. As part of its strategic plan, the Group is aligning assets into sector-focused subsidiaries, creating a leaner and more agile operating model that will optimize growth and long-term value.

Additionally, the previous year's US$2.1million in transaction costs arose from fund-related commitments to GREA, driven by a temporary misalignment between capital calls issued by GREA and the timing of fund transfers from the Group to GREA. The current year's costs, therefore, represent a continuation of these complex capital management activities, ensuring the Group's ability to meet its financial and strategic obligations seamlessly throughout the restructuring process.

## 25. Net impairment/ (reversal) of financial assets

| | Note | GROUP 30 June 2024 US$'000 | GROUP 30 June 2023 US$'000 | COMPANY 30 June 2024 US$'000 | COMPANY 30 June 2023 US$'000 |
|---|---|---|---|---|---|
| Loss allowances | | | | | |
| **Total loss allowance recognised/ (reversal) in the income statement** | | | | | |
| Loss allowance on trade debtors (Operational) | | 2 293 | 1 422 | - | - |
| Loss allowance on lease incentive (Operational) | | (170) | (389) | - | - |
| Loss allowance on other loans receivable (Non Operational) | | 673 | 6 160 | - | - |
| Loss allowance on other financial assets (Non Operational) | | 421 | (2 542) | - | (2 700) |
| Loss allowance on related party loans receivable (Non Operational) | | - | (783) | 1 283 | (22 817) |
| Total loss allowance | | 3 217 | 3,868 | 1 283 | (25 517) |
| **Expected credit loss on trade debtors** | | | | | |
| Opening balance at the beginning of the year | | 5 682 | 4 782 | - | - |
| Loss allowance provided during the year (ECL) | | 2 293 | 1 422 | - | - |
| Write-off | | - | (604) | - | - |
| Foreign currency translation differences | | (61) | 82 | - | - |
| Total loss allowance at the end of the year | 13 | 7 914 | 5 682 | - | - |
| **Expected credit loss on lease incentives** | | | | | |
| Opening balance at the beginning of the year | | 545 | 940 | - | - |
| Loss allowance provided during the year (ECL) | | (170) | (389) | - | - |
| Foreign currency translation differences | | (3) | (6) | - | - |
| Total loss allowance at the end of the year | 3 | 372 | 545 | - | - |
| **Expected credit loss on other financial assets** | | | | | |
| Opening balance at the beginning of the year | | 3 470 | 6,012 | - | 2 700 |
| Loss allowance provided during the year (ECL) | | 421 | (2 542) | - | (2 700) |
| Total loss allowance at the end of the year | 13 | 3 891 | 3 470 | - | - |
| **Expected credit loss on related party loans receivable** | | | | | |
| Opening balance at the beginning of the year | | 166 | 949 | 14 979 | 37 796 |
| Loss allowance provided during the year (ECL) | | - | (783) | 1 283 | (22 817) |
| Total loss allowance at the end of the year | 9 | 166 | 166 | 16 262 | 14 979 |
| **Expected credit loss on other loans receivable** | | | | | |
| Opening balance at the beginning of the year | | 8 674 | 2 514 | - | - |
| Loss allowance provided during the year (ECL) | | 673 | 6 160 | - | - |
| Total loss allowance at the end of the year | 11 | 9 347 | 8 674 | - | - |
| **Expected credit loss - Total** | | | | | |
| Opening balance at the beginning of the year | | 18 537 | 15 197 | 14 979 | 40 496 |
| Loss allowance provided during the year (Operational) | | 2 123 | 1 033 | - | - |
| Loss allowance provided during the year (Non Operational) | | 1 094 | 2 835 | 1 283 | (25 517) |
| Write-off | | - | (604) | - | - |
| Foreign currency translation differences | | (64) | 76 | - | - |
| Total loss allowance at the end of the year | | 21 690 | 18 537 | 16 262 | 14 979 |

All material financial assets remain in Stage 1 of the impairment model. There have been no significant receivables transferred between stages during the year.

The expected credit loss on cash and cash equivalents and accrued income are immaterial.

## 26. Interest income

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Bank interest receivable | – | 1 | – | – |
| Finance lease interest income | 114 | – | – | – |
| Interest on loans to partners[1] | 2 683 | 3 379 | – | – |
| Interest on loans from related parties | 1 833 | 509 | 4 728 | 11 850 |
| Interest on property deposits paid | 178 | 117 | – | – |
| Interest on tenant rental arrears and penalty interest | 49 | 90 | – | – |
| Interest income other | 25 | – | – | – |
| | 4 882 | 4 096 | 4 728 | 11 850 |

[1] *The interest income on loans to partners arises on the loans referred to in note 11.*

## 27. Finance costs

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Interest-bearing borrowings - financial institutions | 48 312 | 36 282 | 1 518 | 2 809 |
| Interest on unwinding of financial liability | 553 | – | 553 | – |
| Early settlement charges | 1 198 | 121 | – | – |
| Amortisation of loan issue costs | 3 539 | 3 368 | 335 | 515 |
| Preference share dividends | 962 | 828 | – | – |
| Interest on derivative instrument[1] | (2 449) | (3 171) | – | – |
| Interest on lease liabilities | 256 | 201 | – | 29 |
| Interest on loans to proportional shareholders | 1 032 | 1 790 | – | – |
| Interest on bank overdraft | 133 | 92 | – | – |
| Other interest payable | – | 71 | – | – |
| | 53 536 | 39 582 | 2 406 | 3 353 |

[1] *The Group includes the net interest income from its derivative instruments within finance costs. Although hedge accounting is not applied, these instruments were contracted as an economic hedge to mitigate the impact of unfavorable movements in interest rates*

## 28. Taxation

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Major components of the taxation expense** | | | | | |
| Current taxation | | 1 164 | 1 993 | 26 | 13 |
| Deferred taxation | 12 | (2 296) | 2 232 | – | – |
| | | (1 132) | 4 225 | 26 | 13 |
| **Reconciliation of the taxation expense** | | | | | |
| Loss before tax | | (90 074) | (21 348) | (98 126) | (87 817) |
| Statutory taxation expense/(credit) at 15% (all years) | | (13 511) | (3 202) | (14 719) | (13 173) |
| Tax effect of adjustments to taxable income: | | | | | |
| Non-taxable income | | (12 345) | (497) | – | – |
| Non-deductible expenditure | | 9 893 | 2 149 | 14 080 | 13 035 |
| Under provision in the previous year | | (5 968) | (7 767) | 26 | 12 |
| Withholding tax | | | – | – | – |
| Foreign tax credit | | 199 | 182 | – | – |
| Deferred tax asset not provided for | | 14 712 | 11 435 | 639 | 139 |
| Investment tax credit | | | – | – | – |
| Minimum tax | | 363 | 195 | – | – |
| Effect of different tax rates and consolidation adjustments | | 5 525 | 1 730 | – | – |
| Effective taxation (income)/expense at 1.3% (2023: -19.79%) | | (1 132) | 4 225 | 26 | 13 |

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. 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 tax due at the 15% rate on foreign source income. A partial income exemption of 80% has been introduced and shall apply to interest income and foreign dividend income subject to meeting substance conditions. The claim for partial income exemption can only be availed if the actual foreign tax credit has not been claimed.

The taxation rates applicable in the other operating jurisdictions of the Group for all years are as follows:

| | |
|---|---|
| - Mozambique | 32% |
| - Ethiopia | 30% |
| - British Virgin Islands | 0% |
| - Mali | 30% |
| - Uganda | 30% |
| - Morocco | 31% |
| - Kenya | 30% |
| - Zambia | 35% |
| - Ghana | 25% |
| - South Africa | 28% |
| - Senegal | 30% |

Tax losses arising in Mauritian companies are available for set off against their future profits over a maximum period of 5 years in accordance with the provisions of the Mauritian Income Tax Act 1995 as amended. Amounts available as at the end of each financial year were as follows:

| | | GROUP | | | | COMPANY | |
|---|---|---|---|---|---|---|---|
| | | 30 June 2024 | | 30 June 2023 | | 30 June 2024 | 30 June 2023 |
| Arising in financial year to: | Expiry year | Mauritius US$'000 | Outside Mauritius US$'000 | Mauritius US$'000 | Outside Mauritius US$'000 | US$'000 | US$'000 |
| 30 June 2018 | 30 June 2023 | – | – | 1 382 | 2 184 | – | – |
| 30 June 2019 | 30 June 2024 | 9 986 | 3 430 | 1 145 | 6 610 | – | – |
| 30 June 2020 | 30 June 2025 | 3 250 | 9 331 | 1 284 | 9 361 | – | – |
| 30 June 2021 | 30 June 2026 | 15 296 | 8 413 | 10 967 | 7 750 | – | – |
| 30 June 2022 | 30 June 2027 | 21 034 | 17 053 | 10 932 | 16 041 | – | – |
| 30 June 2023 | 30 June 2028 | 13 743 | 8 646 | 14 377 | 8 687 | – | – |
| 30 June 2024 | 30 June 2029 | 17 713 | 18 735 | – | – | – | – |
| Carried forward for more than five years | | – | – | – | – | – | – |
| Carried forward indefinitely | | 8 616 | 24 933 | 8 363 | 20 381 | – | – |
| | | 89 638 | 90 541 | 48 450 | 71 014 | – | – |

The amount of group tax losses for which no deferred tax assets (note 12) have been provided amounts to US$71.3million (2023: US$50.2million)

As of 30 June 2024, the Group is subject to income taxes in multiple jurisdictions. The Group has various tax positions that are subject to interpretation under the tax laws of those jurisdictions. Due to the complexity of those regulations and the potential differences in interpretation, certain tax positions may give rise to uncertainties regarding the ultimate tax liability.

The OECD Pillar Two model rules apply to multinational enterprises that have consolidated revenues (which, as defined by the OECD, include any form of income and are therefore not limited to revenue recognised in accordance with IFRS 15) of €750million in at least two out of the last four years. The Group currently does not meet and is not expected to meet in the near future the revenue threshold. Hence the provision of the OECD Pillar Two does not apply to the Group.

## 29. Basic and diluted (losses) / earnings per ordinary share

| | Losses attributable | | Weighted average number of shares | | Cents per share | |
|---|---|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 '000 | 30 June 2023 '000 | 30 June 2024 US$ Cents | 30 June 2023 US$ Cents |
| **GROUP** | | | | | | |
| Losses earnings per share - Basic | **(84 496)** | (23 631) | **483 657** | 482 250 | **(17.47)** | (4.90) |
| Losses earnings per share - Diluted | **(84 496)** | (23 631) | **483 657** | 482 250 | **(17.47)** | (4.90) |

| Reconciliation of weighted average number of shares in issue (net of unvested treasury shares) | GROUP | |
|---|---|---|
| | 30 June 2024 '000 | 30 June 2023 '000 |
| Ordinary shares in issue at start of year | **495 093** | 495 093 |
| Unvested treasury shares at start of year | **(12 949)** | (12 702) |
| Total shares in issue at start of year | **482 144** | 482 391 |
| Effect of shares issued in the year | **-** | - |
| Effect of treasury shares acquired in the year | **(99)** | (141) |
| Effect of treasury shares exercised in the year | **1 612** | - |
| **Weighted average number of shares at end of year - basic** | **483 657** | 482 250 |
| **Weighted average number of shares at end of year - diluted** | **483 657** | 482 250 |

## 30. Acquisition of subsidiaries (Business combinations and asset acquisitions) and transaction with non-controlling interest

### 30a. Business combination

On 30 November 2023, the Group obtained control of Gateway Real Estate Africa Ltd ("GREA") and Africa Development Managers Ltd ("APDM"). These entities were previously classified as joint ventures and have now been reclassified as subsidiaries following amendments made to their respective shareholder agreements. The acquisitions were treated as two separate business combinations. Control was achieved through changes to the contractual terms, rather than through an exchange of additional consideration.

Control of GREA extends beyond the parent company to include the GREA Group, encompassing GREA, its subsidiaries, joint ventures, and associates. This acquisition allows the Group to consolidate GREA's entire network of real estate investments, enhancing the Group's strategic presence across key markets.

For further details on the judgements applied by the Group in determining control over GREA and APDM, please refer to the significant judgements section of the financial statements.

GREA and APDM are both non-listed entities based in Mauritius:

- GREA Group: A real estate development company specializing in turnkey solutions for multinational corporates and retailers, operating across Africa.
- APDM: The asset and development manager for GREA, overseeing the Group's property development and management activities.

These acquisitions align with the Group's Grit 2.0 strategy, expanding its property development and management operations across Africa. The integration enables the Group to engage in end-to-end real estate solutions, from construction to leasing and disposal, with a focus on industrial, embassy accommodation, and data center properties. The objective is to accelerate net asset value growth in the coming years.

From the date of acquisition, the GREA Group and APDM contributed to the Group's financial performance as follows:

| Entity | Profit/(loss) After Tax US$'000 | Revenue US$'000 |
|---|---|---|
| GREA Group | 10 831 | 5 633 |
| APDM | (3 727) | 1 637 |

The table below presents the financial performance of the Group for the year ended 30 June 2024, assuming that the acquisitions of GREA Group and APDM had occurred from 01 July 2023.

| Entity | Loss After Tax US$'000 | Revenue US$'000 |
|---|---|---|
| Grit Group (including GREA Group) | (95 611) | 67 598 |
| Grit Group (including APDM) | (82 926) | 71 672 |

The Group has elected to measure the non-controlling interest in GREA and APDM at the proportionate share of the acquiree's net identifiable assets.

The acquisition of GREA Group resulted in nil goodwill, as the fair value of the net identifiable assets acquired equaled the consideration transferred.

In contrast, the acquisition of APDM resulted in goodwill of US$2.2million. This goodwill reflects the benefits expected to arise from the integration of APDM's expertise in development and asset management with the Group's existing operations. The goodwill is primarily attributable to:

- Operational synergies, including cost savings and enhanced efficiencies.
- Increased development capacity and project management capabilities brought by APDM's skilled workforce.
- Enhanced market presence, allowing the Group to strengthen its property development pipeline and improve service delivery.

### 30a(i) Remeaurement of previously held equity interests to fair value and consideration transferred for the business combinations

Prior to the step acquisition, GREA and APDM were classified as investments in joint ventures and accounted for using the equity method in both the separate financial statements of the Company and the Group's consolidated financial statements. As part of the acquisition, the Group remeasured the previously held equity interests in GREA and APDM at fair value, with the resulting losses recognized in the income statement under "Fair value loss on revaluation of previously held interests".

The following table summarizes the remeasurement to fair value and the losses recognised:

| Investment | Equity Accounted Carrying Amount[1] US$'000 | Fair value US$'000 | Loss recognised US$'000 |
|---|---|---|---|
| GREA Group | 107 049 | 94 050 | (12 999) |
| APDM | 33 610 | 22 735 | (10 875) |
| **Total** | 140 659 | 116 785 | (23 874) |

[1] Refer to note 7 for further reconciliation of the equity accounted carrying amounts of GREA and APDM.

For the purpose of the step acquisition, the fair value of the previously held equity interests in GREA and APDM was treated as part of the consideration transferred in the calculation of goodwill.

Prior to the acquisition, contractual relationships existed between:

- The Group and GREA Group
- The Group and APDM

These relationships primarily involved receivable and payable balances between the entities. Upon acquisition, IFRS 3 requires that such pre-existing relationships be settled between the acquirer and acquiree. The settlement of these relationships was accounted for separately from the business combination. As a result, the consideration transferred was adjusted to reflect the balances settled as of the acquisition date.

The following table presents the fair value of previously held equity interest, settlement of pre-existing relationship and total consideration transferred for the acquisition of the GREA Group and APDM.

| Investment | Fair value US$'000 | Settlement of Pre-Existing Relationships US$'000 | Total Consideration transferred US$'000 |
|---|---|---|---|
| GREA Group | 94 050 | (78 998) | 15 052 |
| APDM | 22 735 | 59 | 22 794 |
| **Total** | 116 785 | (78 939) | 37 846 |

# 30. Acquisition of subsidiaries (Asset Acquisition) (continued)

## 30a(ii) Non-controlling interest acquired

The Group elected to measure non-controlling interest in GREA Group and APDM based on the proportionate share of the net identifiable assets acquired. The non-controlling interest at the acquisition date was 53.67% for GREA and 21.05% for APDM. These percentages were applied to the net assets acquired of each entity before the settlement of pre-existing relationships. The gross net assets of GREA and APDM before settlement of pre-existing relationship amounted to US$205million and US$25.9million respectively.

Upon acquisition, GREA Group held investments in TC Maputo, Moz Delta, and Cognis, which were previously treated as associates and equity accounted in GREA's books. However, in the Group's consolidated financial statements, these entities were already classified as subsidiaries, as the Group exercised control over them.

Following the acquisition of GREA, the Group's effective shareholding in TC Maputo, Moz Delta, and Cognis increased, resulting in a reduction in non-controlling interest. The transaction was treated as an in-substance purchase of NCI, meaning the fair value of GREA's investments in these associates was not recognized as separate identifiable assets. Instead, the reduction in non-controlling interest was reflected in the Group's financial statements.

The table below summarises the non-controlling interest acquired by the Group on acquisition date:

| Investment | Non-controlling interest acquired US$'000 | Fair value US$'000 | Loss recognised US$'000 |
|---|---|---|---|
| GREA Group | 111 015 | (13 515) | 97 500 |
| APDM | 5 471 | – | 5 471 |
| **Total** | 116 486 | (13 515) | 102 971 |

## 30a(iii) Acquisition accounting

Details of the assets and liabilities acquired and goodwill calculation have been included below.

| | Note | Gateway Real Estate Africa Ltd Fair value recognised on acquisition US$'000 | Africa Property Development Managers Ltd Fair value recognised on acquisition US$'000 | Total US$'000 |
|---|---|---|---|---|
| **Assets acquired** | | 30 November 2023 | 30 November 2023 | **30 November 2023** |
| Investment property | | 141 768 | – | **141 768** |
| Property, plant and equipment[1,2] | | 10 259 | 1 705 | **11,964** |
| Other investments[2] | | 1 169 | 21 348 | **22 517** |
| Intangible assets | | – | 6 | **6** |
| Investments in joint ventures | | 38 388 | – | **38 388** |
| Finance lease receivable | | 1 950 | – | **1 950** |
| Other loans receivable | | 1 000 | – | **1 000** |
| Deferred tax asset | | 1 725 | 77 | **1 802** |
| Related party loans receivable | | 1 503 | – | **1 503** |
| Trade and other receivables[2] | | 9 935 | 7 191 | **17 126** |
| Current tax refundable | | 27 | – | **27** |
| Cash and cash equivalents | | 6 092 | 194 | **6 286** |
| **Total Assets** | | 213 816 | 30 521 | **244 337** |
| **Liabilities assumed** | | | | |
| Proportional shareholder loans | | 763 | – | **763** |
| Interest-bearing borrowings | | 88 219 | 21 | **88 240** |
| Obligations under finance leases[2] | | 348 | 1 598 | **1 946** |
| Deferred tax liabilities | | 952 | 3 | **955** |
| Trade and other payables[2] | | 10 293 | 458 | **10 751** |
| Current tax payable | | 689 | 359 | **1 048** |
| Related party loan payable | | – | 2 030 | **2 030** |
| **Total Liabilities** | | 101 264 | 4 469 | **105 733** |

| | Note | Gateway Real Estate Africa Ltd Fair value recognised on acquisition US$'000 | Africa Property Development Managers Ltd Fair value recognised on acquisition US$'000 | Total US$'000 |
|---|---|---|---|---|
| **Net identifiable assets acquired** | | 112 552 | 26 052 | **138 604** |
| Non-controlling interest acquired | 30a(ii) | (111 015) | (5 471) | **(116 486)** |
| In-substance purchase of non-controlling interest | 30a(ii) | 13 515 | – | **13 515** |
| Goodwill arising on acquisition | | – | 2 213 | **2 213** |
| Purchased consideration transferred | | 15 052 | 22 794 | **37 846** |
| **Consideration transferred** | | | | |
| Fair value of previously held equity interests | 30a(i) | 94 050 | 22 735 | **116 785** |
| Settlement of pre-existing relationship | 30a(i) | (78 998) | 59 | **(78 939)** |
| **Purchase consideration transferred** | | 15 052 | 22 794 | **37 846** |

*[1] The property, plant and equipment acquired from GREA includes a building which is partly occupied by Grit Services Limited and Africa Property Development Managers Ltd, both subsidiaries of the Group. The Group has classified the portion of the property that is being rented by the Group as property, plant, and equipment. The fair value of the owner-occupied portion of the property at the date of acquisition was US$10.2million.*

*[2] The net identifiable assets acquired by the Group from GREA and APDM included pre-existing relationships between these entities prior to the business combinations. These relationships were subsequently eliminated as part of the consolidation process, as GREA, APDM, and the Group are now treated as a single economic entity for reporting purposes. Consequently, any balances between these entities were eliminated to prevent the double-counting of assets and liabilities. The table below summarizes the balances that were eliminated during the consolidation process:*

| Assets | GREA US$'000 | APDM US$'000 | Total US$'000 |
|---|---|---|---|
| Other Investments | (1 169) | (21 348) | **(22 517)** |
| Property, plant and equipment | – | (1 086) | **(1 086)** |
| Related party loans receivable | (1 984) | – | **(1 984)** |
| Trade and other receivables | (52) | (4 763) | **(4 815)** |
| **Total** | **(3 205)** | **(27 197)** | (30 402) |
| Liabilities | | | |
| Obligations under finance leases | – | (1 147) | **(1 147)** |
| Trade and other payables | (4 763) | (52) | **(4 815)** |
| Related party loan payable | – | (1 984) | **(1 984)** |
| **Total** | **(4 763)** | **(3 183)** | (7 946) |

| **Analysis of cash flows on acquisition** | US$'000 |
|---|---|
| Cash consideration paid on the acquisition | – |
| Less net cash acquired with the subsidiary | 6 286 |
| **Net inflow of cash and cash equivalent on acquisition** | 6 286 |

Following the consolidation of APDM into the Group, the effective shareholding of the Group into GREA has increased from 46.33% to 54.23% due to the 10% equity interest that APDM has in GREA. Through APDM, the Group has benefitted from an additional equity interest of 7.90%. The non controlling interest on GREA has also reduced by 7.90%. The transaction with non-controlling interest has been accounted as an equity transaction.

| | US$'000 |
|---|---|
| Carrying amount of non-controlling interests acquired | 16 190 |
| Consideration for non-controlling interests acquired | (21 348) |
| **Decrease in equity attributable to equity shareholders** | (5 158) |

# 30. Acquisition of subsidiaries (Asset Acquisition) (continued)

## 30b. Asset acquisition

Through the acquisition of GREA (refer to Note 30a), the Group also acquired GREA investments in joint ventures, DH One Real Estate PLC ("DH1") and DH3 Kenya Limited ("DH3"). DH1 is a company incorporated in Ethiopia that is the beneficial owner of 112 - units, international standard, diplomatic residential tower in the heart of Ethiopia's capital city, Addis Ababa. DH3 is incorporated in Kenya and is the beneficial owner of 90 - units diplomatic apartments. These investments represent GREA's focus on diplomatic housing, a niche market with limited key players in Africa. GREA has built strong partnerships in this sector, including with the Bureau of Overseas Buildings Operations (OBO), which supports diplomatic housing initiatives. Another major partner is Verdant Ventures ("Verdant"), a U.S.-based real estate company and co-shareholder with GREA in both DH1 and DH3.

Recognising the alignment in their strategic goals and the success of their existing collaborations, GREA and Verdant are currently exploring the potential for a merger of their respective diplomatic housing platforms, which would further consolidate their market leadership in this sector. As of the reporting date, the merger discussions were still ongoing. For more information on developments that have occurred post year-end, refer to Note 41.

On 18 June 2024, an addendum to the shareholder agreement of DH1 between GREA and Verdant was signed, resulting in changes to its governance structure. The investment in DH1 was classified as an investment in joint venture by GREA as neither GREA nor Verdant could unilaterally control DH1. Rather both shareholders had to support decisions for them to be approved. The Group has therefore deemed the classification of DH1 investment as investment in joint venture as appropriate and has retained the same classification upon the acquisition of GREA. The changes brought to the shareholder agreement has now shifted control to GREA and consequently to the Group and this is because:

- The number of directors on the board that GREA can appoint has increased from two to three, while Verdant's right to appoint two directors remained unchanged.
- Decisions of the board are made on a simple majority basis. Therefore, through GREA, the Group now controls the board.
- The original arrangement contained reserved matters that required shareholders holding an aggregate of eighty percent of the voting rights for a decision relating to the reserved matters to be passed. The addendum changed this requirement so that decisions on reserved matters shall now be made with written approval of the directors holding an aggregate of sixty percent or more of the voting rights of the board.
- With the ability to appoint three out of five directors on the board, GREA can make decisions on those reserved matters independently, thus removing any blockers to the decision-making ability of GREA regarding this investment.

Following the governance changes, the Group concluded that it now controls DH1 through GREA. As a result, the Group has consolidated DH1 as of 30 June 2024. The change in control was triggered by contractual changes in the shareholder agreement rather than through the exchange of consideration.

The acquisition of DH1 did not constitute the acquisition of a business as the Group, having applied the optional concentration test, concluded that the fair value of the gross asset was concentrated in a single identifiable asset being the investment property. The acquisition has resulted to the Group acquiring some incidental assets and liabilities. The previously held equity interest has not been remeasured but instead the Group has used a cost accumulation approach inaccordance with section 1.5 of its accounting policy which resulted to no gain or loss being recognised upon the stepping up from joint venture to subsidiary.

Details of the assets and liabilities acquired as part of asset acquisition are:

| Assets acquired | US$'000 |
|---|---|
| Cash and cash equivalents | 3 771 |
| Investment property | 76 870 |
| Property, plant and equipment | 450 |
| Trade and other receivables | 2 113 |
| Current tax refundable | 231 |
| **Total assets** | 83 435 |
| Liabilities assumed | |
| Interest-bearing borrowings | 10 770 |
| Group loans | 20 880 |
| Trade and other payables | 4 864 |
| Proportional shareholder loans | 20 734 |
| **Total liabilities** | 57 248 |

| Assets acquired | US$'000 |
|---|---|
| Identifiable net assets acquired | 26 187 |
| % held by non-controlling interest | 50% |
| **Non-controlling interest meaured at proportionate share of net idenfiable assets** | 13 094 |
| **Cost of group of assets acquired and liabilities assumed** | |
| Previously equity accounted carrying amount of investment in joint venture[1] | 12 155 |
| Non-controlling interest acquired | 13 094 |
| **Total consideration** | 25 249 |
| Excess net assets acquired over consideration | 938 |

*[1] The carrying amount of the investment in joint venture of US$32.8million removed in note 7 includes shareholder loan of US$20.6million which now eliminates on consolidation*

As the acquisition is an asset acquisition, the Group has used a cost accumulated approach and has reduced the net assets acquired namely the investment property value so that the group of assets acquired and liabilities assumed are recorded at the consideration amount. This has further resulted to an opposite and equal fair value adjustment of investment property (a gain) on the revaluation of the property to the valuation amount obtained by the independent valuer as at 30 June 2024.

| Analysis of cash flows on acquisition | US$'000 |
|---|---|
| Cash consideration paid on the acquisition | - |
| Less net cash acquired with the subsidiary | 3 771 |
| **Net inflow of cash and cash equivalent on acquisition** | 3 771 |

## 30c. Transaction with non-controlling interest

### 30c (i) Disposal of Bora Africa

As previously announced under the Grit 2.0 strategy, a key focus of the Group is to organize its real estate assets into logical sector groupings. This strategy is aimed at enhancing development activities, increasing asset value, and generating fee income for the Group. Grit identified an opportunity to create a specialized property platform focused on logistics, light industrial, manufacturing, and digital infrastructure properties. As part of this initiative, Bora Africa, a wholly owned subsidiary of Grit, was established on 30 September 2023 and seeded with five property assets that were already part of the Grit portfolio in Kenya and Mozambique.

As mentioned in Note 8, Gateway Real Estate Africa ("GREA")–as part of its ongoing US$100million rights issue–issued a call notice to its shareholders, Grit and the Public Investment Corporation ("PIC"), under the terms of its shareholder agreement. Grit has agreed to dispose of its interests in Bora Africa to GREA. On 26 June 2024, GREA subscribed for 9,999 shares in Bora Africa, increasing its shareholding to 99.99%. Despite the transfer, Bora Africa remains consolidated within the Group as GREA is also a subsidiary. However, the transfer of Bora Africa to a partially owned entity has resulted in a decrease in Grit's effective shareholding in Bora Africa.

Just before the transfer of Bora Africa to GREA, the Group fully owned Bora Africa, with no non-controlling interests. Since this disposal was conducted between entities within the Group, no consideration was received from a Group perspective. As a result, the Group recorded a decrease in non-controlling interest of US$17.3million and an equivalent increase in equity attributable to the owners of the parent. The impact on equity attributable to the owners of the Group during the year is summarized as follows:

| | US$'000 |
|---|---|
| **Carrying amount of non-controlling interests disposed** | (17 336) |
| **Consideration received from non-controlling interests** | - |
| **Increase in equity attributable to equity shareholders** | 17 336 |

### 30c (ii) Impact of GREA Rights Issue on Group Shareholding and non-controlling interest

## 30. Acquisition of subsidiaries (Asset Acquisition) (continued)

### 30c. Transaction with non-controlling interest (Continued)

Following the issuance of GREA shares to Grit and the Public Investment Corporation (PIC) as part of the GREA rights issue (refer to Note 8), Grit's direct shareholding in GREA increased from 46.33% to 48.08%. Concurrently, APDM's direct shareholding in GREA decreased from 10% to 6.61% due to its non-participation in the rights issue. Grit also holds a 78.98% equity interest in APDM. Consequently, the Group's effective shareholding in GREA decreased by 0.93%, from 54.23% to 53.29%. Despite this change, the Group retains control over GREA, which continues to be classified as a subsidiary. No consideration was received from a Group perspective.

The Group has recognized an increase in non-controlling interest of US$2.9 million, with a corresponding decrease in equity attributable to the owners of the parent. The impact on equity attributable to the Group's owners during the year is summarized as follows:

| | US$'000 |
|---|---|
| Carrying amount of non-controlling interests disposed | 2 925 |
| Consideration received from non-controlling interests | - |
| Decrease in equity attributable to equity shareholders | (2 925) |

## 31. Non-current assets classified as held for sale

In June 2024, the Group obtained approval from the investment committee, which was further ratified by the Board of Directors, to dispose of Mara Delta (Mauritius) Property Limited ("Mara Delta"), a wholly owned subsidiary and owner of the Tamassa Resort in Mauritius. Since then, management has been actively marketing the sale. The sale of Mara Delta is expected to be completed within a year from the reporting date. Refer to note 41 for more information on development which has occured after reporting date.

The assets and liabilities of the disposal group is presented at their carrying amount.

The following table summarizes the major classes of assets and liabilities of Mara Delta classified as held for sale as at 30 June 2024:

### Assets of disposal group classified as held for sale

| | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
|---|---|---|
| Investment property | 49 000 | - |
| Trade and other receivables | 130 | - |
| Deferred tax asset | 1 494 | - |
| **Total** | 50 624 | - |

### Liabilities of disposal group classified as held for sale

| | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
|---|---|---|
| Deferred tax liabilities | 3 051 | - |
| Interest-bearing borrowings | 37 066 | - |
| Redeemable preference shares | 12 532 | - |
| Trade and other payables | 3 685 | - |
| **Total** | 56 334 | - |

### Cumulative income or expense recognised directly in equity relating to disposal group classified as held for sale

| | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
|---|---|---|
| Foreign exchange translation adjustments debited to foreign currency translation reserve | 486 | - |
| **Total** | 486 | - |

## 32. Net cash generated from / (utilised in) operating activities and changes in liabilities arising from financing activities

### 32a. Net cash utilised in operating activities

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Loss for the period before taxation | | (90 074) | (21 348) | (98 126) | (87 817) |
| *Adjusted for:* | | | | | |
| Depreciation and amortisation | 5 & 6 | 1 172 | 1 180 | 4 | 255 |
| Interest income | 26 | (4 882) | (4 096) | (4 728) | (11 850) |
| Share of profits from associates and joint ventures | 7 | (7 142) | (14 300) | (565) | (9 168) |
| Loss on disposal of investment in subsidiary | | - | 3 240 | - | - |
| Finance costs | 27 | 53 536 | 39 582 | 2 406 | 3 353 |
| IFRS 9 charges/(credits) | 25 | 3 217 | 3 868 | 1 283 | (25 517) |
| Foreign currency losses/(gains) | | (886) | 2 241 | 153 | 266 |
| Straight-line rental income accrual | 4 | (2 685) | (977) | - | - |
| Amortisation of lease premium | | 459 | 857 | - | - |
| Share based payment expense | | 90 | 354 | 90 | 354 |
| Fair value adjustment on investment properties | 3 | 27 930 | 4 108 | - | - |
| Loss on disposal of interest in associate | | - | 3 543 | - | - |
| Fair value adjustment on other financial liability | 22 | 2 236 | (3 625) | 2 236 | (1 153) |
| Fair value adjustment on other financial asset | | 949 | (264) | - | - |
| Fair value adjustment on derivative financial instruments | 21 | 2 475 | 3 085 | - | - |
| Loss on derecognition of loans and other receivables | | (1) | 3 735 | - | 3 910 |
| Loss on extinguishment of borrowings | | 1 353 | 1 166 | 1 353 | 55 |
| Loss on disposal of property, plant and equipment | | (33) | 888 | - | 888 |
| Fair value adjustment on investment in subsidiary | 8 | - | - | 49 706 | 114 232 |
| Loss arising from dilution in equity interest | 7 | 12 492 | - | 12 492 | - |
| Fair value loss on revaluation of previously held interest | 30a(i) | 23 874 | - | 23 874 | - |
| Other transaction costs | | 8 871 | 2 156 | 2 015 | 2 156 |
| | | 32 951 | 25 393 | (7 807) | (10 036) |
| *Changes to working capital* | | | | | |
| Movement in trade and other receivables | | (5 521) | 7 194 | (1 276) | 3 415 |
| Movement in trade and other payables | | (5 005) | 3 338 | (274) | (8 034) |
| **Cash generated from/(utilised in) operations** | | 22 425 | 35 925 | (9 357) | (14 655) |
| **Taxation paid** | | (2 044) | (3 374) | (26) | (144) |
| **Net cash generated from/(utilised in) operating activities** | | 20 381 | 32 551 | (9 383) | (14 799) |

### 32b. Changes in liabilities arising from financing activities

## 32. Net cash generated from / (utilised in) operating activities and changes in liabilities arising from financing activities (continued)

This section sets out an analysis of debt and the movements in debt for the year ended 30 June 2024 and 30 June 2023 for the Group and Company.

| Group | Note | Interest-bearing borrowings US$'000 | Lease liabilities US$'000 | Derivative financial instruments US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| As at 01 July 2022 | | 425 066 | 1 409 | (1 862) | 424 613 |
| Proceeds of interest bearing-borrowings | | 324 459 | - | - | 324 459 |
| Loan reduced through disposal of subsidiary | | (19 404) | - | - | (19 404) |
| Loan acquired through asset acquisition | | 4 369 | - | - | 4 369 |
| Loan issue costs | | (7 355) | - | - | (7 355) |
| Amortisation of loan issue costs | | 3 368 | - | - | 3 368 |
| Foreign currency translation differences | | 4 761 | - | - | 4 761 |
| New lease | | - | 4 405 | - | 4 405 |
| Interest accrued | | 40 432 | 201 | - | 40 633 |
| Interest paid during the year | | (38 834) | - | - | (38 834) |
| Repayment during the year | | (340 127) | (1 415) | (433) | (341 975) |
| Changes in fair value | | - | - | 3 085 | 3 085 |
| As at 30 June 2023 | | 396 735 | 4 600 | 790 | 402 125 |
| Proceeds of interest bearing-borrowings | | 79 075 | - | - | 79 075 |
| Acquired through asset acquisition | 30b | 10 770 | - | - | 10 770 |
| Acquired through business combination | 30a(iii) | 88 240 | 799 | - | 89 039 |
| Reclassify to held for sale disposal group | 31 | (37 066) | - | - | (37 066) |
| Settlement of pre-existing relationship as part of business combination | | - | (3 883) | - | (3 883) |
| Loan issue costs | | (2 658) | - | - | (2 658) |
| Amortisation of loan issue costs | | 3 539 | - | - | 3 539 |
| Foreign currency translation differences | | (1 612) | - | - | (1 612) |
| Interest accrued | | 49 510 | 256 | - | 49 766 |
| Interest paid during the year | | (48 453) | - | - | (48 453) |
| Payments | | (36 916) | (1 057) | (397) | (38 370) |
| Changes in fair value | | - | - | 2 475 | 2 475 |
| As at 30 June 2024 | | 501 164 | 715 | 2 868 | 504 747 |

| Company | Interest-bearing borrowings US$'000 | Lease liabilities US$'000 | Total US$'000 |
|---|---|---|---|
| As at 01 July 2022 | 29 207 | 566 | 29 773 |
| Proceeds from borrowings | 6 624 | - | 6 624 |
| Debt structuring fee incurred net of amortization | 251 | - | 251 |
| Foreign currency translation difference | 651 | - | 651 |
| Interest accrued | 2 809 | 29 | 2 838 |
| Interest paid | (3 257) | - | (3 257) |
| Repayment during the year | (18 804) | (595) | (19 399) |
| As at 30 June 2023 | 17 481 | - | 17 481 |
| Debt structuring fee incurred net of amortization | 59 | - | 59 |
| Interest accrued | 1 518 | - | 1 518 |
| Interest paid | (1 840) | - | (1 840) |
| Repayment during the year | (10 430) | - | (10 430) |
| Foreign currency translation difference | 1 | - | 1 |
| As at 30 June 2024 | 6 789 | - | 6 789 |

## 33. Ordinary dividends paid to shareholders

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Dividends paid during the year | (6 911) | (20 175) | (7 106) | (20 443) |

***Declaration and payment of ordinary dividends***

***Paid in the year to 30 June 2024:***

In respect of the year ended 30 June 2024, an interim dividend of 1.5 cents per share was declared by the board on 28 February 2024. There were 495 092 339 shares in issue at the date of declaration of this interim dividend. This was paid on 15 May 2024.

***Paid in the year to 30 June 2023:***

In respect of the year ended 30 June 2023, an interim dividend of 2.0 cents per share was declared by the board on 24 February 2023. There were 495 092 339 shares in issue at the date of declaration of this interim dividend. This was paid on 02 May 2023.

## 34. Receivable from tenants under leases

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Operating lease receipts | | | | |
| Minimum lease receipts under non-cancellable operating leases to be received: | | | | |
| Receivable in year 1 | 61 947 | 44 020 | - | - |
| Receivable in year 2 | 55 098 | 32 631 | - | - |
| Receivable in year 3 | 51 769 | 27 312 | - | - |
| Receivable in year 4 | 44 908 | 25 856 | - | - |
| Receivable in year 5 | 41 344 | 20 579 | - | - |
| Receivable after 5 years | 154 807 | 108 569 | - | - |
| | 409 873 | 258 967 | - | - |

As of the reporting period, the Group has approximately 461 tenants (2023: 440 tenants) in total of which 107 occupy properties held by associates (2023:155 tenants).

The lease terms range from 3 to 12 years, but may extend to 15 year terms, depending upon the nature of the tenancy. Annual escalations on rentals are applied at fixed rates or aligned with applicable Consumer Price Index (CPI).

The standard lease terms include a provision for the recovery of direct costs as well as a proportionate share of service costs for the property.

On average, new leases finalised during the financial year ending 30 June 2024, typically had a weighted average lease term of five years and included a rent-free period.

## 35. Commitments

### 35a. Capital commitments

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| *Capital expenditure of investment properties* | | | | |
| Within one year | 27 820 | 36 769 | - | - |
| Within two to five years | 48 457 | 10 305 | - | - |
| | 76 277 | 47 074 | - | - |

### 35b. Contingent liabilities

The Group did not have any reported contingent liability as at 30 June 2024. The Group also did not have any reported contingent liability as at 30 June 2023.

# 36. 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 36d.

| Related party relationships<br>Company | Relationship to the Group |
|---|---|
| Dorado 1 Ltd | Common directors |
| BG Africa Ltd | Common directors |
| BGL Investment Ltd | Common directors |
| BGL Investments (Pty) Ltd | Controlled by Bronwyn Corbett |
| Bowwood and Main No 117 | Controlled by Bronwyn Corbett |
| Copapax Proprietary Limited | Controlled by Bronwyn Corbett |
| Kenzlex (Mauritius) Ltd | Controlled by Bronwyn Corbett |
| The Corbett Family Trust | Controlled by Bronwyn Corbett |
| Osiris Advisors Limited | Controlled by Peter Todd |
| Osiris Corporate Solutions (Mauritius) Ltd | Controlled by Peter Todd |
| Osiris Group Holdings | Controlled by Peter Todd |
| Osiris International Trustees Limited | Controlled by Peter Todd |
| Osiris International Trustees Limited | Controlled by Peter Todd |
| Osiris Resources Limited | Controlled by Peter Todd |
| HLC Investment Ltd | Controlled by Peter Todd |
| Mobus Properties (Ghana) Limited | Controlled by Sir Samuel Jonah |
| Griffon Energy Limited | Controlled by Sir Samuel Jonah |
| Noble Tree Capital Partners Ltd | Controlled by Darren Veenhuis |
| Benir (PTY) Limited | Controlled by Andries Smit |
| Tripletech Ltd | Gregory Pearson is a shareholder |
| Public Investment Corporation | Material shareholder and common directors |
| Government Employees Pension Fund | Major shareholder |
| M&G Investment Management Limited | Major shareholder |
| Eskom Pension & Provident Fund Trustees | Major shareholder |
| Janus Henderson Investors | Major shareholder |
| Botswana Development Corporation | Major shareholder |
| GRIT Executive Share Trust | Trust administing the staff Long Term Incentive scheme |
| GRIT Executive Share Trust II | Trust administing the staff Long Term Incentive scheme |
| Burns Acutt Statutory Services (Pty) Ltd | Family ties with Bronwyn Corbett |
| Kenzlex Trust | Common beneficiary Bronwyn Corbett |
| The Pearson Trust | Common beneficiary Gregory Pearson |
| Freedom Asset Management Executive Share Trust | Shareholder of FAM |
| Brownyn Corbett | Director - GREIGL and GREA |
| Gareth Schnehage | Director - GREIGL and GREA |
| Peter Todd | Director - GREIGL |
| Catherine Mcilraith | Director - GREIGL |
| David Love | Director - GREIGL |
| Corss Kgosidile | Director - GREIGL |
| Neo Meryl Sekhantso | Director - GREA (resigned October 2024) |
| Lynette Finlay | Director - GREIGL |
| Nigel Nunoo | Director - GREIGL |
| Gregory Pearson | Director - GREA |
| Stuart Hardman | Director - GREA |
| Sivakumaren Mardemootoo | Director - GREA |

| Related party relationships<br>Company | Relationship to the Group |
|---|---|
| Moira van der Westhuizen | Director - GSL and GREA |
| Krishnen Kistnen | Key Management Personnel |
| Oteng Keabetswe | Key Management Personnel |
| Mallac Aurelie Marie | Key Management Personnel |
| Jordaan Hugo | Key Management Personnel |
| Glutz Craig | Key Management Personnel |
| Bissessor Shevira | Key Management Personnel |
| Andries Smit | Key Management Personnel |
| Darren Veenhuis | Key Management Personnel |
| Donald Borthwick | Key Management Personnel |
| Janari Andre | Key Management Personnel |
| Bevan Smith | Key Management Personnel |
| Abland Diversified Holdings Limited | Subsidiary |
| ADC Eko Land (Mauritius) Limited | Subsidiary |
| Africa Property Development Managers Ltd | Subsidiary |
| Athari Solar Africa (Previously GR1T Capital Co. Ltd ) | Subsidiary |
| BME Kenya Investments Limited | Subsidiary |
| Bora Africa (Previously Grit Urban Logistics) | Subsidiary |
| Bora Africa REM (Previously Pangea Holdings Limited) | Subsidiary |
| Boyzana International Ltd | Subsidiary |
| Boyzana Ventures Ltd | Subsidiary |
| Buffalo Mall Naivasha Limited | Subsidiary |
| Capital Place Limited Company | Subsidiary |
| Casamance Holdings Limited | Subsidiary |
| CD Properties Limited | Subsidiary |
| Cognis 1 Limitada | Subsidiary |
| Commotor Limitada | Subsidiary |
| Coromandel Hospital Co Ltd | Subsidiary |
| DC One FZE | Subsidiary |
| Delta International Bahrain W.L.L | Subsidiary |
| Delta Tete Limitada | Subsidiary |
| DH Bamako Investment Holdings Ltd | Subsidiary |
| DH Bamako SAU | Subsidiary |
| DH One Real Estate PLC | Subsidiary |
| DHA Real Estate Management Ltd | Subsidiary |
| DIF 1 Co Limited | Subsidiary |
| Diplomatic Holdings Africa Ltd | Subsidiary |
| Diplomatic Housing Addis Ltd | Subsidiary |
| Freedom Asset Management | Subsidiary |
| Freedom Property Fund SARL | Subsidiary |
| Gateway Apolonia Holdings Limited | Subsidiary |
| Gateway CCI SEZ Limited | Subsidiary |
| Gateway EMT Holdings Ltd | Subsidiary |
| Gateway Insola Ltd | Subsidiary |
| Gateway Metroplex Limited | Subsidiary |
| Gateway Properties Limitada | Subsidiary |
| Gateway Real Estate Africa Ltd | Subsidiary |
| GD Appolonia Limited | Subsidiary |
| GD Mauritius Hospitality Investments Ltd | Subsidiary |
| Gerania Limited | Subsidiary |
| Goodison Two Hundred Thirteen Limited | Subsidiary |

## 36. Related party relationships, transactions and balances (continued)

| Related party relationships<br>Company | Relationship to the Group |
|---|---|
| GR1T House Limited | Subsidiary |
| GRES Ghana Limited Company | Subsidiary |
| GRES Mauritius (Previously GMS Mauritius) | Subsidiary |
| GRES Mozambique Limitada | Subsidiary |
| Grit Accra Limited Company | Subsidiary |
| Grit Management SA Pty Ltd | Subsidiary |
| GRIT Management Services Kenya SEZ Limited | Subsidiary |
| Grit Parc Nicol (Pty) Ltd | Subsidiary |
| Grit Services Limited | Subsidiary |
| Grit Services Limited – Rep. Office | Subsidiary |
| HM&K Properties Limited | Subsidiary |
| IDC Kenya Investments Limited | Subsidiary |
| IWH Kenya Investments Limited | Subsidiary |
| Kitwe Mukuba Investments Limited | Subsidiary |
| LTH New Street Square Limited | Subsidiary |
| Lusaka Cosmopolitan Investment Limited | Subsidiary |
| Mall de Tete Limitada | Subsidiary |
| Mara Delta (Mauritius) Property Limited | Subsidiary |
| Mara Viwandani Limited | Subsidiary |
| Metroplex Holding Ltd | Subsidiary |
| Moz Delta FZ-LLC | Subsidiary |
| Mukuba Mall Limited | Subsidiary |
| Ndola Kafubu Investments Limited | Subsidiary |
| Orbit Africa Logistics | Subsidiary |
| Paradise Consultancy Services Limited | Subsidiary |
| Paradise Hospitality Group Limited | Subsidiary |
| Paxton Investments Limited | Subsidiary |
| RSM Investments Ltd | Subsidiary |
| S&C Immobiliaria Limitada | Subsidiary |
| SAL Investment Holdings Limited | Subsidiary |
| Société Immobilière Et De Gestion Hôtelière Du Cap Skirring | Subsidiary |
| St Helene Clinic Co Ltd | Subsidiary |
| Stellar Warehousing and Logistics Limited | Subsidiary |
| TC Maputo Properties Ltd | Subsidiary |
| Transformers Holdings Mauritius Limited | Subsidiary |
| Tulip Stations Limitada | Subsidiary |
| Ubertas Tatu Investments SEZ Limited | Subsidiary |
| Warehousely Limited | Subsidiary |
| Zambian Property Holdings Limited | Subsidiary |
| Zimpeto Imobiliara Limitada | Subsidiary |
| CADS Developers Limited Company | Joint Venture |
| Cosmopolitan Shopping Centre Limited | Joint Venture |
| DH3 Kenya Limited | Joint Venture |
| Diplomatic Housing 1 LLC | Joint Venture |
| Kafubu Mall Limited | Joint Venture |
| Pharma Logistics Ltd | Joint Venture |
| DH3 Holdings Ltd | Joint Venture with GREA |

### 36a. Related party transactions and balances with shareholders

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024<br>US$'000 | 30 June 2023<br>US$'000 | 30 June 2024<br>US$'000 | 30 June 2023<br>US$'000 |
| **Public Investment Corporation** | | | | |
| Dividends paid on Grit Real Estate Income Group Limited shares | (1 269) | (3 384) | (1 269) | (3 384) |
| Amount receivable from GREA right issue | 48 500 | – | – | – |
| **Botswana Development Corporation** | | | | |
| Dividends paid on Grit Real Estate Income Group Limited shares | (396) | (1 055) | (396) | (1 055) |
| **Eskom Pension and Provident Fund** | | | | |
| Dividends paid on Grit Real Estate Income Group Limited shares | (488) | (1 300) | (488) | (1 300) |
| **M&G Investment Management (UK)** | | | | |
| Dividends paid on Grit Real Estate Income Group Limited shares | (1 061) | (2 830) | (1 061) | (2 830) |
| **Mobus Property Limited** | | | | |
| Dividends paid on Grit Real Estate Income Group Limited shares | (84) | (223) | (84) | (223) |

### 36b. Related party transactions and balances with directors, senior management and their associated entities

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024<br>US$'000 | 30 June 2023<br>US$'000 | 30 June 2024<br>US$'000 | 30 June 2023<br>US$'000 |
| **Bronwyn Corbett** | | | | |
| Staff current account payable to/(by) Company | – | – | – | – |
| Staff long term loan account | 122 | 122 | – | – |
| Total direct beneficial shareholding in Grit shares: 606 923 (2023: 606 923) | | | | |
| Total indirect beneficial shareholding in Grit shares: 13 328 154[1] (2023: 13 328 154) | | | | |
| Total shareholding in Grit shares: 13 935 077 (2023: 13 935 077)[1] | | | | |
| *[1] Includes 3 917 881 shares awarded but not yet vested.* | | | | |
| **Leon van de Moortele** | | | | |
| Staff current account payable to/(by) Company | | | | |
| Purchase of company vehicle | | | | |
| *Total indirect beneficial shareholding in Grit shares: 4 887 127 (2023: 4 841 127)* | | | | |
| *Total shareholding in Grit shares: 4 887 127 (2023: 4 841 127)[1]* | | | | |
| *[1] Includes 2 750 675 shares awarded but not yet vested.* | | | | |
| **Gregory Pearson** | | | | |
| Staff long term loan account | 125 | – | – | – |
| Total direct beneficial shareholding in Grit shares: 1 827 (2023:1 827) | | | | |
| Total indirect beneficial shareholding in Grit shares: 13 227 038 (2023: 13 227 038) | | | | |
| Total shareholding in Grit shares: 13 228 865 (2023: 13 228 865)[1] | | | | |
| *[1] Includes 2 137 107 shares awarded but not yet vested.* | | | | |

# 36. Related party relationships, transactions and balances (continued)

## 36b. Related party transactions and balances with directors, senior management and their associated entities (continued)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Krishnen Kistnen** | | | | |
| Staff long term loan account | 125 | – | – | – |
| Total indirect beneficial shareholding in Grit shares: 2 397 998 (2023: 2 397 998) | | | | |
| Total shareholding in Grit shares: 2 397 998 (2023: 2 397 998)[1] | | | | |
| [1] *Includes 484 610 shares awarded but not yet vested.* | | | | |
| **Bowwood and Main No 117 Proprietary Limited** | | | | |
| Dividends paid on Grit Real Estate Income Group Limited shares | (47) | (127) | (47) | (127) |
| **The Pearson Trust** | | | | |
| Dividends paid | (1) | (4) | (1) | (4) |
| **Burns Acutt** | | | | |
| Accounting services | 15 | – | – | – |
| **All Life Matters Animal Sanctuary** | | | | |
| Sponsorship expense | 18 | 15 | 14 | 14 |
| **Pangea Holding 2 Limited** | | | | |
| Dividends paid | (92) | – | (92) | – |
| **Dorado 1 Limited** | | | | |
| Dividends paid | (155) | – | (155) | – |
| **Cuckoos Nest Trust** | | | | |
| Dividends paid | (1) | (3) | (1) | (3) |
| **Copapax Limited** | | | | |
| Current loan receivable | 138 | 138 | – | – |
| Dividends paid | (9) | (25) | (9) | (25) |
| **Sir Samuel Jonah[1]** | | | | |
| [1] Resigned as director during the the year. | | | | |
| *Total indirect beneficial shareholding in Grit shares: 5 567 564 (2023: 5 567 564)* | | | | |
| *Total shareholding in Grit shares: 5 567 564 (2023: 5 567 564)* | | | | |
| **Peter Todd** | | | | |
| Total indirect beneficial shareholding in Grit shares: 103 337 (2023: 8 437) | | | | |
| Total shareholding in Grit shares: 103 337 (2023: 8 437) | | | | |
| **Jonathan Crichton** | | | | |
| *Total direct beneficial shareholding in Grit shares: 200 000 (2023: 200 000)* | | | | |
| *Total shareholding in Grit shares: 200 000 (2023: 200 000)* | | | | |
| **David Love** | | | | |
| *Total direct beneficial shareholding in Grit shares: 149 972 (2023: 97 479)* | | | | |
| *Total shareholding in Grit shares: 149 972 (2023: 97 479)* | | | | |
| **Grit Executive Share Trust** | | | | |
| Loan receivable - balance at year end | – | – | – | – |
| Opening balance | – | – | – | 3 310 |
| Dividends received on Grit Real Estate Income Group Limited shares | – | – | (7) | (104) |
| Dividends forfitted in lieu of historical imparments | – | – | 7 | – |
| Impairment of loan | – | – | – | (3 206) |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Grit Executive Share Trust II** | | | | |
| Loan receivable - balance at year end | – | – | 2 570 | 2 654 |
| Opening balance | – | – | 2 654 | 2 766 |
| Dividends received on Grit Real Estate Income Group Limited share | – | – | (84) | (112) |
| **Osiris Corporate Solutions (Mauritius) Limited** | | | | |
| Directors fees (Peter Todd directors fees as disclosed in note 24) | (122) | (116) | (122) | (116) |
| *Amount payable (included in trade and other payables)* | – | – | – | – |
| **Griffon Energy Limited** | | | | |
| Deposit held in escrow related to property purchase (Capital Place Limited) Balance at the end of the year | 3 550 | 3 550 | – | – |
| Opening balance | 3 550 | 3 550 | – | – |
| Additional deposit during the year | – | – | – | – |
| **Osiris International Trustees Limited** | | | | |
| Trustee administration costs | (29) | (29) | – | – |

## 36c. Related party transactions and balances with subsidiaries, associates and joint ventures

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Africa Property Development Managers Ltd** | | | | |
| **Related Party loan receivable** | | | | |
| Balance at the end of the year | – | 95 | – | – |
| Opening balance | 95 | 160 | – | – |
| Payments made/ Advance recieved) | (54) | (65) | – | – |
| Settled as a result of consolidation | (41) | – | – | – |
| **Goodison Two Hundred Thirteen Limited** | | | | |
| **Related Party loan receivable** | | | | |
| Balance at the end of the year | – | (357) | – | – |
| Opening balance | (357) | – | – | – |
| Payments made/Advance recieved) | (42) | (357) | – | – |
| Settled as a result of consolidation | 399 | – | – | – |
| **Gateway Real Estate Africa Ltd - Pre-development Funding 2*** | | | | |
| Balance at the end of the year | – | (5 306) | – | – |
| Opening balance | (5 306) | (1 205) | – | – |
| Margin charged | (360) | – | – | – |
| Settled as a result of consolidation | 5 666 | – | – | – |
| Advances received | – | (4 101) | – | – |

## 36. Related party relationships, transactions and balances (continued)

### 36c. Related party transactions and balances with subsidiaries, associates and joint ventures (continued)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Related party loan (payable)/receivable | | | | |
| Balance at the end of the year | - | (1 532) | - | - |
| Opening balance | (1 532) | 2 | - | - |
| Advances received | (209) | (1 534) | - | - |
| Settled as a result of consolidation | 1 741 | - | - | - |
| **Gateway Real Estate Africa Ltd** | | | | |
| Balance at the end of the year | - | 18 000 | - | - |
| Opening balance | 18 000 | - | - | - |
| Deposit received | 1 900 | 18 000 | - | - |
| Settled as a result of consolidation | (19 900) | - | - | - |
| **Freedom Asset Management Limited** | | | | |
| Loan receivable at the end of the year | - | - | 17 547 | 16 959 |
| Opening balance | - | - | 16 959 | 16 565 |
| Loan repayments received | - | - | - | (1 384) |
| Dividends received on Grit Real Estate Income Group Limited share | - | - | (104) | (278) |
| Asset management fees from subsidiaries | - | - | - | 1 384 |
| Interest income | - | - | 692 | 672 |
| **Grit Services Limited** | | | | |
| Long term and current account receivable - balance at the end of the year | - | - | 86 379 | 110 917 |
| Opening balance | - | - | 110 917 | 317 676 |
| Loan repayments received | - | - | (22 147) | (120 422) |
| Additional funds granted | - | - | 5 662 | 13 514 |
| Interest income | - | - | 4 036 | 11 100 |
| Other cost incurred | - | - | (12 089) | 5 049 |
| Additional investment | - | - | - | (116 000) |
| **Freedom Property Fund SARL** | | | | |
| Current account receivable | - | - | 249 | 250 |
| **Venus Africa Properties Proprietary Limited** | | | | |
| Total loan | - | - | - | - |
| Opening balance | - | 391 | - | 391 |
| Impairment | - | (391) | - | (391) |
| **Lifostax Proprietary Limited** | | | | |
| Total Loan | - | - | - | - |
| Opening balance | - | 391 | - | 391 |
| Impairment | - | (391) | - | (391) |

**Notes to related party transactions and balances with shareholders, directors, senior management and their associated companies, subsidiaries, associates and joint ventures**

All of the transactions referred to above were made in the normal course of business. The Non-executive directors remuneration, executive directors remuneration and the Key management personnel compensation disclosed in note 24.

The terms and conditions of loans receivable and payable are disclosed in note 9. There have been no guarantees provided or received for any related party payables or receivables.

### 36d. Related parties - unconsolidated structured entity

The directors consider Drive in Trading Proprietary Limited ("DiT") to be an unconsolidated structured entity as a result of arrangements the Group has entered into with that entity.

The arrangements entered into between the parties were as follows:

- As part of the June 2017 rights offer, the Company welcomed DiT as a new shareholder and transformation partner, with the entity subscribing for a fresh issue of 23 250 000 ordinary shares in the Company for a total consideration of US$32.6million. DiT, which holds the shares on the Stock Exchange of Mauritius register, was the largest underwriter of the rights offer. The transaction was funded as explained below.
- As disclosed in note 9, the Group provided loans totalling US$1.6million to DiT's two shareholders, Venus Africa Properties Proprietary Limited ("Venus") and Lifostax Proprietary Limited ("Lifostax"). Venus and Lifostax subscribed for equity in DiT using these funds.
- DiT secured a loan facility of US$33.4million from the Bank of America N.A (UK Branch) ("BoAML") to finance its investment in the Company. The proceeds of the facility plus the shareholders' loan were used to invest in the Company and in part to settle transaction costs. The loan facility is for an initial three year term, with an option to extend for a further two years, with a final repayment date of July 2022. The interest rate is 5.80%. Repayments are to take place in the form of half-yearly payments which equate to 90.00% of all dividends received from the Group in those periods. Repayments are to be applied initially to settle any interest due and then to capital. .
- The BoAML facility was granted to DiT after South Africa's Government Employees Pension Fund, represented by its Public Investment Corporation ("PIC"), provided a guarantee to BoAML in the form of a Contingent Repurchase Obligation ("CRO") for up to US$35.0million. The terms of the CRO obligate PIC to acquire the loan granted to DiT, should DiT default under the BoAML facility.

  Refer to note 22 for more information on the arrangement.

## 37. Risk management

**Financial risk management**

The Group's financial instruments consist mainly of deposits with banks, interest-bearing borrowings, related party loans receivable/payable, other loans receivable, trade and other receivables, trade and other payables and other financial asset and other financial liability. Exposure to market, credit and liquidity risk arises in the normal course of business.

**Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. This risk is managed by holding cash balances and overdraft facilities and by regularly monitoring cash flows. Early refinancing and extension discussions are initiated timeously to avoid any major cash events and to maintain the Group's maturity profile at a healthy level. The 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 Group utilises undrawn facilities and cash on hand to meet its short-term funding requirements. The intention is that non-current financial liabilities will predominantly be serviced through cash generated from operations and the restructuring of debt upon maturity.

The tables below set out the maturity analysis of the Group's liabilities based on the undiscounted contractual cash flows at each reporting date.

| US$'000 | Weighted average effective interest rate % | Less than one year | One to two years | Two to three years | Three to five years | More than five years | Total |
|---|---|---|---|---|---|---|---|
| **GROUP** | | | | | | | |
| **As at 30 June 2024** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Interest-bearing borrowings | 10.00% | 136 362 | 98 764 | 282 831 | 21 026 | 122 436 | 661 419 |
| Redeemable Preference shares | 7.50% | - | - | - | - | - | - |
| Other financial liability (note 22) | - | 18 886 | - | - | - | - | 18 886 |
| Lease liabilities | 7.40% | 203 | 196 | 186 | 148 | 285 | 1 018 |
| Trade and other payables[1] | - | 20 084 | - | - | - | - | 20 084 |
| Derivatives financial instruments | - | - | 1 073 | - | 80 | - | 1 153 |
| Bank overdraft | 7.91% | 1 988 | - | - | - | - | 1 988 |
| | | 177 523 | 100 033 | 283 017 | 21 254 | 122 721 | 704 548 |

## 37. Risk management (continued)

| US$'000 | Weighted average effective interest rate % | Less than one year | One to two years | Two to three years | Three to five years | More than five years | Total |
|---|---|---|---|---|---|---|---|
| As at 30 June 2023 | | | | | | | |
| Financial liabilities | | | | | | | |
| Interest-bearing borrowings | 8.43% | 39 982 | 97 505 | 75 657 | 65 128 | 291 784 | 570 056 |
| Redeemable Preference shares | 7.50% | 964 | 13 331 | – | – | – | 14 295 |
| Other financial liability (note 22) | – | 13 358 | – | – | – | – | 13 358 |
| Lease liabilities | 7.40% | 1 258 | 829 | 926 | 1 587 | – | 4 600 |
| Trade and other payables[1] | – | 15 297 | – | – | – | – | 15 297 |
| Derivatives financial instruments | – | 1 284 | 1 285 | – | 140 | – | 2 709 |
| Related party loans | – | – | 7 195 | – | – | – | 7 195 |
| Bank overdraft | 7.58% | 1 875 | – | – | – | – | 1 875 |
| | | 74 018 | 120 145 | 76 583 | 66 855 | 291 784 | 629 385 |

| US$'000 | Weighted average effective interest rate % | Less than one year | One to two years | Two to three years | Three to five years | More than five years | Total |
|---|---|---|---|---|---|---|---|
| **COMPANY** | | | | | | | |
| **As at 30 June 2024** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Interest-bearing borrowings | **14.96%** | **7 036** | **–** | **–** | **–** | **–** | **7 036** |
| Other financial liability (note 22) | **–** | **17 500** | **–** | **–** | **–** | **–** | **17 500** |
| Trade and other payables[1] | **–** | **54 069** | **–** | **–** | **–** | **–** | **54 069** |
| | | **78 605** | **–** | **–** | **–** | **–** | **78 605** |
| **As at 30 June 2023** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Interest-bearing borrowings | 5.71% | 1 997 | 8 799 | 10 624 | – | – | 21 420 |
| Other financial liability (note 22) | – | 13 358 | – | – | – | – | 13 358 |
| Lease liabilities | – | – | – | – | – | – | – |
| Trade and other payables[1] | – | 2 038 | – | – | – | – | 2 038 |
| Bank overdraft | 7.85% | – | – | – | – | – | – |
| | | 17 393 | 8 799 | 10 624 | – | – | 36 816 |

[1] Trade and other payables exclude deposits received, deferred income, taxation and social security costs and withholding tax payable.

**Market risk**

The Group's business model is based on leveraging on its family of partnerships to tap into the equity and debt markets for impact real estate investments. With an important focus on external debt, the Group seeks to ensure the commercial terms – especially pricing - of the loans are competitive. Most loans' pricing comprise of a margin rate and a floating rate ("base rate"). The base rate is directly impacted by central banks' decisions, as they dictate their respective currency's prime lending rate which serves as guide to financial institutions operating within money markets.

In the face of such interest rate risk, the Group, guided by its treasury policy, may seek to enter into hedging strategies to mitigate the end impact on distributable earnings. The Group has established a minimum interest rate hedging level of 50% of external debt with a target of 75%. Further to the onboarding of GREA, the proportion of floating-rate loans held by the Group increased naturally. The Group's hedge ratio at June 2024 thus stood at 45%, which after adjusting for liabilities associated with assets held for sale resulted in an effective hedge ratio of 48%. The Group has entered into new derivative positions in August 2024 and September 2024 respectively encompassing a total of US$63million. By October 2024, the net change in derivatives position is expected to result in a hedge ratio of 50%, which after adjusting for liabilities associated with assets held for sale renders an effective hedge ratio of 53%.

The Group's weighted average cost of debt at June 2024 stood at 10.0% (June 2023: 8.4%)

A sensitivity analysis to shocks in interest rates is provided below.

| Basis Points | Expected WACD | Expected Impact to Finance Costs |
|---|---|---|
| +100 | 10.6% | +$2.96m |
| +50 | 10.3% | +$1.48m |
| +25 | 10.1% | +$0.74m |
| -25 | 9.9% | -$0.74m |
| -50 | 9.7% | -$1.48m |
| -100 | 9.4% | -$3.40m |

**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 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | USD US$'000 | MAD US$'000 | MUR US$'000 | EUR US$'000 | ZAR US$'000 | ZMW US$'000 | Total US$'000 |
| United States Dollars | (298 728) | (11 088) | 4 | (1 756) | 17 | – | (311 551) |
| Euro | (46 628) | (30 086) | – | (63 306) | – | – | (140 020) |
| Mauritian Rupees | 579 | – | (4) | (14 504) | – | – | (13 929) |
| Pound Sterling | (550) | – | – | – | – | – | (550) |
| South African Rands | (286) | – | – | – | 45 | – | (241) |
| West African CFA Franc | 98 | – | – | (184) | – | – | (86) |
| Emirati Dirham | 59 | – | – | – | – | – | 59 |
| Australian Dollars | – | – | – | – | – | – | – |
| Botswana Pula | – | – | – | – | – | – | – |
| Bahrain Dinars | 9 | – | – | – | – | – | 9 |
| Ghanaian Cedi | 63 | – | – | – | – | – | 63 |
| Zambian Kwacha | (89) | – | – | – | – | (1) | (90) |
| Kenya Shillings | 3 688 | – | – | – | – | – | 3 688 |
| Mozambique Meticais | 6 332 | – | – | – | – | – | 6 332 |
| Moroccan Dirham | (6) | (1 991) | – | – | – | – | (1 997) |
| Ethiopian Birr | (7 730) | – | – | – | – | – | (7 730) |
| Nigerian Naira | 49 | – | – | – | – | – | 49 |
| Ugandan Shilling | 301 | – | – | – | – | – | 301 |
| **Total net exposure** | (342 839) | (43 165) | – | (79 750) | 62 | (1) | (465 693) |

## 37. Risk management (continued)

A change of 1.00% in the US$ exchange to the currencies would result in a:

| | Pre tax foreign currency profit / (loss) (increase of 1.00%) 30 June 2024 | Pre tax foreign currency profit / (loss) (decrease of 1.00%) 30 June 2024 |
|---|---|---|
| Euro | 1 386 | (1 386) |
| Mauritian Rupees | 138 | (138) |
| Pound Sterling | 5 | (5) |
| South African Rands | 2 | (2) |
| West African CFA Franc | 1 | (1) |
| Emirati Dirham | – | – |
| Bahrain Dinars | – | – |
| Ghanaian Cedi | (1) | 1 |
| Zambian Kwacha | 1 | (1) |
| Kenya Shillings | (37) | 37 |
| Mozambique Meticais | (63) | 63 |
| Moroccan Dirham | 20 | (20) |
| Ethiopian Birr | 77 | (77) |
| Nigerian Naira | – | – |
| Ugandan Shilling | (3) | 3 |

Net financial (liabilities)/assets denominated in a currency other than the functional currency and United States Dollars

| | 30 June 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | USD US$'000 | MAD US$'000 | MUR US$'000 | EUR US$'000 | ZAR US$'000 | ZMW US$'000 | Total US$'000 |
| United States Dollars | (217 888) | (109 742) | 4 | 3 102 | 4 | – | (324 520) |
| Euro | (60 523) | (31 584) | – | (38 031) | – | – | (130 138) |
| Mauritian Rupees | (223) | – | (4) | (11 380) | – | – | (11 607) |
| Pound Sterling | (399) | – | – | – | – | – | (399) |
| South African Rands | (224) | – | – | – | 74 | – | (150) |
| West African CFA Franc | – | – | – | 588 | – | – | 588 |
| Emirati Dirham | 87 | – | – | – | – | – | 87 |
| Australian Dollars | – | – | – | – | – | – | – |
| Botswana Pula | – | – | – | – | – | – | – |
| Bahrain Dinars | 9 | – | – | – | – | – | 9 |
| Ghanaian Cedi | 312 | – | – | – | – | – | 312 |
| Zambian Kwacha | (108) | – | – | – | – | (1) | (109) |
| Kenya Shillings | 365 | – | – | – | – | – | 365 |
| Mozambique Meticais | (1 128) | – | – | – | – | – | (1 128) |
| Moroccan Dirham | (7) | (2 279) | – | – | – | – | (2 286) |
| **Total net exposure** | **(279 727)** | **(143 605)** | **–** | **(45 721)** | **78** | **(1)** | **(468 976)** |

The risk exposure for the company was immaterial as the assets and liabilities are mainly denominated in US$.

| | Pre tax foreign currency profit/ (loss) (increase of 1.00%) 30 June 2023 | Pre tax foreign currency profit/ (loss) (decrease of 1.00%) 30 June 2023 |
|---|---|---|
| Euro | 1 288 | (1 288) |
| Mauritian Rupees | 115 | (115) |
| Pound Sterling | 4 | (4) |
| South African Rands | 1 | (1) |
| West African CFA Franc | (6) | 6 |
| Ghanaian Cedi | (3) | 3 |
| Zambian Kwacha | 1 | (1) |
| Kenya Shilings | (4) | 4 |
| Mozambique Meticais | 11 | (11) |
| Moroccan Dirham | 23 | (23) |

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and cash and cash equivalents. It is considered that there is no significant concentration of credit risk as exposure is spread over a large number of counterparties. The Group is mainly exposed to credit risk from lease contracts in relation to its property portfolio. It is Group policy to assess the credit risk of new tenants before entering into such contracts. The real estate department assesses each new tenant before a new lease is signed. The review includes the latest sets of financial statements, external ratings when available and, in some cases, forecast information and bank or trade references. The covenant strength of each tenant is determined based on this review and, if appropriate, a deposit or a guarantee is obtained.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the respective reporting dates in respect of certain financial instruments was as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| In $'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| **Financial assets** | | | | |
| Cash and cash equivalents | 8 724 | 9 207 | 214 | 17 |
| Loans to related parties | 1 850 | 843 | 90 484 | 115 801 |
| Other loans receivable | 22 348 | 21 005 | – | – |
| Trade and other receivables[1] | 57 553 | 4 397 | 209 | – |

[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 primarily encompasses the potential for a tenant to default or fail to meet their obligations promptly. The Group defines a receivable balance as in default when contractual payments are overdue by 60 days. In certain circumstances, the Group may also classify a receivable balance as in default when internal or external information indicates that the Group is unlikely to receive the full outstanding contractual amounts, even before considering any credit enhancements held by the Group.

Prior to entering into lease agreements, tenants are subjected to evaluation based on predefined Group criteria. The management of credit risk involves requiring tenants to make advance payments for rentals and services. In some instances, tenants are also required to provide advance deposits, which can be utilized to offset arrears if the tenant fails to pay their rents.

Furthermore, the financial position of tenants undergoes continuous monitoring. An impairment analysis is conducted at each reporting date to assess potential credit losses that may arise from tenant arrears.

As of the reporting date, the maximum exposure to credit risk is equivalent to the carrying value of each class of financial asset.

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor.

***Loans to related parties and other loans receivable from partners***

The Group has policies in place to ensure that loans are granted to related and other parties with an appropriate credit history so as to limit the amount of exposure to credit risk.

## 38. Financial assets by category

An analysis of financial assets by category is provided below:

| GROUP - 30 June 2024 | Amortised cost US$'000 | Fair value through profit and loss US$'000 | Total carrying amount US$'000 | Total fair value amount US$'000 |
|---|---|---|---|---|
| Other investments | – | 1 | 1 | 1 |
| Loans to related parties - non current | 316 | – | 316 | 316 |
| Loans to related parties - current | 1 534 | – | 1 534 | 1 534 |
| Other loans receivable | 22 348 | – | 22 348 | 22 348 |
| Trade and other receivables[1] | 57 553 | – | 57 553 | 57 553 |
| Cash and cash equivalents | 18 766 | – | 18 766 | 18 766 |
| | 100 517 | 1 | 100 518 | 100 518 |

| GROUP - 30 June 2023 | Amortised cost US$'000 | Fair value through profit and loss US$'000 | Total carrying amount US$'000 | Total fair value amount US$'000 |
|---|---|---|---|---|
| Other investments | – | 1 | 1 | 1 |
| Loans to related parties - non current | 92 | – | 92 | 92 |
| Loans to related parties - current | 751 | – | 751 | 751 |
| Other loans receivable | 21 005 | – | 21 005 | 21 005 |
| Trade and other receivables[1] | 4 397 | – | 4 397 | 4 397 |
| Cash and cash equivalents | 9 207 | – | 9 207 | 9 207 |
| | 35 452 | 1 | 35 453 | 35 453 |

| COMPANY - 30 June 2024 | Amortised cost US$'000 | Fair value through profit and loss US$'000 | Total carrying amount US$'000 | Total fair value amount US$'000 |
|---|---|---|---|---|
| Loans to related parties - non current | 90 235 | – | 90 235 | 90 235 |
| Loans to related parties - current | – | – | – | – |
| Trade and other receivables[1] | – | – | – | – |
| Cash and cash equivalents | 214 | – | 214 | 214 |
| | 90 698 | – | 90 698 | 90 698 |

| COMPANY - 30 June 2023 | Amortised cost US$'000 | Fair value through profit and loss US$'000 | Total carrying amount US$'000 | Total fair value amount US$'000 |
|---|---|---|---|---|
| Loans to related parties - non current | 77 552 | – | 77 552 | 77 552 |
| Loans to related parties - current | 38 249 | – | 38 249 | 38 249 |
| Cash and cash equivalents | 17 | – | 17 | 17 |
| | 115 818 | – | 115 818 | 115 818 |

[1] *Trade and other receivables exclude deposits paid, prepaid expenses, taxation and the purchase price adjustment account.*

## 39. Financial liabilities by category

An analysis of financial liabilities of the Group by category is provided below:

| GROUP - 30 June 2024 | Financial liabilities at amortised cost US$'000 | Fair value through profit and loss US$'000 | Total carrying amount US$'000 | Total fair value US$'000 |
|---|---|---|---|---|
| Interest-bearing borrowings | 501 164 | – | 501 164 | 501 164 |
| Preference shares | – | – | – | – |
| Other financial liability (note 22) | 18 886 | – | 18 886 | 18 886 |
| Lease liabilities | 715 | – | 715 | 715 |
| Trade and other payables[1] | 20 084 | – | 20 084 | 20 084 |
| Related party loans payable | – | – | – | – |
| Derivative financial instruments | – | 2 868 | 2 868 | 2 868 |
| Bank overdraft | 1 988 | – | 1 988 | 1 988 |
| | 542 837 | 2 868 | 545 705 | 545 705 |

| GROUP - 30 June 2023 | Financial liabilities at amortised cost US$'000 | Fair value through profit and loss US$'000 | Total carrying amount US$'000 | Total fair value US$'000 |
|---|---|---|---|---|
| Interest-bearing borrowings | 396 735 | – | 396 735 | 396 735 |
| Preference shares | 12 849 | – | 12 849 | 12 849 |
| Other financial liability (note 22) | – | 13 358 | 13 358 | 13 358 |
| Lease liabilities | 4 600 | – | 4 600 | 4 600 |
| Trade and other payables[1] | 15 297 | – | 15 297 | 15 297 |
| Related party loans payable | 7 195 | – | 7 195 | 7 195 |
| Derivative financial instruments | – | (544) | (544) | (544) |
| Bank overdraft | 1 875 | – | 1 875 | 1 875 |
| | 438 551 | 12 814 | 451 365 | 451 365 |

| COMPANY - 30 June 2024 | Financial liabilities at amortised cost US$'000 | Fair value through profit and loss US$'000 | Total carrying amount US$'000 | Total fair value US$'000 |
|---|---|---|---|---|
| Interest-bearing borrowings | 6 789 | – | 6 789 | 6 789 |
| Other financial liability (note 22) | 17 500 | – | 17 500 | 17 500 |
| Trade and other payables[1] | 54 069 | – | 54 069 | 54 069 |
| | 78 358 | – | 78 358 | 78 358 |

| COMPANY - 30 June 2023 | Financial liabilities at amortised cost US$'000 | Fair value through profit and loss US$'000 | Total carrying amount US$'000 | Total fair value US$'000 |
|---|---|---|---|---|
| Interest-bearing borrowings | 17 481 | – | 17 481 | 17 481 |
| Other financial liability | 13 358 | – | 13 358 | 13 358 |
| Trade and other payables[1] | 2 038 | – | 2 038 | 2 038 |
| | 32 877 | – | 32 877 | 32 877 |

[1] *Trade and other payables exclude deposits received, deferred income, taxation and social security costs and withholding tax payable.*

## 40. Fair value hierarchy

**Fair value measurements are categorised into the different levels on the fair value hierarchy based on the inputs used in the actual valuation. There were no changes in the valuation techniques applied. The hierarchy levels are defined as follows:**

Level 1 - fair value is determined from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly.

Level 3 - inputs for the valuations of assets or liabilities are not based on observable market data (unobservable inputs).

**Fair value hierarchy analysis:**

Analysis of certain financial instruments by fair value level hierarchy:

**Asset/(Liability)**

| GROUP - 30 June 2024 | Level 1 US$'000 | Level 2 US$'000 | Level 3 US$'000 | Fair value US$'000 |
|---|---|---|---|---|
| Derivative financial instruments | – | (2 868) | – | (2 868) |
| Other financial liability (note 22) | – | – | – | - |

| GROUP - 30 June 2023 | Level 1 US$'000 | Level 2 US$'000 | Level 3 US$'000 | Fair value US$'000 |
|---|---|---|---|---|
| Derivative financial instruments | – | 544 | – | 544 |
| Other investments | – | – | – | – |
| Other financial liability (note 22) | – | – | (13 358) | (13 358) |

**Asset/(Liability)**

| COMPANY - 30 June 2024 | Level 1 US$'000 | Level 2 US$'000 | Level 3 US$'000 | Fair value US$'000 |
|---|---|---|---|---|
| Investment in subsidiaries | – | – | 183 043 | 183 043 |

**Asset/(Liability)**

| COMPANY - 30 June 2023 | Level 1 US$'000 | Level 2 US$'000 | Level 3 US$'000 | Fair value US$'000 |
|---|---|---|---|---|
| Other financial liability (note 22) | – | – | (13 358) | (13 358) |
| Investment in subsidiaries | – | – | 71 141 | 71 141 |

The interest rate derivatives are classified as level 2 with their fair values being calculated using the present values of future cash flows, based on market forecasts of interest rates. The valuation technique used maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

During the year, there has not been any transfer between the different levels of the fair value hierarchy.

Fair values have not been disclosed for financial instruments where the carrying amounts are a reasonable approximation of fair value.

## 41. Subsequent events

1. Subsequent to the year-end, the Group signed a Sale and Purchase Agreement (SPA) for the disposal of its interest in St Helene Clinic Co Ltd. Management expects the sale to be completed within the next 12 months, subject to certain conditions outlined in the SPA. St Helene Clinic Co Ltd, reported within the Healthcare segment, primarily consists of a private healthcare facility intended to meet the demand for quality medical care.
2. On the 30 of July 2024, the Group received a formal offer to purchase letter for the sale of the Tamassa resort and a binding heads of terms agreement was signed on 11 October 2024. The finalisation of due diligence and signing of the share purchase agreement is targeted for November 2024, with the transaction expected to be completed by the long stop date of 31 March 2025.
3. Post balance sheet date the Group received formal condonements from its lenders for some of the facilities where targeted ratios were not achieved at balance sheet date. As referred to under note 18 post receipt of these condonements the liabilities classified as current liabilities in the statement of financial position on 30 June 2024 reverts to being classified as non-current.
4. As referred to under note 1 under the Going concern paragraph, the Group has committed to planned debt reductions which are due on or before 8 November 2024. On the 29 of October 2024, the Group partially settled its commitment amounting to US$7.5million with a further US$7.5million expected to be paid by 8 November 2024.
5. As detailed in note 22, the Group and the PIC each took ownership of their proportionate share of DiT's 23.25million Grit Ordinary Shares (Security Shares) with the Guarantee Agreement to be discharged upon a payment of US$17.5million by the Company to the GEPF/PIC. Terms after year end have now been agreed with the PIC for the payment of this outstanding balance, which has been termed out to a 3-year maturity at an interest rate of 3M SOFR plus a spread of 5.28%, the transaction agreements are expected to be concluded imminently.
6. As further detailed in Note 12b, on 3 August 2024, Diplomatic Holdings Africa Ltd (DH Africa) and Verdant Property Holdings Ltd (VPH) entered into a Framework Agreement to combine their diplomatic housing businesses into a single scalable entity, DH Africa. This agreement outlines a series of interdependent transactions, each contingent upon specific conditions. As of the signing date of these financial statements, several conditions have been fulfilled, with the remaining conditions anticipated to be met shortly. Once all conditions are satisfied, the venture will advance into its implementation phase, which includes specific steps required to complete the transactions. Both parties expect that the outstanding conditions and essential implementation steps will be completed within the agreed extended timeline. As of 30 June 2024, the Framework Agreement and the proposed venture represent non-adjusting events under IAS 10, as the conditions were not fully met by the reporting date. Therefore, no adjustments are required to the financial statements for the year ended 30 June 2024.
7. Following a capital call by GREA on 28 June 2024, the regulatory approval and release of the PIC's US$48.5million recapitalisation investment into GREA was delayed as a result of South Africa's recent regulatory directive, restricting state-owned entities from investing in low-tax jurisdictions or using these as conduits for offshore investments. Notwithstanding this directive, the SARB on 30 October 2024 advised that the South African Minister of Finance has approved the request by the PIC, on behalf of the GEPF to participate in the rights issue as part of the capital raise exercise, subject to the condition that GREA redomicile from Mauritius to Kenya, within the next 12 months. Shareholders are advised that the redomiciliation process is currently underway and expected to be completed imminently.
8. Notwithstanding this directive, the SARB on 30 October 2024 advised that the South African Minister of Finance has approved the request by the PIC, on behalf of the GEPF to participate in the rights issue as part of the capital raise exercise, subject to the condition that GREA redomicile from Mauritius to Kenya, within the next 12 months. Shareholders are advised that the redomiciliation process is currently underway and expected to be completed imminently.

## 42. Segmental information

The Group reports on a segmental basis in terms of sector and geographical location. The Group sectors are split into Hospitality, Retail, Office, Light industrial, Corporate Accomodation, Healthcare, Data Centre, Coporate, Development management and other investments. Geographical location is split between Botswana, Senegal, Morocco, Mozambique, Zambia, Kenya, Ghana and Mauritius, as relevant to each reporting year. Following the integration of Gateway Real Estate Africa within the Group the Geographical segment has been extended to now include Ethiopia, Mali and Nigeria.

Rental income is generated from leasing properties to tenants. For the year ended 30 June 2024, the Total Group, located in Mozambique and operating in the office sector, contributed US$6.9million to the Group's total rental income, representing 11.2% of the Group's revenue.

| Type of property 30 June 2024 | Other investments US$'000 | Hospitality US$'000 | Retail US$'000 | Office US$'000 | Light industrial US$'000 | Corporate Accommoda-tion US$'000 | Healthcare US$'000 | Data Centre US$'000 | Development Management US$'000 | Corporate US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Reportable segment profit and loss** | | | | | | | | | | | |
| **Gross property income** | – | 6 160 | 17 185 | 19 782 | 6 083 | 11 062 | 1 568 | 1 530 | – | 607 | 63 977 |
| Property operating expenses | – | – | (6 056) | (2 696) | (228) | (2 158) | (9) | – | (10) | (1 209) | (12 366) |
| **Net property income** | – | 6 160 | 11 129 | 17 086 | 5 855 | 8 904 | 1 559 | 1 530 | (10) | (602) | 51 611 |
| Other income | – | – | 3 | 208 | – | 31 | – | – | 1 536 | (1 433) | 345 |
| Administrative expenses | – | (520) | (950) | (1 286) | (162) | (847) | (15) | (303) | (1 696) | (12 172) | (17 951) |
| Net impairment (charge) / credit on financial assets | – | (18) | (1 232) | (181) | (364) | (10) | – | – | – | (1 412) | (3 217) |
| **Profit / (loss) from operations** | – | 5 622 | 8 950 | 15 827 | 5 329 | 8 078 | 1 544 | 1 227 | (170) | (15 619) | 30 788 |
| Fair value adjustment on investment properties | – | (6 379) | (5 564) | 3 465 | (16 014) | (3 242) | (332) | 136 | – | – | (27 930) |
| Fair value adjustment on other financial liability | – | – | – | – | – | – | – | – | – | (2 236) | (2 236) |
| Fair value adjustment on other financial asset | – | – | – | – | (949) | – | – | – | – | – | (949) |
| Fair value adjustment on derivatives financial instruments | – | – | – | – | – | – | – | – | – | (2 475) | (2 475) |
| Fair value loss on revaluation of previously held interest | – | – | – | – | – | – | – | – | – | (23 874) | (23 874) |
| Share based payment expense | – | – | – | – | – | – | – | – | – | (90) | (90) |
| Share of profits / (losses) from associates and joint ventures | (3 972) | – | 4 550 | (585) | – | 2 612 | – | – | 4 537 | – | 7 142 |
| Loss arising from dilution in equity interest | – | – | – | – | – | – | – | – | – | (12 492) | (12 492) |
| Loss on derecognition of loans and other receivables | – | – | – | – | – | – | – | – | – | 1 | 1 |
| Foreign currency gains / (losses) | – | 390 | 808 | (180) | 255 | 87 | (385) | (52) | (14) | (23) | 886 |
| Loss on extinguishment of borrowings | – | – | – | – | – | – | – | – | – | (1 353) | (1 353) |
| Loss on disposal of property, plant and equipment | – | – | – | – | – | – | – | – | – | 33 | 33 |
| Other transaction costs | – | – | (5) | (3) | (3) | (1) | – | – | (1 167) | (7 692) | (8 871) |
| **Profit / (loss) before interest and taxation** | (3 972) | (367) | 8 739 | 18 524 | (11 382) | 7 534 | 827 | 1 311 | 3 186 | (65 820) | (41 420) |
| Interest income | – | 663 | (3 715) | 5 658 | (1 686) | (4 122) | 114 | – | 2 | 7 968 | 4 882 |
| Finance costs | – | (3 907) | (4 469) | (19 493) | (2 922) | (16) | (729) | (895) | (93) | (21 012) | (53 536) |
| **Profit / (loss) for the year before taxation** | (3 972) | (3 611) | 555 | 4 689 | (15 990) | 3 396 | 212 | 416 | 3 095 | (78 864) | (90 074) |
| Taxation | – | (65) | (347) | (258) | 1 741 | 1 488 | (21) | – | 37 | (1 443) | 1 132 |
| **Profit / (loss) for the year after taxation** | (3 972) | (3 676) | 208 | 4 431 | (14 249) | 4 884 | 191 | 416 | 3 132 | (80 307) | (88 942) |
| **Reportable segment assets and liabilities** | | | | | | | | | | | |
| **Non-current assets** | | | | | | | | | | | |
| Investment properties | – | 31 406 | 176 329 | 258 286 | 64 714 | 207 513 | 25 603 | 28 500 | – | – | 792 351 |
| Deposits paid on investment properties | – | – | – | – | – | – | – | – | – | 4 976 | 4 976 |
| Property, plant and equipment | – | – | 76 | 27 | – | 564 | – | – | 1 413 | 11 872 | 13 952 |
| Intangible assets | – | – | 32 | – | – | – | – | – | 2 213 | 161 | 2 406 |
| Other investments | – | – | – | – | – | – | – | – | 20 062 | (20 062) | - |
| Investment in associates and joint ventures | | – | 37 965 | 4 114 | – | 10 549 | – | – | – | – | 52 628 |
| Related party loans receivable | – | – | – | – | – | – | – | – | – | 316 | 316 |
| Finance lease receivable | – | – | – | – | – | – | 1 769 | – | – | 137 | 1 906 |
| Other loans receivable | – | – | – | 1 520 | – | – | – | – | – | 20 828 | 22 348 |
| Derivative financial instruments | – | – | – | – | – | – | – | – | – | 17 | 17 |
| Trade and other receivables | – | – | 1 145 | – | 1 358 | – | – | – | – | – | 2 503 |
| Deferred tax | – | (29) | 3 555 | 5 383 | 1 182 | 2 002 | 19 | – | – | 1 012 | 13 124 |
| **Total non-current assets** | – | 31 377 | 219 102 | 269 330 | 67 254 | 220 628 | 27 391 | 28 500 | 23 688 | 19 257 | 906 527 |

# 42. Segmental information (continued)

| Type of property 30 June 2024 | Other investments US$'000 | Hospitality US$'000 | Retail US$'000 | Office US$'000 | Light industrial US$'000 | Corporate Accommoda-tion US$'000 | Healthcare US$'000 | Data Centre US$'000 | Development Management US$'000 | Corporate US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Current assets** | | | | | | | | | | | |
| Trade and other receivables | – | 1 876 | 2 459 | 3 587 | 6 054 | 6 426 | 900 | 801 | 7 286 | 43 420 | 72 809 |
| Current tax receivable | – | – | 547 | 2 026 | 1 090 | 284 | – | – | – | 146 | 4 093 |
| Related party loans receivable | – | – | – | 752 | – | 644 | – | – | – | 138 | 1 534 |
| Derivative financial instruments | – | – | – | – | – | – | – | – | – | 45 | 45 |
| Cash and cash equivalents | – | 120 | 890 | 3 655 | 320 | 4 033 | 1 366 | 57 | 91 | 8 234 | 18 766 |
| | – | 1 996 | 3 896 | 10 020 | 7 464 | 11 387 | 2 266 | 858 | 7 377 | 51 983 | 97 247 |
| Non-current assets classified as held for sale | – | 50 624 | – | – | – | – | – | – | – | – | 50 624 |
| **Total assets** | – | 83 997 | 222 998 | 279 350 | 74 718 | 232 015 | 29 657 | 29 358 | 31 065 | 71 240 | 1 054 398 |
| **Liabilities** | | | | | | | | | | | |
| Total liabilities | – | 59 205 | 72 246 | 236 958 | 31 554 | 68 474 | 13 501 | 12 336 | 2 644 | 200 166 | 697 084 |
| **Net assets** | – | 24 792 | 150 752 | 42 392 | 43 164 | 163 541 | 16 156 | 17 022 | 28 421 | (128 926) | 357 314 |

**Major customers**

The top five tenants who contributed the most in terms of rental income during the year were Total Energy Group (11.2%), Vulcan Mozambique (9.4%), Vodacom Mozambique (6.9%), Lux (5.7%), Orbit (5.3%).

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 2024 | Senegal US$'000 | Morocco US$'000 | Mozambique US$'000 | Zambia US$'000 | Kenya US$'000 | Ghana US$'000 | Mauritius US$'000 | Nigeria US$'000 | Uganda US$'000 | Mali US$'000 | Ethiopia US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Reportable segment profit and loss** | | | | | | | | | | | | |
| **Gross property income** | 2 644 | 8 449 | 25 295 | 5 523 | 8 452 | 3 818 | 7 300 | 1 530 | 966 | – | – | 63 977 |
| Property operating expenses | – | (4 180) | (4 402) | (611) | (535) | (730) | (1 615) | – | (293) | – | – | (12 366) |
| **Net property income** | 2 644 | 4 269 | 20 893 | 4 912 | 7 917 | 3 088 | 5 685 | 1 530 | 673 | – | – | 51 611 |
| Other income | – | (3) | 36 | – | – | – | 312 | – | – | – | – | 345 |
| Administrative expenses | (160) | (313) | (1 543) | (29) | (146) | (367) | (14 454) | (311) | (402) | (10) | (216) | (17 951) |
| Net impairment (charge) / credit on financial assets | – | (1 369) | 73 | – | (365) | (20) | (1 655) | – | 119 | – | – | (3 217) |
| **Profit / (loss) from operations** | 2 484 | 2 584 | 19 459 | 4 883 | 7 406 | 2 701 | (10 112) | 1 219 | 390 | (10) | (216) | 30 788 |
| Fair value adjustment on investment properties | (1 770) | (5 801) | (7 875) | 2 117 | (11 966) | (1) | (7 644) | 136 | (505) | 4 441 | 938 | (27 930) |
| Fair value adjustment on other financial liability | – | – | – | – | – | – | (2 236) | – | – | – | – | (2 236) |
| Fair value adjustment on other financial asset | – | – | – | – | (949) | – | – | – | – | – | – | (949) |
| Fair value adjustment on derivatives financial instruments | – | – | – | – | – | – | (2 475) | – | – | – | – | (2 475) |
| Fair value loss on revaluation of previously held interest | – | – | – | – | – | – | (23 874) | – | – | – | – | (23 874) |
| Share based payment expense | – | – | – | – | – | – | (90) | – | – | – | – | (90) |
| Share of profits / (losses) from associates and joint ventures | – | – | – | 4 550 | 742 | (585) | 565 | – | – | – | 1 870 | 7 142 |
| Loss arising from dilution in equity interest | – | – | – | – | – | – | (12 492) | – | – | – | – | (12 492) |
| Loss on derecognition of loans and other receivables | – | – | – | – | – | – | 1 | – | – | – | – | 1 |
| Foreign currency gains / (losses) | (50) | 768 | 76 | 105 | 288 | (162) | 12 | (52) | (96) | (3) | – | 886 |
| Loss on extinguishment of borrowings | – | – | – | – | – | – | (1 353) | – | – | – | – | (1 353) |
| Loss on disposal of property, plant and equipment | – | – | – | – | – | – | 33 | – | – | – | – | 33 |
| Other transaction costs | – | – | (6) | – | (5) | – | (8 860) | – | – | – | – | (8 871) |
| **Profit / (loss) before interest and taxation** | 664 | (2 449) | 11 654 | 11 655 | (4 484) | 1 953 | (68 525) | 1 303 | (211) | 4 428 | 2 592 | (41 420) |
| Interest income | – | (2 279) | (4) | 5 | (724) | 256 | 8 749 | – | (872) | – | (249) | 4 882 |
| Finance costs | (190) | (3 331) | (15 826) | – | (3 513) | (2 005) | (27 201) | (892) | (578) | – | – | (53 536) |
| **Profit / (loss) for the year before taxation** | 474 | (8 059) | (4 176) | 11 660 | (8 721) | 204 | (86 977) | 411 | (1 661) | 4 428 | 2 343 | (90 074) |
| Taxation | – | (371) | 2 250 | (378) | 1 596 | (1 053) | (1 329) | – | 416 | 1 | – | 1 132 |

## 42. Segmental information (continued)

| Geographical location 30 June 2024 | Senegal US$'000 | Morocco US$'000 | Mozambique US$'000 | Zambia US$'000 | Kenya US$'000 | Ghana US$'000 | Mauritius US$'000 | Nigeria US$'000 | Uganda US$'000 | Mali US$'000 | Ethiopia US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Profit / (loss) for the year after taxation** | 474 | (8 430) | (1 926) | 11 282 | (7 125) | (849) | (88 306) | 411 | (1 245) | 4 429 | 2 343 | (88 942) |
| **Reportable segment assets and liabilities** | | | | | | | | | | | | |
| **Non-current assets** | | | | | | | | | | | | |
| Investment properties | 31 406 | 67 506 | 291 153 | 62 180 | 112 510 | 39 417 | 46 404 | 28 500 | 20 020 | 16 385 | 76 870 | 792 351 |
| Deposits paid on investment properties | – | – | – | – | – | – | 4 976 | – | – | – | – | 4 976 |
| Property, plant and equipment | – | (2) | 118 | – | 8 | 12 | 13 292 | – | 74 | – | 450 | 13 952 |
| Intangible assets | – | (5) | – | – | – | – | 2 411 | – | – | – | – | 2 406 |
| Investment in associates and joint ventures | – | – | – | 37 965 | 10 549 | 4 114 | – | – | – | – | – | 52 628 |
| Related party loans receivable | – | – | – | – | – | – | 316 | – | – | – | – | 316 |
| Finance lease receivable | – | – | – | – | – | – | 1 906 | – | – | – | – | 1 906 |
| Other loans receivable | – | – | 1 520 | – | – | – | 20 828 | – | – | – | – | 22 348 |
| Derivative financial instruments | – | – | – | – | – | – | 17 | – | – | – | – | 17 |
| Trade and other receivables | – | 156 | – | – | 2 347 | – | – | – | – | – | – | 2 503 |
| Deferred tax | – | 1 028 | 7 735 | – | 1 750 | 1 905 | 1 008 | – | 43 | – | (345) | 13 124 |
| **Total non-current assets** | 31 406 | 68 683 | 300 526 | 100 145 | 127 164 | 45 448 | 91 158 | 28 500 | 20 137 | 16 385 | 76 975 | 906 527 |
| **Current assets** | | | | | | | | | | | | |
| Trade and other receivables | 1 872 | 3 066 | 4 707 | (66) | 5 303 | 863 | 53 459 | 801 | 211 | 257 | 2 336 | 72 809 |
| Current tax receivable | – | – | 1 034 | – | 1 177 | 1 553 | 70 | – | 27 | – | 232 | 4 093 |
| Related party loans receivable | – | – | – | – | 644 | 752 | 138 | – | – | – | – | 1 534 |
| Derivative financial instruments | – | – | – | – | – | – | 45 | – | – | – | – | 45 |
| Cash and cash equivalents | 120 | 166 | 2 474 | 155 | 1 052 | 122 | 10 285 | 58 | 462 | 101 | 3 771 | 18 766 |
| | 1 992 | 3 232 | 8 215 | 89 | 8 176 | 3 290 | 63 997 | 859 | 700 | 358 | 6 339 | 97 247 |
| **Non-current assets classified as held for sale** | – | – | – | – | – | – | 50 624 | – | – | – | – | 50 624 |
| **Total assets** | 33 398 | 71 915 | 308 741 | 100 234 | 135 340 | 48 738 | 205 779 | 29 359 | 20 837 | 16 743 | 83 314 | 1 054 398 |
| **Liabilities** | | | | | | | | | | | | |
| Total liabilities | 2 874 | 47 546 | 195 047 | 6 310 | 63 044 | 23 691 | 296 039 | 12 336 | 9 232 | 41 | 40 924 | 697 084 |
| **Net assets** | 30 524 | 24 369 | 113 694 | 93 924 | 72 296 | 25 047 | (90 260) | 17 023 | 11 605 | 16 702 | 42 390 | 357 314 |

## 42. Segmental information (continued)

| Type of property 30 June 2023 | Other investments US$'000 | Hospitality US$'000 | Retail US$'000 | Office US$'000 | Light industrial US$'000 | Accomm-odation US$'000 | Corporate US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|
| **Reportable segment profit and loss** | | | | | | | | |
| **Gross property income** | – | 5 275 | 14 859 | 16 440 | 6 205 | 12 284 | 1 186 | 56 249 |
| Property operating expenses | – | – | (5 499) | (1 929) | (220) | (2 271) | 295 | (9 624) |
| **Net property income** | – | 5 275 | 9 360 | 14 511 | 5 985 | 10 013 | 1 481 | 46 625 |
| Other income | – | – | 110 | 10 | – | 24 | 142 | 286 |
| Administrative expenses | – | (480) | (1 205) | (2 130) | (249) | (1 273) | (17 241) | (22 578) |
| Net impairment (charge)/credit on financial assets | – | 13 | (796) | (714) | 51 | (366) | (2 056) | (3 868) |
| **Profit / (loss) from operations** | – | 4 808 | 7 469 | 11 677 | 5 787 | 8 398 | (17 674) | 20 465 |
| Fair value adjustment on investment properties | – | 5 455 | 1 012 | 3 819 | (9 284) | (5 110) | – | (4 108) |
| Fair value adjustment on other financial liability | – | 2 472 | – | – | – | – | 1 153 | 3 625 |
| Fair value adjustment on other financial asset | – | – | – | – | 264 | – | – | 264 |
| Fair value adjustment on derivatives financial instruments | – | – | – | – | – | – | (3 085) | (3 085) |
| Share based payment expense | – | – | – | – | – | – | (354) | (354) |
| Share of profits/(losses) from associates and joint ventures | 9 257 | 2 611 | 3 168 | (1 999) | 1 263 | – | – | 14 300 |
| Loss on disposal of investment in subsidiary | – | – | – | – | – | – | (3 240) | (3 240) |
| Loss on disposal of interest in associate | – | – | – | – | – | – | (3 543) | (3 543) |
| Impairment of loans and other receivables | – | – | 93 | – | – | – | (93) | – |
| Loss on derecognition of loans and other receivables | – | – | – | – | – | – | (3 735) | (3 735) |
| Foreign currency gains/(losses) | – | 1 560 | (420) | (51) | (977) | 41 | (2 394) | (2 241) |
| Loss on extinguishment of borrowings | – | – | (62) | (665) | – | (261) | (178) | (1 166) |
| Loss on disposal of property, plant and equipment | – | – | – | – | – | – | (888) | (888) |
| Other transaction costs | – | – | – | – | – | – | (2 156) | (2 156) |
| **Profit/(loss) before interest and taxation** | 9 257 | 16 906 | 11 260 | 12 781 | (2 947) | 3 068 | (36 187) | 14 138 |
| Interest income | – | – | 41 | (27) | 77 | – | 4 005 | 4 096 |
| Finance costs | – | (3 631) | (2 617) | (15 627) | (2 527) | (154) | (15 026) | (39 582) |
| **Profit/(loss) for the year before taxation** | 9 257 | 13 275 | 8 684 | (2 873) | (5 397) | 2 914 | (47 208) | (21 348) |
| Taxation | – | (174) | (576) | (1 985) | 589 | (566) | (1 513) | (4 225) |
| **Profit/(loss) for the year after taxation** | 9 257 | 13 101 | 8 108 | (4 858) | (4 808) | 2 348 | (48 721) | (25 573) |
| **Reportable segment assets and liabilities** | | | | | | | | |
| **Non-current assets** | | | | | | | | |
| Investment properties | – | 79 992 | 161 411 | 184 566 | 79 450 | 123 358 | – | 628 777 |
| Deposits paid on investment properties | – | – | – | – | – | – | 5 926 | 5 926 |
| Property, plant and equipment | – | 1 | 10 | 11 | – | 141 | 4 327 | 4 490 |
| Intangible assets | – | – | 41 | – | – | – | 392 | 433 |
| Investment in associates and joint ventures | 152 586 | – | 40 026 | 4 482 | – | – | – | 197 094 |
| Investments in subsidiaries | – | – | – | – | – | – | 92 | 92 |
| Other loans receivable | – | – | – | – | – | – | 21 005 | 21 005 |
| Derivative financial instruments | – | – | – | – | – | – | 91 | 91 |
| Trade and other receivables | – | – | 944 | – | 2 504 | – | – | 3 448 |
| Deferred tax | – | 1 422 | 4 089 | 4 318 | 813 | 1 934 | 2 | 12 578 |
| **Total non-current assets** | 152 586 | 81 415 | 206 521 | 193 377 | 82 767 | 125 433 | 31 835 | 873 934 |
| **Current assets** | | | | | | | | |
| Trade and other receivables | – | 1 478 | 4 418 | 1 535 | 3 894 | 4 536 | 2 717 | 18 578 |
| Current tax receivable | – | 183 | 471 | 1 695 | 878 | 43 | 119 | 3 389 |
| Related party loans receivable | – | – | – | – | – | – | 751 | 751 |
| Derivative financial instruments | – | – | – | – | – | – | 1 828 | 1 828 |
| Cash and cash equivalents | – | 1 550 | 932 | 3 833 | 147 | 272 | 2 473 | 9 207 |
| **Total assets** | 152 586 | 84 626 | 212 342 | 200 440 | 87 686 | 130 284 | 39 723 | 907 687 |
| Liabilities | | | | | | | | |
| Total liabilities | – | 45 140 | 69 478 | 185 408 | 32 527 | 29 617 | 211 900 | 574 070 |
| **Net assets** | 152 586 | 39 486 | 142 864 | 15 032 | 55 159 | 100 667 | (172 177) | 333 617 |

# 42. Segmental information (continued)

## Major customers

Rental income stemming from Beachcomber represented approximately 11.1% of the Group's total contractual rental income, Total 9.8%, Vale 9.4%, Vodacom Mozambique 6.3% and Tamassa Resort 5.5% of the Group's total contractual rental income for the year ended 30 June 2023.

| Geographical location 30 June 2023 | Botswana US$'000 | Senegal US$'000 | Morocco US$'000 | Mozambique US$'000 | Zambia US$'000 | Kenya US$'000 | Ghana US$'000 | Mauritius US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Restated Reportable segment profit and loss** | | | | | | | | | |
| **Gross property income** | – | 1 759 | 7 380 | 27 510 | 5 616 | 5 331 | 3 950 | 4 703 | 56 249 |
| Property operating expenses | – | – | (4 029) | (4 461) | (721) | (158) | (551) | 296 | (9 624) |
| **Net property income** | – | 1 759 | 3 351 | 23 049 | 4 895 | 5 173 | 3 399 | 4 999 | 46 625 |
| Other income | – | – | 110 | 49 | – | – | – | 127 | 286 |
| Administrative expenses | – | (168) | (746) | (4 338) | (33) | (101) | (838) | (16 354) | (22 578) |
| Net impairment (charge)/credit on financial assets | – | – | (651) | (931) | – | 218 | (462) | (2 042) | (3 868) |
| **Profit / (loss) from operations** | – | 1 591 | 2 064 | 17 829 | 4 862 | 5 290 | 2 099 | (13 270) | 20 465 |
| Fair value adjustment on investment properties | – | 1 406 | (3 130) | (8 391) | 3 063 | (2 018) | 914 | 4 048 | (4 108) |
| Fair value adjustment on other financial liability | – | – | – | – | – | – | – | 3 625 | 3 625 |
| Fair value adjustment on other financial asset | – | – | – | – | – | 264 | – | – | 264 |
| Fair value adjustment on derivatives financial instruments | – | – | – | – | – | – | – | (3 085) | (3 085) |
| Share based payment expense | – | – | – | – | – | – | – | (354) | (354) |
| Share of profits/(losses) from associates and joint ventures | 1 263 | – | – | – | 4 010 | (842) | (1 999) | 11 868 | 14 300 |
| Loss on disposal of investment in subsidiary | – | – | – | – | – | – | – | (3 240) | (3 240) |
| Loss on disposal of interest in associate | – | – | – | – | – | – | – | (3 543) | (3 543) |
| Loss on derecognition of loans and other receivables | – | – | – | – | – | – | – | (3 735) | (3 735) |
| Foreign currency gains/(losses) | – | 3 | (464) | 117 | 18 | (989) | (99) | (827) | (2 241) |
| Loss on extinguishment of borrowings | – | – | – | (813) | – | – | (176) | (177) | (1 166) |
| Loss on disposal of property, plant and equipment | – | – | – | – | – | – | – | (888) | (888) |
| Other transaction costs | – | – | – | – | – | – | – | (2 156) | (2 156) |
| **Profit/(loss) before interest and taxation** | 1 263 | 3 000 | (1 530) | 8 742 | 11 953 | 1 705 | 739 | (11 734) | 14 138 |
| Interest income | – | – | 35 | (27) | 5 | 77 | – | 4 006 | 4 096 |
| Finance costs | – | (70) | (2 580) | (13 945) | – | (2 527) | (1 874) | (18 586) | (39 582) |
| **Profit/(loss) for the year before taxation** | 1 263 | 2 930 | (4 075) | (5 230) | 11 958 | (745) | (1 135) | (26 314) | (21 348) |
| Taxation | – | – | (285) | (1 816) | (292) | 586 | (778) | (1 640) | (4 225) |
| **Profit/(loss) for the year after taxation** | 1 263 | 2 930 | (4 360) | (7 046) | 11 666 | (159) | (1 913) | (27 954) | (25 573) |
| **Reportable segment assets and liabilities** | | | | | | | | | |
| **Non-current assets** | | | | | | | | | |
| Investment properties | – | 25 318 | 73 357 | 299 136 | 60 040 | 79 716 | 36 536 | 54 674 | 628 777 |
| Deposits paid on investment properties | – | – | – | – | – | – | – | 5 926 | 5 926 |
| Property, plant and equipment | – | 1 | 2 | 219 | – | 7 | 21 | 4 240 | 4 490 |
| Intangible assets | – | – | 41 | – | – | – | – | 392 | 433 |
| Investment in associates and joint ventures | – | – | – | – | 40 026 | – | 4 482 | 152 586 | 197 094 |
| Related party loan receivable | – | – | – | – | – | – | – | 92 | 92 |
| Other loans receivable | – | – | – | – | – | – | – | 21 005 | 21 005 |
| Derivative financial instruments | – | – | – | – | – | – | – | 91 | 91 |
| Trade and other receivables | – | – | 944 | – | – | 2 504 | – | – | 3 448 |
| **Deferred tax** | – | – | 1 470 | 7 125 | – | 429 | 2 132 | 1 422 | 12 578 |
| **Total non-current assets** | – | 25 319 | 75 814 | 306 480 | 100 066 | 82 656 | 43 171 | 240 428 | 873 934 |

## 42. Segmental information (continued)

| Geographical location 30 June 2023 | Botswana US$'000 | Senegal US$'000 | Morocco US$'000 | Mozambique US$'000 | Zambia US$'000 | Kenya US$'000 | Ghana US$'000 | Mauritius US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Current assets** | | | | | | | | | |
| Trade and other receivables | – | 870 | 4 207 | 5 587 | (120) | 3 647 | 1 206 | 3 181 | 18 578 |
| Current tax receivable | – | – | – | 1 020 | – | 915 | 1 200 | 254 | 3 389 |
| Related party loans receivable | – | – | – | – | – | – | 518 | 233 | 751 |
| Derivative financial instruments | – | – | – | – | – | – | – | 1 828 | 1 828 |
| Cash and cash equivalents | – | 1 549 | 189 | 4 387 | 291 | 206 | 288 | 2 297 | 9 207 |
| **Total assets** | – | 27 738 | 80 210 | 317 474 | 100 237 | 87 424 | 46 383 | 248 221 | 907 687 |
| Liabilities | | | | | | | | | |
| Total liabilities | – | 1 792 | 52 887 | 198 397 | 7 514 | 36 359 | 21 960 | 255 161 | 574 070 |
| **Net assets** | – | 25 946 | 27 323 | 119 077 | 92 723 | 51 065 | 24 423 | (6 940) | 333 617 |

# 43. Capital management

## Overall policy

The Group's overall policy in relation to capital management is to maintain an adequate capital base in order to provide a sound platform from which to provide returns for shareholders and benefits for other stakeholders. The directors seek to ensure there is an optimal structure to reduce the Group's overall cost of capital.

## Approach to capital management

The Board's aim is to maintain a strong equity capital base, comprising of all items within 'total equity attributable to ordinary shareholders' in the consolidated statement of financial position. This is in order to maintain investors, creditors and market confidence and to provide a sound platform from which to enable the Group to sustain its plans for the future development of the business. It is the Group's stated intention to deliver long-term sustainable growth in distributions per ordinary share.

The Group is principally funded by bank debt, equity raised in capital markets, and other new equity issues.

While the constitution allows unlimited borrowings, the company may from time to time be restricted by certain lenders or financial institutions.

The Group utilises gearing in high tax rate countries to reduce its overall tax liability.

It is the Group's objective, whenever practical, to maintain its net borrowings (as defined below) at no more than 50.00% of the value of its principal property and related assets (as listed in the table below):

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30 June 2024 US$'000 | 30 June 2023 US$'000 | 30 June 2024 US$'000 | 30 June 2023 US$'000 |
| Investment properties (including straight-line rental income accrual) | 792 351 | 628 777 | - | - |
| Deposits paid on investment properties | 4 976 | 5 926 | - | - |
| Loans receivable related to property assets | (37) | (35) | - | - |
| Investment in associates and joint ventures | 52 628 | 197 094 | - | 152 586 |
| Investment in subsidiaries | - | - | 189 694 | 71 141 |
| **Principal property and related assets - total** | 849 918 | 831 762 | 189 694 | 223 727 |
| 50% thereof | 424 959 | 415 881 | 94 847 | 111 864 |
| **Net borrowings** | 491 122 | 401 859 | 6 780 | 17 151 |
| Gross borrowings (interest-bearing borrowings and preference shares) | 491 122 | 401 859 | 6 780 | 17 151 |
| Unutilised borrowing capacity | (66 163) | 14 022 | 88 067 | 94 713 |
| Loan to value ratio (based on above calculations)[1] | 57.8% | 48.3% | 3.6% | 7.7% |

Certain Group and Company comparatives has been represented in the prior year. Refer to note 41.

[1] *Although the Group's loan to value ratio target has historically been to maintain a loan to value ratio of 50.00%, the board will increase the Group's gearing pre-capital raises in order to enable it to secure pipeline assets. The use of revolving credit facilities pre-capital raises enables the Group to secure these pipeline assets, with such facilities being settled from the proceeds of subsequent share issues. This mechanism improves the efficient deployment of cash proceeds from capital raises.*

# 44. EPRA financial metrics (unaudited)

## 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 realisable value, adjusted profit before tax and funds from operations (collectively "Non-IFRS Financial Information").

## EPRA Earnings

| | UNAUDITED 30 June 2024 | UNAUDITED 30 June 2024 | UNAUDITED 30 June 2023 | UNAUDITED 30 June 2023 |
|---|---|---|---|---|
| **GROUP - 30 June 2023** | US$'000 | Per Share (Diluted) (Cents Per Share) | US$'000 | Per Share (Diluted) (Cents Per Share) |
| EPRA Earnings | (8 465) | (1.76) | (4 656) | (0.97) |
| Total Company Specific Adjustments | 221 | 0.04 | 8 092 | 1.69 |
| Adjusted EPRA Earnings | (8 244) | (1.72) | 3 436 | 0.72 |
| Total Company specific distribution adjustments | 9 429 | 1.97 | 17 149 | 3.57 |
| Total distributable earnings | 1 185 | 0.25 | 20 585 | 4.29 |
| **Total distributable earnings** | | | | |
| EPRA NRV | 279 006 | 57.85 | 349 656 | 72.80 |
| EPRA NTA | 271 862 | 56.37 | 335 918 | 69.94 |
| EPRA NDV | 211 938 | 43.94 | 300 650 | 62.60 |

## Distribution Shares

| | Shares 30 June 2024 | Shares 30 June 2023 |
|---|---|---|
| Weighted average shares in issue | 495 093 | 495 093 |
| Less: Weighted average treasury shares for the year | (15 479) | (15 381) |
| Add: Weighed average shares vested shares in Long term incentive scheme | 2 682 | 573 |
| **EPRA shares** | 482 296 | 480 285 |
| Less : Vested shares in consolidated entities | (2 682) | (573) |
| **Distribution shares** | 479 614 | 479 712 |

## 44. EPRA financial metrics (unaudited) (continued)

### EPRA Earnings (Continued)

| EPRA earnings | Unaudited 30 June 2024 US$'000 |
|---|---|
| Basic loss attributable to the owners of the parent | (82 678) |
| Add back: | |
| Fair value adjustment on investment properties | 27 930 |
| Fair value adjustment on investment properties under income from associates | 2 067 |
| Fair value adjustment on other financial assets and liabilities | 3 700 |
| Fair value adjustment on derivative financial instruments | 2 475 |
| Fair value loss on revaluation of previously held equity instruments | 23 874 |
| Loss arising from dilution in equity interest | 12 492 |
| Changes in fair value of financial instruments and associated close-out costs | (1) |
| Goodwill written off | 285 |
| Deferred tax in relation to the above | (3 146) |
| Acquisition costs not capitalised | 9 051 |
| Non-controlling interest above | (4 514) |
| **EPRA earnings** | **(8 465)** |
| **EPRA earnings per share (diluted) (cents per share)** | **(1.76)** |
| Company specific adjustments | |
| Unrealised foreign exchange gains or losses (non-cash)[1] | (2 943) |
| Straight-line leasing and amortisation of lease premiums (non-cash rental)[2] | (890) |
| Amortisation of right of use of land (non-cash)[3] | 69 |
| Impairment of loan and other receivables[4] | 5 209 |
| Profit on sale of property, plant, and equipment[5] | (17) |
| Non-controlling interest included above[6] | (2 127) |
| Deferred tax in relation to the above[7] | 920 |
| **Total company specific adjustments** | **221** |
| **Adjusted EPRA earnings** | **(8 244)** |
| **Adjusted EPRA earnings per share (diluted) (cents per share)** | **(1.72)** |

### Company specific adjustments to EPRA earnings

1 *Unrealised foreign exchange gains or losses*

*The foreign currency revaluation of assets and liabilities in subsidiaries gives rise to non-cash gains and losses that are non-cash in nature. These adjustments (similar to those adjustments that are recorded to the foreign currency translation reserve) are added back to provide a true reflection of the operating results of the Group.*

2 *Straight-line leasing (non-cash rental)*

*Straight-line leasing adjustment and amortised lease incentives under IFRS relate to non-cash rentals over the period of the lease. This inclusion of such rental does not provide a true reflection of the operational performance of the underlying property and are therefore removed from earnings.*

3 *Amortisation of intangible asset (right of use of land)*

*Where a value is attached to the right of use of land for leasehold properties, the amount is amortised over the period of the leasehold rights. This represents a non-cash item and is adjusted to earnings.*

4 *Impairment on loans and other receivables*

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

5 *Corporate restructure costs*

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

6 *Non-Controlling interest*

*Any non-controlling interest related to the company specific adjustments.*

7 *Other deferred tax (non-cash)*

*Any deferred tax directly related to the company specific adjustments.*

## 45. Company distribution calculation (unaudited)

| | Unaudited 30 June 2024 US$'000 |
|---|---|
| **Adjusted EPRA earnings** | **(8 244)** |
| Company specific distribution adjustments: | |
| VAT credits utilised on rentals[1] | 2 197 |
| Listing and set up costs under administrative expenses[2] | 5 |
| Depreciation and amortisation[3] | 1 203 |
| Share based payments[4] | 90 |
| Dividends (not consolidated out) | (205) |
| Right of use imputed leases | 317 |
| Amortisation of capital funded debt structure fees | 6 755 |
| Deferred tax in relation to the above | (1 651) |
| Non-controlling interest non distributable | 718 |
| **Total company specific distribution adjustments** | **9 429** |
| **Total distributable earnings (before profits withheld)** | **1 185** |
| **Distributable income per share (diluted) (cents per share)** | **0.25** |
| **Full year dividend per share (cents)** | **0.00** |

| Reconciliation to amount payable | US$ cents per share |
|---|---|
| Total distributable earnings to Grit shareholders before profits withheld (cents) | 0.25 |
| Total distributable earnings brought forward from prior year not distributed and attributable to Grit shareholders before profits withheld (cents) | 2.29 |
| Profits withheld (cents) | (1.04) |
| Interim dividends already paid (cents) | (1.50) |
| **Final dividend proposed (cents)** | **0.00** |

### Company specific adjustments to EPRA Earnings

1 *VAT credits utilised on rentals*

*In certain African countries, there is no mechanism to obtain refunds for VAT paid on the purchase price of the property. VAT is recouped through the collection of rentals on a VAT inclusive basis. The cash generation through the utilisation of the VAT credit obtained on the acquisition of the underlying property is thus included in the operational results of the property.*

2 *Listing and set-up costs under administrative expenses*

*Costs associated with the new listing of shares, setup on new companies and structures are capital in nature and is added back for distribution purposes.*

3 *Depreciation and amortisation*

*Non-cash items added back to determine the distributable income.*

4 *Share based payments*

*Non-cash items added back to determine the distributable income.*

## 46. EPRA financial metrics (unaudited)

| Glossary | Measure | Rationale |
|---|---|---|
| **EPRA earnings** | Earnings from operational activities. | A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings. |
| **EPRA NAV / NRV** | Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model. | Adjusts IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy. |
| **EPRA net initial yield (NIY)** | Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. | A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y. |
| **EPRA 'topped-up' NIY** | This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents). | A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y. |
| **EPRA vacancy rate** | Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio. | A 'pure' (%) measure of investment property space that is vacant, based on ERV. |
| **EPRA cost ratios** | Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income. | A key measure to enable meaningful measurement of the changes in a company's operating costs. |

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

| | EPRA NRV Unaudited 30 June 2024 US$'000 | EPRA NTA Unaudited 30 June 2024 US$'000 | EPRA NDV Unaudited 30 June 2024 US$'000 |
|---|---|---|---|
| IFRS Equity attributable to shareholders | 211 938 | 211 938 | 211 938 |
| i) Hybrid instruments | – | – | – |
| Preference shares | – | – | – |
| **Diluted NAV** | 211 938 | 211 938 | 211 938 |
| Add | | | |
| Revaluation of IP (if IAS 40 cost option is used) | – | – | – |
| Revaluation of IPUC (if IAS 40 cost option is used) | – | – | – |
| Revaluation of other non-current investments | – | – | – |
| Revaluation of tenant leases held as leases | – | – | – |
| Revaluation of trading properties | – | – | – |
| **Diluted NAV at fair value** | 211 938 | 211 938 | 211 938 |
| **Exclude*:** | | | |
| Deferred tax in relation to fair value gains of Investment properties | 40,326 | 33,150 | – |
| Fair value of financial instruments | 26,742 | 26,742 | – |
| Goodwill as a result of deferred tax | – | – | – |
| Goodwill as per the IFRS balance sheet | – | 32 | – |
| Intangibles as per the IFRS balance sheet | – | – | – |
| **Include*:** | | | |
| Fair value of fixed interest rate debt | – | – | – |
| Revaluation of intangibles to fair value | – | – | – |
| Real estate transfer tax | – | – | – |
| **NAV** | 279 006 | 271 802 | 211 938 |
| Fully diluted number of shares | 482 295 | 482 295 | 482 295 |
| **NAV per share (cents per share)** | 57.85 | 56.37 | 43.94 |
| | Shares '000 | Shares '000 | Shares '000 |
| Total shares in issue | 495 093 | 495 093 | 495 093 |
| Less: Treasury shares for the period | (15 479) | (15 479) | (15 479) |
| Add: Share awards and shares vested shares in long term incentive scheme | 2 682 | 2 682 | 2 682 |
| **EPRA shares** | 482 296 | 482 296 | 482 296 |

### EPRA Vacancy rate

| | Note | Unaudited 30 June 2024 US$'000 | Unaudited 30 June 2023 US$'000 |
|---|---|---|---|
| Estimated rental value of vacant space | A | 646 | 324 |
| Estimated rental value of the whole portfolio | B | 6 321 | 5 048 |
| **EPRA Vacancy Rate** | A/B | 10.2% | 6.4% |

### Other notes

The audited consolidated financial statements for the year ended 30 June 2024 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, International Financial Reporting Standards ("IFRS"), the LSE and SEM Listing Rules, the Financial Pronouncements as issued by Financial Reporting Standards Council. The accounting policies are consistent with those of the previous annual financial statements with the exception of the significant judgment disclosed in note 1.

The Group is required to publish financial results for the year ended 30 June 2024 in terms of Listing Rule 12.14 of the SEM and the LSE Listing Rules. The Directors are not aware of any matters or circumstances arising subsequent to the year ended 30 June 2023 that require any additional disclosure or adjustment to the financial statements. These audited consolidated financial statements were approved by the Board on 31 October 2024.

PricewaterhouseCoopers have issued their unqualified audit opinion on the Group's financial statements for the year ended 30 June 2024. Copies of the audited consolidated financial statements for the year ended 30 June 2024, and the statement of direct and indirect interests of each officer of the Company pursuant to rule 8(2)(m) of the Mauritian Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available free of charge, upon request at the Company's registered address. Contact Person: Ali Joomun.

### Forward-looking statements

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

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

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

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

10 Years of GRIT

# ADDITIONAL INFORMATION

## UNAUDITED

# ANALYSIS OF ORDINARY SHAREHOLDERS

## Beneficial shareholders with holding > 5%

| | AS AT 30 JUNE 2024 | |
|---|---|---|
| **Beneficial shareholders with holding > 5%** | **Number of shares** | **% of issued capital** |
| Government Employees Pension Fund (ZA) | 116 588 059 | 23.55% |
| M&G Investment Management Ltd (UK) | 72 514 378 | 14.65% |
| Eskom Pension Fund (ZA) | 32 507 561 | 6.57% |
| Botswana Development Corporation (BW) | 26 377 971 | 5.33% |

| | AS AT 30 SEPTEMBER 2024 | |
|---|---|---|
| **Beneficial shareholders with holding > 5%** | **Number of shares** | **% of issued capital** |
| Government Employees Pension Fund (ZA) | 116 588 059 | 23.55% |
| M&G Investment Management Ltd (UK) | 73 119 764 | 14.77% |
| Eskom Pension Fund (ZA) | 32 507,561 | 6.57% |
| Janus Henderson Investors | 30 200 000 | 6.10% |
| Botswana Development Corporation (BW) | 26 377 971 | 5.33% |

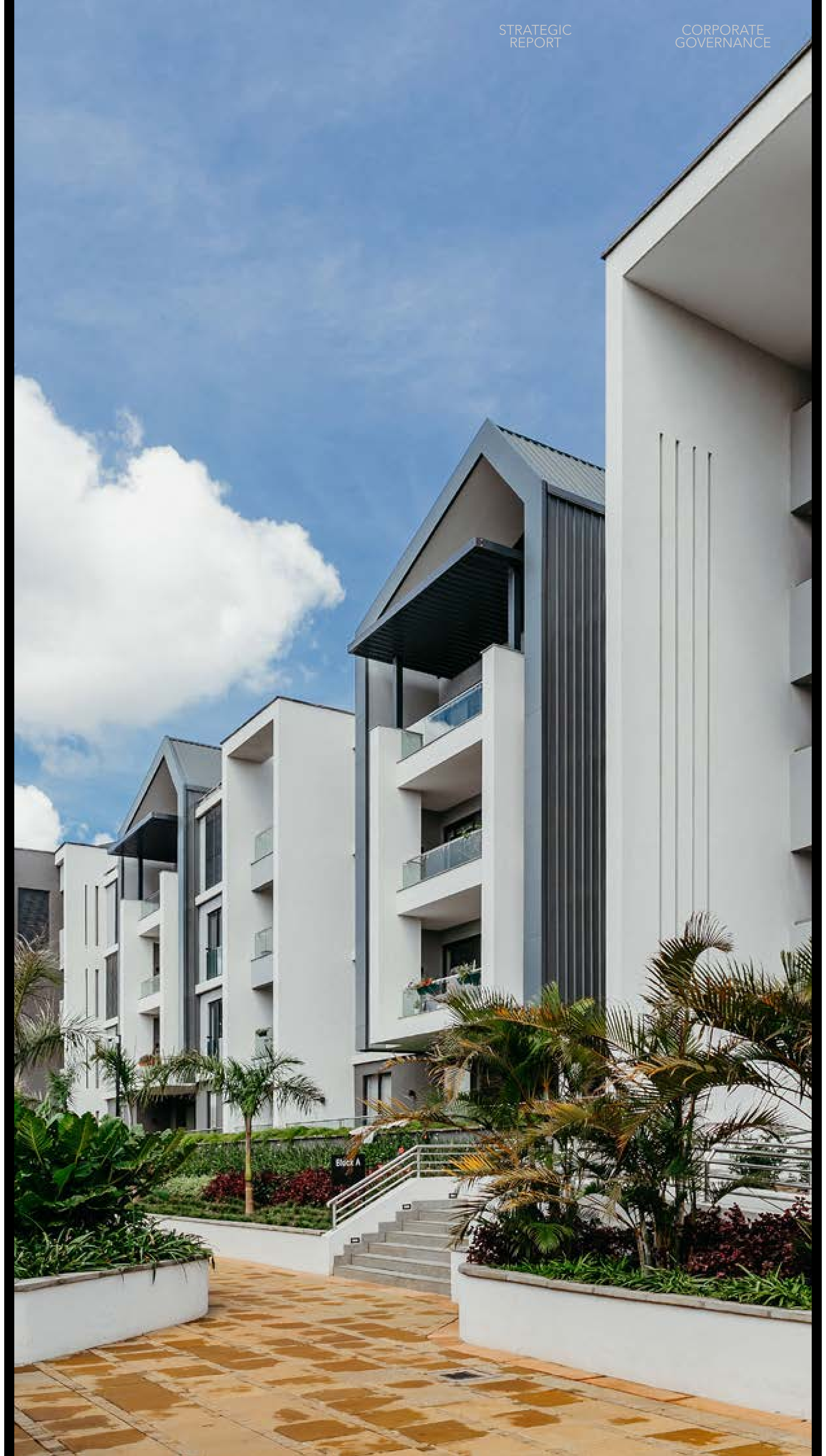
** Fund Manager for M&G Funds*

### Shareholder Base

| Shareholder Base as at 30 June 2024 | % held |
|---|---|
| SEM | 50.22 |
| LSE | 49.78 |

| Shareholder Base as at 30 September 2024 | % held |
|---|---|
| SEM | 48.38 |
| LSE | 51.62 |





# SHAREHOLDER DIARY

## Important dates to note

Final Results announced
**31 OCTOBER 2024**

Availability of Annual Report
**31 OCTOBER 2024**

Annual General Meeting
**4 DECEMBER 2024**

Interim financial results published on or about
**28 FEBRUARY 2025**

## Website and shareholder communication

The Grit website contains a wealth of material for shareholders, including the current share price, press releases and other information. The website can be accessed at https://grit.group/investor-relations/

Grit encourages its shareholders to receive shareholder communications electronically. This enables shareholders to receive information quickly and securely as well as in a more environmentally friendly and cost-effective manner.

# COMPANY INFORMATION AND ADVISORS

## Financial Adviser (UK)

Cavendish Capital Markets Limited
One Bartholomew Close
London
EC1A 7BL
United Kingdom
Website: https://www.finncap.com/

## SEM Authorised Representative and Sponsor

Perigeum Capital Limited
Level 3, Alexander House
35 CyberCity Ebène,
72201 Mauritius
Website: https://perigeumcapital.com/

## Company Secretary

Intercontinental Fund Services Limited
Level 5, Alexander House
35 CyberCity
Ebène,72201
Mauritius
Website: https://intercontinentaltrust.com/

## Corporate Service Provider

Mourant Governance Services (Guernsey) Limited
PO Box 186
Royal Chambers
St Julian's Avenue
St Peter Port
GUERNSEY
GY1 4HP
Website: https://www.mourant.com/expertise/governance.aspx

## Registrar and Transfer Agent in Mauritius

Intercontinental Secretarial Services Limited
Level 3, Alexander House
35 CyberCity
Ebène,72201
Mauritius
Website: https://intercontinentaltrust.com/

## Legal advisors in Mauritius

Dentons Mauritius LLP
Les Jamalacs Building
Vieux Conseil Street
Port Louis 11328
Mauritius
Website: https://www.dentons.com/en/global-presence/africa/mauritius/port-louis

C & A Law
Suite 1005, Level 1 Alexander House
35 CyberCity
Ebène, 72201
Mauritius
Webiste: https://www.calaw.mu/

## Legal advisors in United Kingdom

Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH
United Kingdom
Webiste: https://www.shlegal.com/

## Registrar for UK Register

Link Market Services (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue St
Sampson
Guernsey
GY2 4LH
Website: https://www.linkmarketservices.com/

## Statutory Independent Auditors in UK

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
United Kingdom
Website: https://www.PwC.com/

## Internal Auditors

KPMG Advisory Services Ltd
31 CyberCity, Ebène
B1 Quatre Bornes
Mauritius
Website: https://home.kpmg/mu/en/home/services/advisory.html

## Sponsor Broker

Capital Markets Brokers Ltd
Level1, Alexander House
35 Cybercity, Ebène
72201
Mauritius
Website: http://www.cmb.mu/

# LIST OF DEFINITIONS

| | |
|---|---|
| **"AFS"** | The Company and Group Annual Financial Statements |
| **"APM"** | Alternative Performance Measures |
| **"AML"** | Anti-Money Laundering |
| **"BoAML"** | Bank of America, N.A. |
| **"bn"** | Billion |
| **"BPR"** | Best practice recommendations |
| **"c."** | circa |
| **"CFT"** | Combating the financing of terrorism |
| **"$CO_2e$"** | Carbon dioxide equivalent |
| **"CPI"** | Consumer Price Index |
| **"cps"** | cents per share |
| **"DMLRO"** | Deputy Money Laundering Reporting Officer |
| **"DSR"** | Debt Service Ratio |
| **"EDB"** | The Economic Development Board |
| **"EOY"** | End of Year |
| **"EPRA"** | European Public Real Estate Association |
| **"EPRA NAV"** | Net asset value calculated in accordance with the latest Best Practice Recommendations published by EPRA |
| **"€" or "EUR"** | Currency of the Eurozone in the European Union |
| **"ESG"** | Environmental, Social and Governance |
| **"EURIBOR"** | Euro Interbank Offered Rate |
| **"ERV"** | Expected Rental Value |
| **"FAM"** | Freedom Asset Management |
| **"FATCA"** | The US Foreign Account Tax Compliance Act |
| **"FCA"** | The UK Financial Conduct Authority |
| **"FRC"** | Financial Reporting Council |
| **"DTR"** | Disclosure and Transparency Rules |
| **"EPRA NRV"** | Net Reinstatement value |
| **"EPRA NIY"** | Net Initial Yield |
| **"EPRA topped-up NIY"** | Topped up Net Initial Yield |
| **"FSC"** | Financial Services Commission of Mauritius |
| **"FSMA"** | The UK Financial Services and Markets Act 2000 (as amended) |
| **"GREA"** | Gateway Real Estate Africa |
| **"GDP"** | Gross Domestic Product |
| **"GHG Emissions"** | Greenhouse Gas Emissions |
| **"GLA"** | Gross lettable area |
| **"GRI"** | Global Reporting Initiatives |
| **"IIA"** | International Internal Audit Standards |
| **"IFC"** | International Financial Corporation |
| **"IFRS"** | International Financial Reporting Standards |
| **"IPCC"** | Intergovernmental Panel on Climate Change |
| **"ISCR"** | the interest service coverage ratio |
| **"ISIN"** | International Security Identification Number |
| **"KFIM"** | Knight Frank Investment Management |
| **"KPI"** | Key Performance Indicators |
| **"kwh"** | Kilowatt hour |
| **"LIBOR"** | London Interbank Offered Rate |
| **"LSE"** | London Stock Exchange |
| **"m"** | Million |
| **"MAD"** | Moroccan Dirham |
| **"MLRO"** | Money Laundering Reporting Officer |
| **"MUR"** | Mauritian Rupee |
| **"MRU Code"** | National Code of Corporate Governance for Mauritius (2016) |
| **"MZN"** | Mozambican Metical |
| **"$m^2$"** | Square meters |
| **"NIY"** | Net Initial Yield |
| **"LTV"** | Loan to Value |
| **"LCY"** | Local Currency |
| **"Rand" or "ZAR"** | South African Rand, the lawful currency of South Africa |
| **"RCP"** | Representative Concentration Path |
| **"REC"** | REC Real Estate Consulting, LDA |
| **"REIT"** | "Real Estate Investment Trust" |
| **"ROI"** | Return on Investment |
| **"SADC"** | Southern African Development Community |
| **"SBTi"** | Science-based targets |
| **"SDG"** | Sustainable development goals set by the United Nations |
| **"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 |
| **"SID"** | a senior independent director, who can be replaced from time to time, currently Mr. David Love |
| **"SOFR"** | Secured Overnight Financing Rate |
| **"£"** | Pounds Sterling, the lawful currency of the United Kingdom |
| **"STI"** | Short-Term Incentive |
| **"TCFD"** | Task Force on Climate-related Financial Disclosures |
| **"TDS"** | Tax Deductible at Source |
| **"TPC"** | Total Project Cost |
| **"US$" or "USD"** | United States Dollars |
| **"VAT"** | Value Added Tax |
| **"WALE"** | Weighted average lease expiry |
| **"ZMW" or "Kwacha"** | Zambian Kwacha |
| **"WACD"** | Weighted Average cost of Debt |
| **"y-o-y"** | Year-on-Year |

# FORWARD LOOKING STATEMENTS

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

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

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