GRIT REAL ESTATE INCOME GROUP LIMITED
(Registered in Guernsey)
(Registration number: 68739)
LSE share code: GR1T
SEM share codes (dual currency trading): DEL.N0000 (USD) / DEL.C0000 (MUR)
ISIN: GG00BMDHST63
LEI: 21380084LCGHJRS8CN05

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

FULL YEAR AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2023

The board of Directors (the "**Board**") of Grit Real Estate Income Group Limited, a leading pan-African real estate company focused on investing in, developing and actively managing a diversified portfolio of assets underpinned by predominantly US$ and Euro denominated long-term leases with high quality multinational tenants, today announces its audited consolidated results for the financial year ended 30 June 2023.

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

"The financial year to 30 June 2023 was a transitory year for the Group characterised by disposals of non-core assets, reducing debt and debt refinancing risks and substantial progress on the acquisition of a majority interest in GREA, the Group's development associate. GREA successfully delivered the award-winning Precinct office park and Artemis Curepipe Hospital developments in the year and is on time and on budget on the ENEO Tatu City call centre facility, expected to be completed mid 2024.

Global interest rate volatility provided headwinds to our strong property portfolio operating performance, where a 5.7% increase in net operating income (excluding properties sold) was impacted by significantly rising finance costs. Our focus will remain on sustainably growing distributable income and enhancing capital growth while continuing to target key portfolio metrics such as lowering the LTV, vacancy and cost factors and further strengthening the balance sheet and liquidity position through focused asset recycling initiatives."

Financial & Portfolio highlights as at 30 June 2023[1]

	30 June 2023	30 June 2022	Increase/ (Decrease)
IFRS diluted earnings / (loss) per share	(US$4.90) cps	US$2.62 cps	(US$7.52) cps
Adjusted EPRA earnings per share[2]	US$0.72 cps	US$3.13 cps	(US$2.41) cps
Distributable earnings per share[3]	US$4.29 cps	US$5.08 cps	(US$0.79) cps
Dividend per share	US$2.0 cps	US$4.50 cps	(US$2.5) cps
Contractual rental collected	101.3%	92.8%	+8.5%
EPRA NRV per share[2]	US$72.8 cps	US$79.4 cps	(US$6.6cps)
Total Income Producing Assets[4]	US$862.0m	US$856.7m	US$5.3m
Group LTV	44.3%	46.7%	(2.4%)
Weighted average cost of debt	8.4%	7.1%	1.3%
Portfolio highlights			
Property net operating income from ongoing operations[5]	US$52.0m	US$49.2m	+5.7%
EPRA cost ratio (including associates)[6]	13.3%	13.0%	+0.3ppt
EPRA portfolio occupancy rate[7]	93.6%	95.3%	(1.7ppt)
WALE[8]	4.4 yrs.	4.8 yrs.	(0.4 yrs.)
Revenue earned from multinational tenants[9]	85.3%	85.6%	(0.3ppt)
Income in hard currency[10]	94.5%	91.5%	+3.0ppt

Grit proportionately owned lettable area ("**GLA**")	298,962m^2	366,926m^2	(67,964m^2)
Weighted average annual contracted rent escalations	3.0%	5.4%	(2.4ppt)

Notes

1. Various alternative performance measures (APMs) are used by management and investors, including a number of European Public Real Estate Association ("EPRA") metrics, Distributable Earnings, Total Income Producing Assets and Property portfolio net operating income. APMs are not a substitute, and not necessarily better for measuring performance than statutory IFRS results and where used, full reconciliations are provided.
2. Explanations of how EPRA figures are derived from IFRS are shown in notes 11 to 13 (unaudited).
3. Distributable earnings per share is an APM derived from IFRS and shown in note 12 (unaudited).
4. 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.
5. Property 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, excluding the impact of disposals of BHI and LLR. A full reconciliation is provided in the Chief Financial Officers Statement
6. Based on EPRA cost to income ratio calculation methodology shown in note 13.
7. Property occupancy rate based on EPRA calculation methodology (Includes associates and excludes direct vacancy cost). Please see calculation methodology shown in note 13.
8. Weighted average lease expiry ("WALE").
9. Forbes 2000, Other Global and pan African tenants.
10. Hard (US$ and EUR) or pegged currency rental income.

Summarised results commentary:

- Despite economic headwinds facing the global property industry, Grit's property portfolio performed well with revenue increasing 1.9% (Revenue from ongoing operations, which excludes the impact of BHI and LLR, grew 7.3%). NOI (excluding properties sold) grew 5.7% and the Group collected 101.3% of contractual revenue over the period.
- The value of the property portfolio declined by 4.5%, predominantly as a result of asset disposals which offset the increased interest in Gateway Real Estate Africa ("**GREA**"). Excluding the impacts of this corporate activity, the ongoing property portfolio experienced a 0.8% (US$5.9 million) decline in fair value against a backdrop of global economic uncertainty, once again demonstrating relative stability in the portfolio.
- High interest rates impacted the group with cash WACD increasing from 7.1% to 7.97% for the year. Our hedging policy protected us from a large part of the c3.6% increase in base rates over the year. Notwithstanding the hedges, group finance costs increased by US$11.3 million, representing a 46.5% increase as compared to the prior year (which includes the full year impact of the Orbit acquisitions and the developments completed during the year). The US$100.0 million notional interest rate hedge that expired in October 2023 has been replaced – please refer to post balance sheet events below.
- In line with the Grit 2.0 strategy, asset management fee income within the subsidiaries grew to US$1.4 million (an increase of 219% from the prior year comparative of US$0.48 million). Additionally, the insourcing of property management services in Ghana and Kenya resulted in net savings of US$0.16 million (with the current years fees of US$0.11 million ending during the year). Grit's proportionate share of on-going asset management and development management fee income from APDM (treated as a joint venture for the financial year) amounted to US$3.1 million for the year.
- Administrative expenses increased by 40.3% due to a combination of high inflationary pressures, onboarding costs surrounding the increased investment in APDM and GREA, the full year impact of the income generating Kenyan office and the Group's investment towards future growth (in the setup costs of Bora Africa). The administrative expenses as a percentage of total income producing assets amounted to 2.4%. This is higher than the medium-term objective of 1.8%, which the Group aims to achieve through cost reduction initiatives and an expected increase in the asset base as a result of the acquisition of GREA.
- Taking the above into account, Adjusted EPRA earnings dropped by 77.0% to US$0.72cps. Distributable income dropped 15.6% to US$4.29cps as the company continues to obtain significant VAT credits. The 8.3% reduction in EPRA NRV to US$72.8cps was driven by a combination of property valuations (US$1.05cps), provisions and write offs against property projects (US$1.56cps) and transaction costs related to the GREA acquisition and US$306m syndicated loan (US$0.71cps).
- During the financial year over US$90.0 million of cash was utilised in support of the Group's strategic objectives of debt reduction and increased ownership in GREA and APDM. While the Board understands the importance of dividends to our shareholders, it has elected against declaring a second half dividend. Total dividend for the year amounts to US$2.00 cps following the interim dividend of US$2.00cps declared for the six months ended 31 December 2022 (46.6% pay-out of distributable earnings). Should sufficient progress be made on implementing the

new GREA dividend policy and dividend normalisation from recently completed GREA developments, the Board will consider either a special dividend or an increased H1 dividend.

- The Group continued to reduce debt levels with a net reduction of US$28.3 million in the financial year. Group LTV dropped by 2.4% to 44.3%.

Corporate highlights – execution on strategy

- The Board targeted US$160 million of asset disposals by 31 December 2023 and has made significant progress towards this target with the disposal of interests in BHI and LLR, at near book value. Capital was redeployed to debt reduction and to the acquisition of GREA and APDM – please refer to post balance sheet events below.
- The Group unveiled its Grit 2.0 strategy and focus areas post the acquisition of GREA and APDM, which includes higher targeted fee income strategies and the pursuit of a capital light strategy through industry focused substructures.
- The Group won several high-profile industry awards for a number of GREA delivered developments and for the innovative Sustainability linked debt refinance concluded in October 2022.

Notable Post balance sheet events

- On the 26th of July 2023 the Group announced the conclusion of the final phase in the acquisition of a majority interest in GREA and APDM from Gateway Africa Real Estate Limited and Prudential Impact Investments Private Equity LLC, which resulted in the Group owning a direct interest of 51.48% in GREA and 78.95% in APDM. The transaction became unconditional, and the share transfer was lodged following receipt of the Mauritius Prime Minister's Office consent, which was the final condition precedent. Although the share transfer took place after the end of the financial year, beneficial ownership of the 51.48% was attained on 30 June 2023 and as such the Group treated GREA as a joint venture in preparing its financial statements for the year ended 30 June 2023. The required final amendments to the Shareholders Agreement (which upon signature will result in control over GREA and therefore allow for the full consolidation of GREA and APDM - please refer to The Basis of Presentation 1.2 Critical Judgements and Estimates), are expected imminently. On the 3rd of October 2023 GREA issued shares to APDM in terms of the Managers Incentive Program and from this date the Group, through its shareholding in APDM, holds a combined direct and indirect interest of 54.22%.
- Bora Africa, a specialist industrial real estate vehicle, was established on 24 October 2023 when 5 Grit owned industrial assets namely Imperial, Bollore, Orbit and two industrial land assets were transferred to the newly established entity. Bora is a wholly owned subsidiary of Grit and has therefore resulted in no change to existing beneficial interests. The International Finance Corporation, a division of the World Bank, has approved a US$30 million subordinated notes issue by Bora Africa to fund future pipeline and impact focused real estate acquisitions.
- On 16 October 2023, interest rate hedges over US$100.0 million notional against LIBOR rates above 1.58% to 1.85%, matured. The Group concluded a new US$100.0 million notional interest rate hedge from this date, with a new two-year collar and cap instrument providing protection against rates above 4.75% on SOFR rates while allowing savings up to 3.00% SOFR rate. The Group has therefore maintained its overall hedged position at US$200 million.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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NOTES:

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

The Company is committed to delivering strong and sustainable income for shareholders, with the potential for both income and capital growth.

The Company holds its primary listing on the main market of the London Stock Exchange (LSE: GR1T) and a dual currency trading secondary listing on the Stock Exchange of Mauritius (SEM: DEL.N0000 (USD) / DEL.C0000 (MUR)).

Further information on the Company is available at [http://grit.group/.](http://grit.group/)

Directors:

Peter Todd (Chairman), Bronwyn Knight (Chief Executive Officer) *, Leon van de Moortele (Chief Financial Officer) *, David Love+, Sir Samuel Esson Jonah+, Catherine McIlraith+, Jonathan Crichton+, Cross Kgosidiile and Lynette Finlay+.

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

Company secretary: Intercontinental Fund Services Limited

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

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

SEM authorised representative and sponsor: Perigeum Capital Ltd

UK Transfer secretary: Link Market Services Limited

Mauritian Sponsoring Broker: Capital Markets Brokers Ltd

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

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

The Company will host a live webcast on Tuesday, 31st October 2023 at 2:00pm Mauritius / 10:00am UK / 12:00pm South Africa via the Investor Meet Company platform, with the presentation being open to all existing and potential shareholders, and can be accessed at the following link: https://www.investormeetcompany.com/grit-real-estate-income-group-limited/register-investor

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

CHAIRMAN'S STATEMENT

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.

Robust operational performance and record development activity

Operationally and strategically, 2023 was a challenging yet productive year and was characterised by disposals of non-core assets and substantial progress on the acquisition of a controlling interest GREA. Global interest rate volatility offset the strong performance from the property portfolio, where net operating income from ongoing operations increased 5.7%. We enjoyed good leasing and cash collections while GREA successfully delivered the Precinct office park, the first 5-star green rated development in the Indian Ocean region, and the Artemis Curepipe Hospital in Mauritius.

We aim to enhance our income and protect value through the active management of our high-quality portfolio. We are well positioned to deliver the Grit 2.0 strategy which is underpinned by long-term structural African demand drivers and the need for high quality real estate and infrastructure.

Macroeconomic factors impacting property valuations

A significant adjustment in global interest rates during the year caused a sharp increase in our overall cost of capital and impacted property yields across the global real estate sector. Our higher quality assets, underpinned by strong tenant covenants, are more resilient in the face of potentially weaker leasing markets which has largely been recognised by the valuers in our year-end property valuations. However, there remains near term uncertainty on market yields and valuations which is only expected to moderate once peak interest rates are reached.

The corporate accommodation and light industrial sectors experienced some valuation pressure which contributed to a negative 0.8% movement in fair values on the property portfolio, offsetting gains on completed developments. We expect growth sectors to stabilise, and given the favourable long-term African fundamentals, should continue to see considerable investment over the medium term.

A high-quality, diverse, and resilient platform

We benefit from having built a business focused on quality real estate assets with strong ESG credentials, long leases to a resilient and diverse customer base that comprise more than 85% of strong multinational and investment grade tenants. Revenue from ongoing operations grew by 7.3% in the financial year to 30 June 2023, with contractual lease escalations, which are predominantly inflation-linked, helping to offset the impacts of rising interest rates in the portfolio. We notably collected 101.3% (FY22: 92.8%) of the value of contracted revenue. In the financial year we reduced exposures to the hospitality sector and now have 33 assets across 7 sectors with 94.5% of our leases in hard currency. This provides a strong foundation to our income generation and a resilient platform from which to pursue growth opportunities through active management, sector focused development substructures and external fee generation from our professional services.

Capital recycling

In the prior financial year, the Board set an asset recycling target of 20% of the value of the property portfolio, equivalent to approximately US$160 million worth of property assets, by 31 December 2023. I am pleased to report that we have already achieved gross property disposals of US$135.2 million and are making good progress on further disposals which are hoped to be announced in late 2023 or early 2024. Given the success of the current disposal programme, the Board is considering extending the targets, including co-investors into sub-structures, and will make further announcements in due course.

Notable disposals in the financial year included the disposal of the minority interest in 3 hotels to Beachcomber Hotels International and the exit of the Group’s remaining 25.1% in Letlole la Rona, a listed Botswanan property company.

Proceeds from asset recycling have principally been applied towards Group debt reduction and to the increased shareholding in GREA and APDM. Since acquiring an increased interest in APDM and GREA, Grit has combined and integrated the professional teams and continues to drive operating efficiencies through the establishment of a centralised treasury programme, shared professional services and integration of other head office support functions.

Grit 2.0 strategy

At a capital markets day hosted in May 2023, we unveiled the Grit 2.0 strategy, which set our vision for the Group post the acquisition of GREA and APDM. We described the Group as “moving from income to impactful income”, which is underpinned by the value we create in new developments and with our various professional services.

Post the acquisition, the Group will continue to deploy its resources within the following principal strategic areas:

1. Owning and managing a well-diversified portfolio of high-quality real estate assets across the African continent (excluding South Africa) – which are resilient to macro-economic challenges.
2. Pursuing limited risk-mitigated real estate developments for existing and target tenants, predominantly focused on the industrial, embassy accommodation and data centres sectors, driving accelerated NAV growth into the future. Development exposure will not exceed more than 20% of Group gross asset value, and upon completion, will be included in the income producing portfolio of the Group thereby underpinning future income growth – leading to an expectation of enhanced yield and income upon completion of the developments.

3. Generation of additional fee income from real estate, facilities, and development management services to both internal clients and to third party clients and co-investors – expected to result in enhanced income, with a contribution to earnings for the year of US$4.7 million.

Grit's strategy is to organise the Group's real estate assets into logical sector groupings and to pursue development activities, wherever possible, through GREA, and focusing on the following:

1. Developing industrial and logistics assets across Africa which are then held as investments or sold to other investors; and
2. The establishment of a substructure that holds our diplomatic housing portfolio across the African continent for the US Government, other countries and multinational companies which are either held as investments or sold to investors.

The Group has made substantial progress in recapitalising GREA and have obtained shareholders' Investment Committee approval for the cash injection of US$48.5 million. While a number of administrative processes need to be concluded, the Board is confident that the targeted date of drawdown of December 2023 will be met. The capital injection will initially be utilised to temporarily reduce debt and associated financing costs before being deployed towards the Group's pipeline in due course.

The Group has made significant progress in sourcing funding for growth projects, with the targeted issuance of financing instruments in Bora to the IFC, a division of the World Bank. The IFC board approved transaction is set to close imminently providing additional growth capital for Bora to fund industrial and impact focused acquisitions and developments.

Financial results

The financial results to 30 June 2023 have been impacted by the corporate actions, rising interest rates and sluggish property valuations. EPRA NRV per share declined 8.3% to US$72.8cps (versus prior year NRV of US$79.4cps) predominantly due to property valuations, write offs and provisions against delayed property projects and transaction costs related to the GREA acquisition and the syndicated loan.

Grit's LTV improved from 46.7% in the prior financial year to 44.3%, predominantly from debt reductions related to asset disposals and active decisions by management to reduce the more expensive facilities in the face of rising interest rates. LTV is expected to fall further upon the planned consolidation of GREA.

Interest rates have remained higher, and for longer, than we initially anticipated introducing increased risks to the Group's financial performance in the near term. These risks are covered in more detail in the Chief Financial Officer's report below but has influenced the Board's assessment of liquidity risks when assessing current dividend levels.

Dividends

During the financial year the Group had a number of cash requirements to support the Board's strategic objectives and capital projects. The group successfully increased its shareholding in GREA (US$56.4 million), repaid overall quantum of debt by US$35.1 million and funded the upfront debt costs of the US$306 million syndicated loan (US$7.4 million). The bulk of the capital for these strategic and risk mitigating actions were funded from the asset recycling program that generated US$86.8 million, while US$12.0 million was funded from operational cashflows. The current transition from cash generative assets sold in the year to assets within the increased GREA portfolio, has resulted in a temporary disruption of normalised dividend flows from underlying properties that are expected to normalise by the end of the year. The current volatility of interest rates and continuing inflationary pressures combined with the rising tensions in the Middle East have additionally heightened the macro-economic risks faced by the Group. While we understand the importance of dividends to our shareholders, the Board has elected against declaring a second half dividend. Therefore the total dividend for the year amounts to US$2.00 cps following the interim dividend of US$2.00cps declared for the six months ended 31 December 2022. The full year distribution represents an 46.6% pay-out of distributable earnings.

A number of initiatives, including the implementation of a formal GREA dividend policy, normalisation of dividends from recently completed GREA portfolio assets and proceeds from further asset recycling, are expected to largely replenish the operational cashflows utilised to close the strategic objectives discussed above. The Board will consider either a special dividend later this year or an increased H1 dividend dependant on the progress it makes on all, or some, of these initiatives.

Changes to the Board

In February 2023 Nomzamo Radebe resigned off the Board. We thank Nomzamo for her valuable input she added to the Board.

We welcomed Lynette Finlay to the Board in March 2023 as an independent non-executive director. Lynette brings a wealth of property market experience, and we look forward to further engagements with her.

Outlook

Management and the Board will continue to focus on ongoing reduction in LTV, the asset recycling programme, and the expansion of Grit's investments in specialist development focused investment vehicles. The Board has identified a cost optimisation programme on Group administrative expenses, targeting a sustainable US$4.0 million reduction by December 2024.

Grit 2.0 positions the Group for growth, and with strong current cash collection, increased leasing activity, resilient assets and the potential for stronger NAV and fee income growth, the Board affirms the total return target of between 13% and 15% per annum over the medium term.

Peter Todd
Chairman

CHIEF EXECUTIVE'S STATEMENT

Grit continues to refine its strategy, and as part of Grit 2.0, is looking to increasingly pursue risk mitigated and pre-leased developments and asset management activities that generate fees to compliment the sustainable property income we enjoy from our existing high quality property portfolio. Our vision statement summarises our key focus and activities:

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

In addition to sound property fundamentals, a significant catalyst for Grit's growth continues to be our focus on strong, transparent counterparty and stakeholder relationships. This ability and know-how are what differentiates Grit and allows us to deliver smart real estate solutions on the African continent.

We identified a number of key focus areas at the start of the year and are pleased to provide the following key highlights for the period:

- We delivered a strong portfolio performance including leasing and vacancy management, strong cash collections and growth in operational earnings from ongoing operations;
- We strengthened the Group balance sheet, including reductions in debt balances and Group loan to value and extended debt maturities through the US$306 million sustainability linked syndicated facility;
- Good progress on the GREA and APDM acquisitions, with beneficial ownership of 51.48% of GREA being obtained on 30 June 2023 and transfer of shares completed shortly after the financial year end;
- Acceleration in our asset recycling strategy with significant disposals that included three Beachcomber hotels and the remaining stake in Letlole la Rona concluded during the financial year;
- Significant progress in our move towards a low carbon economy and achieving our 25% building efficiency improvement target by 2025.

Key operational trends

Good leasing activity

During the year, we signed leases over 9,006 m^2 of GLA in our investment property portfolio with significant activity in the office, retail, light industrial and corporate accommodation sectors, with pleasing results in the Anfa Mall and Ghana office portfolio. Although we increased our shareholding in GREA to 51.48%, the Group has been operationally controlling the completed assets since April 2022 by undertaking property management and leasing activities on their behalf via Group companies.

Balance sheet improving

In October 2022 we concluded a US$306 million multi-jurisdictional sustainability linked syndicated debt facility across Mozambique, Zambia, Kenya, Ghana, and Senegal, which was the largest of its kind in the real estate sector in Sub Sahara Africa (ex-South Africa).

Interest bearing borrowings were subsequently reduced by US$28.3 million to US$396.7 million in the financial year through a combination of utilising cashflows raised from asset disposals and from redirecting cash generated from operations towards debt reductions. The Group's reported LTV dropped to 44.3% (from 46.7% in FY2022) and is further expected to reduce upon the consolidation of GREA.

Accelerating fee income generation

Grit's proportionate fee income generation in the year accelerated as the first evidence of the Grit 2.0 fee income strategies started materialising. While the underlying portfolio continues to be delivered, the fixed asset management fee income component will increase steadily over time while the development management fees are expected to be linked to business activity and available growth capital and might vary year to year, with current year performance being bolstered by one off incentive fees earned by APDM on the delivery of its minimum return hurdles.

Significant liquidity redeployment

Strong cash collections of 101.3% (FY22: 92.8%) continued to support the Group's liquidity position.

Additionally, proceeds from the disposals of the remaining 25.1% interest in Letlole la Rona and the 44.2% interest in three hotels operated by Beachcomber Hotels International were applied towards both debt reductions and towards the completion of the final phases of the GREA and APDM acquisitions (where US$58.3m was deployed towards phases two and three of the acquisition).

Operational update

Grit's current portfolio consists of 33 assets located across 11 countries and 7 sector classes. The Group's portfolio has a 6.4% EPRA vacancy rate (FY2022: 4.7%) impacted by mix changes in the portfolio post asset disposals, and a weighted average lease expiry (WALE) of 4.4 years (FY2022: 4.8 years). More than 85% of income is underpinned by a wide range of blue-chip multinational tenants across a variety of sectors and has a weighted average contracted lease escalation of 3.0% per annum (FY2022: 5.4% per annum). Most rents are collected monthly, of which 94.5% (FY2022: 91.5%) are collected in US Dollar, Euro or pegged currencies.

Office

The global work-from-home phenomenon has been less relevant in Africa and has had limited impact on our office tenants. Office sector valuations in Mozambique remained resilient while the Ghanaian office market continues to be faced with macroeconomic headwinds despite positive leasing activity in the financial year, driven mainly by international tenants.

Corporate accommodation

The valuation of the VDE Housing Estate in Mozambique reduced to US$50.2 million (FY2022: US$55.2 million), with valuers applying conservative leasing assumptions post the current lease maturity in May 2024. The acquisition of GREA allows the Group to accelerate its provision of diplomatic housing through a strong pipeline of secured opportunities similar to the recently completed developments in both Kenya and Ethiopia, where the Group has enjoyed good valuation performance in this financial year.

Light industrial

The continent remains undersupplied for good-quality industrial property.

As part of the Grit 2.0 strategy the Group is consolidating its industrial assets into a single focused entity called Bora Africa. Bora is expected to generate both rental and capital value growth. The core income generating asset base and strong development pipeline of Bora Africa is expected to provide co-investment opportunities to our real estate partners and other equity funders.

Medical

Although a relatively small exposure for the Group at present, the GREA team successfully completed the Artemis Curepipe hospital in Mauritius in May 2023 at a total cost of US$18.6 million.

Retail assets

The occupancy rates of our retail assets have steadily improved since the height of the pandemic at the end of 2021. However, this sector is still targeted for further asset disposals. Our strategy of focusing mainly on smaller malls with non-discretionary food and service retailers have yielded positive results and we are encouraged by new tenant activity.

Vacancies at AnfaPlace Mall have also experienced an improving trend. This increasing footfall could bode well for the significant number of turnover linked leases currently in place.

Hospitality assets

Our hospitality portfolio now comprises two hotels post the sale of the interest in BHI – one in Mauritius and one Club Med resort in Senegal, the refurbishment of which, will be completed in November 2023, before embarking on the expansion project which is due for completion in late 2024.

Update on acquisitions and development pipeline

The acquisition of a majority stake in GREA was completed shortly after the financial year end. Control over GREA and its asset manager, Africa Property Development Managers ("APDM"), is pivotal to Grit's ambitions. These include further diversifying its asset base into defensive, high-growth real estate sub-sectors and growing fee income whilst creating positive and sustainable impacts and value to the local people and communities we serve across Africa.

The finalisation of the amendments to the shareholders agreement are expected shortly, which will result in control and the consolidation of GREA and APDM into the results of Grit from that date.

Summary of GREA developments and projects

Name	**Completion date**	**Anchor tenant**
OBO Kenya (embassy accommodation)	August 2022	US Embassy
The Precinct, Mauritius (office)	May 2023	Grit, Dentons, W17
Artemis Curepipe Hospital, Mauritius	May 2023	Falcon Group
Eneo, Tatu City, Kenya	Q2 2024	CCI
Artemis Coromandel Hospital, Mauritius	Q2 2025	Falcon Group
OBO Mali (embassy accommodation)	Q2 2025	US Embassy

ESG strategy

The Group's sustainability efforts focus on community impact, the empowerment of women, energy efficiency and carbon reduction.

The Board remains committed to a five-year target of a 25% reduction in carbon emissions and a 25% improvement in our building efficiency against 2019 base figures and has made significant progress in the achievement of these targets. In addition to environmental responsibility, the Group prides itself on achieving more than 40% of women in leadership positions at Grit, more than 65% localised employees and significant support to numerous local communities through extensive CSR and upliftment programmes.

We have made significant progress in our move toward a low carbon economy based on global best practice.

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

Prospects

The Group has some compelling pipeline opportunities in impact real estate investing. The year-ended 30 June 2023 has been a transitionary year for the Group with significant corporate actions and asset recycling. Our focus will remain on sustainably growing dividends and enhancing capital growth. This will be done while continuing to target key portfolio metrics such as lowering the LTV, vacancy, cost factors, maintaining collections and further strengthening the balance sheet and liquidity position through focused asset recycling initiatives.

The Board have identified a cost optimisation programme on Group administrative expenses and are a targeting a sustainable US$4.0 million reduction by December 2024. Although rising global interest rates continue to be a headwind for earnings our focus remains on the long-term sustainable debt strategy and managing the weighted average cost of debt alongside achieving our contractual lease escalations. The GREA acquisition and recapitalisation as well as the completion of the IFC financing instrument into Bora Africa positions us well for the Grit 2.0 strategy and for increased focus on selective impact investing in sectors such as light industrial, diplomatic housing, medical and data centre.

Bronwyn Knight
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S STATEMENT

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 11 to 13. 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 domicilium 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 12 "Distributable earnings".

The Group made substantial progress in the current financial year toward disposal of assets accounted for as associates, and with the anticipated consolidation of GREA and APDM, expects to present largely consolidated asset results going forward.

IFRS Income statement to distribution reconciliation	**Audited IFRS 30 June 2023 US$'000**	**Unaudited Extracted from Associates 30 June 2023 US$'000**	**Unaudited Grit Proportionate Income statement 30 June 2023 US$'000**	**Unaudited Non-Controlling Interest US$'000**	**Unaudited Grit Economic Interest Income Statement 30 June 2023 US$'000**	**Unaudited Distributable Earnings 30 June 2023 US$'000**
Gross property income	56,249	12,538	68,787	(9,286)	59,501	59,587
Property operating expenses	(9,624)	(1,798)	(11,422)	2,784	(8,638)	(9,609)
Net property income	**46,625**	**10,740**	**57,365**	**(6,502)**	**50,863**	**49,978**
Other income	286	22,241	22,527	(3,343)	19,184	18,799
Administrative expenses	(22,578)	(7,400)	(29,978)	4,104	(25,874)	(21,419)
Net impairment charge on financial assets	(3,868)	(1,581)	(5,449)	(59)	(5,508)	-
Profit from operations	**20,465**	**24,000**	**44,465**	**(5,800)**	**38,665**	**47,358**
Fair value adjustment on investment properties	(4,108)	(1,005)	(5,113)	1,023	(4,090)	-
Fair value adjustment on other financial liability	3,625	1,948	5,573	(79)	5,494	-
Fair value adjustment on other financial asset	264	-	264	-	264	-
Fair value adjustment on derivative financial instruments	(3,085)	-	(3,085)	-	(3,085)	-
Share-based payment expense	(354)	(7,474)	(7,828)	-	(7,828)	-
Share of profits from associates and joint ventures	14,300	(14,300)	-	-	-	-
Loss on disposal of investment in subsidiary	(3,240)	-	(3,240)	-	(3,240)	-
Loss on disposal of interest in associate	(3,543)	-	(3,543)	-	(3,543)	-
Impairment of loans and other receivables	-	(71)	(71)	(658)	(729)	-
Loss on derecognition of loans and other receivables	(3,735)	-	(3,735)	(280)	(4,015)	-

Foreign currency losses	(2,241)	(1,640)	(3,881)	416	(3,465)	-
Loss on extinguishment of loans	(1,166)	(25)	(1,191)	114	(1,077)	-
Loss on disposal of property, plant, and equipment	(888)	-	(888)	-	(888)	-
Other transaction costs	(2,156)	-	(2,156)	-	(2,156)	-
Profit before interest and taxation	**14,138**	**1,433**	**15,571**	**(5,264)**	**10,307**	**47,358**
Interest income	4,096	5,527	9,623	(40)	9,583	9,582
Finance charges	(39,582)	(6,088)	(45,670)	5,585	(40,085)	(36,554)
(Loss) / Profit before taxation	**(21,348)**	**872**	**(20,476)**	**281**	**(20,195)**	**20,386**
Taxation	(4,225)	(487)	(4,712)	1,276	(3,436)	(3,113)
(Loss) / Profit after taxation	**(25,573)**	**385**	**(25,188)**	**1,557**	**(23,631)**	**17,273**
NCI of associates through OCI		**(385)**	**(385)**	**385**	**-**	**-**
(Loss) / Profit after taxation and after NCI of associates	**(25,573)**	**-**	**(25,573)**	**1,942**	**(23,631)**	**17,273**
VAT credits						**3,312**
Distributable earnings						**20,585**

Financial and Portfolio summary

The Grit Proportionate Income Statement is further split to produce a Grit Property Portfolio Revenue[2], Operating expenses[2] and NOI [2] analysis by sector. Grit's Property Portfolio revenue has increased by 1.9% after the reduction of revenue from disposed assets. Revenue from ongoing operations increased 7.3% from prior year on annual contractual lease escalations and the start of leasing operations on a number of buildings within the GREA portfolio between January 2023 and May 2023. Net operating income on ongoing operations increased by 5.7% over the twelve-month period to 30 June 2023.

Sector	Revenue FY2023 Reported US$'000	Revenue FY2023 Change in ownership [3] US$'000	Revenue FY2023 Ongoing operations US$'000	Revenue FY2022 Restated[4] US$'000	Revenue FY2022 Change in ownership [3] US$'000	Revenue FY2022 Ongoing operations US$'000	Change in Revenue Reported %	Change in Revenue Ongoing operations %	Rental Collection [1] FY2023 %
Retail	19,074	110	18,964	18,310	-	18,310	4.2%	3.6%	95.0%
Hospitality	9,164	3,889	5,275	12,510	7,481	5,029	(26.7%)	4.9%	136.2%
Office	18,163	1,078	17,085	16,577	-	16,577	9.6%	3.1%	98.0%
Light industrial	6,229	-	6,229	3,797	-	3,797	64.1%	64.1%	105.3%
Corp Accommodation	14,147	460	13,687	13,620	-	13,620	3.9%	0.5%	96.1%
Medical	53	11	42	-	-	-	100.0%	100.0%	100.0%
Data Centre	803	135	668	364	-	364	120.6%	83.5%	15.9%
LLR portfolio	1,588	1,588	-	2,788	2,788	-	(43.0%)	(100.0%)	N/A
Corporate	1,444	-	1,444	1,389	-	1,389	4.0%	4.0%	N/A
TOTAL	**70,665**	**7,271**	**63,394**	**69,355**	**10,269**	**59,086**	**1.9%**	**7.3%**	**101.3%**
Subsidiaries	56,249	1,001	55,248	51,937	-	51,937	8.3%	6.4%	
Associates	12,538	5,810	6,728	16,613	10,269	6,344	(24.5%)	6.1%	
SUBTOTAL	**68,787**	**6,811**	**61,976**	**68,550**	**10,269**	**58,281**	**0.3%**	**6.3%**	
GREA Associates	1,878	460	1,418	805	-	805	133.2%	76.1%	
TOTAL	**70,665**	**7,271**	**63,394**	**69,355**	**10,269**	**59,086**	**1.9%**	**7.3%**	

Sector	NOI FY2023 Reported US$'000	NOI FY2023 Change in ownership[3] US$'000	NOI FY2023 Ongoing operations US$'000	NOI FY2022 Restated[4] US$'000	NOI FY2022 Change in ownership[3] US$'000	NOI FY2022 Ongoing operations US$'000	Change in NOI Reported %	Change in NOI Ongoing operations %
Retail	12,363	70	12,293	11,952	-	11,952	3.4%	2.9%
Hospitality	9,164	3,889	5,275	12,510	7,481	5,029	(26.7%)	4.9%
Office	16,139	870	15,269	14,664	-	14,664	10.1%	4.1%
Light industrial	5,995	-	5,995	3,692	-	3,692	62.4%	62.4%
Corp Accommodation	11,545	439	11,106	11,558	-	11,558	(0.1%)	(3.9%)
Medical	53	11	42	-	-	-	100.0%	100.0%
Data Centre	148	118	30	324	-	324	(54.3%)	(90.7%)
LLR portfolio	1,455	1,455	-	2,507	2,507	-	(42.0%)	(100.0%)
Corporate	2,023	-	2,023	2,000	-	2,000	1.2%	1.2%
TOTAL	**58,885**	**6,852**	**52,033**	**59,207**	**9,988**	**49,219**	**(0.5%)**	**5.7%**
Subsidiaries	46,625	870	45,755	43,281	-	43,281	7.7%	5.7%
Associates	10,740	5,543	5,197	15,181	9,988	5,193	(29.3%)	0.1%
SUBTOTAL	**57,365**	**6,413**	**50,952**	**58,462**	**9,988**	**48,474**	**(1.9%)**	**5.1%**
GREA Associates	1,520	439	1,081	745	-	745	104.0%	45.1%
TOTAL	**58,885**	**6,852**	**52,033**	**59,207**	**9,988**	**49,219**	**(0.5%)**	**5.7%**

Notes

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 disposal of BHI and LLR as well as the impact of the change in the Group's proportionate share in GREA from 26.29% to 35.01% during the financial year. On 30 June the Groups interest increased to 51.4%, with the resulting effect expected to be observed in the 30 June 2024 financial period.

4 Prior year comparatives have been restated to reflect a change in accounting policy following clarification by the IFRS Interpretation Committee ("IFRIC") in October 2022 of how lessor should account for the forgiveness of lease payments. Details of the restatement and impact on prior year comparatives are set out in note 2.3 'Changes in accounting policies'

The **retail sector** benefitted from lower vacancies, Covid-19 recovery and from favourable foreign exchange impacts, particularly on the Zambian portfolio during the year.

The **hospitality sector** NOI declined as a result of the disposal of the Beachcomber properties during the year. NOI from ongoing operations grew 4.9% predominantly driven by EBITDA linked rental growth at Tamassa and rentals on development capex being levied at the Club Med Skirring Resort.

The **office sector** NOI growth was predominantly attributable to the increased shareholding in Capital Place (50% to 70% from 30 June 2022) and a one-off termination fee relating to Commodity House Phase 1 of US$0.8m. The remainder of the portfolio was broadly flat over the prior year.

The **light Industrial sector** NOI growth substantially related to the full year impact of the Orbit Complex contributing c.US$2.5m to the year-on-year movement.

Corporate accommodation sector and NOI growth predominantly related to new leasing income generated from DH1 Ethiopia and DH3 Kenya completed during the year. The diplomatic housing portfolio positive trends were offset by lower rentals achieved in the VDE Housing Complex and additional costs being incurred across the portfolio.

Cost control

The financial year-ended 30 June 2023 was a transitionary year for the Group, one in which significant inflationary pressure and investment for future growth and positioning ahead of GRIT 2.0 resulted in a 40.3% increase in ongoing administrative expenses. A substantial contributor to the increase were inflationary pressures experienced in items including insurance, travel, accommodation and staff costs. Additionally, the Group invested for growth, with the staff compliment increasing during the year and the opening of a new representative office in Kenya. The property management team added to the headcount growth with new staff in Ethiopia to manage the diplomatic housing projects.

Ongoing administrative costs as a percentage of total income producing assets equate to 2.4%, increasing from 1.7% in the prior year and against management medium term admin cost ratio target of 1.8%. The group has set a target of reducing overall administrative costs by US$4.0 million by December 2024. This will be achieved through increased integration and efficient use of the Grit and APDM staff compliment, further digitisation of business processes, initiatives surrounding insurance requirements and a more targeted marketing spend that will underpin the growth of assets under management and the generation of other fee income streams in line with the Grit 2.0 strategy.

Administrative costs for the year included a number of once off items related to the office move to the Precinct and additional costs related to the completion of phase 2 and 3 of the GREA / APDM acquisition.

Administrative expenses	**30 June 2023 US$'000**	**30 June 2022 US$'000**	**Movement US$'000**	**Movement %**
Comparable administrative costs relating to the Group (excluding APDM recharges)	21,787	16,944	4,843	28.6%
Bora representative office setup costs	532	-	532	100.0%
APDM employee costs recharged to Group	259	-	259	100.0%
Administrative expenses - IFRS	**22,578**	**16,944**	**5,634**	**33.3%**
Less: Transaction costs	(1,706)	(2,071)	365	(17.6%)
Total administrative expenses	**20,872**	**14,873**	**5,999**	**40.3%**
Fee income	**1,348**	**480**	**868**	**180.8%**

As an offset to the increased administrative costs, asset management fees of the subsidiaries grew to US$1.4 million (an increase of 180.8% from the prior year comparative of US$0.48 million). Additionally, the insourcing of property management in Ghana and Kenya resulted in net savings of US$0.16 million (with the current years fees of US$0.11 million ending during the year). These figures are expected to grow in line with the number of new projects delivered in the medium term and will be significantly bolstered through the deployment of the IFC funding instrument and GREA recapitalisation.

Material finance costs increases

The continued rise in global interest rates have driven the Group's cash weighted average cost of debt up to 8.0% at 30 June 2023 and including the full year impact of the Orbit acquisition, resulted in a 46.5% increase in net finance costs for the year. The increase in ongoing funding costs is partially shielded by annual contractual lease escalations over the property portfolio which are predominantly linked to US consumer price inflation. The Group also has hedging instruments in place amounting to US$200.0 million to mitigate the impact of interest fluctuations. Although base rates increased by c3.6% over the year, our WACD increased by 1.3% as a result of these hedges.

The additional US$11.3 million charge to income 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.

Net finance costs	**30 June 2023 US$'000**	**30 June 2022 US$'000**	**Movement US$'000**	**Movement %**
Finance costs as per statement of profit or loss	39,582	26,151	13,431	51.4%
Less: Interest income as per statement of profit or loss	(4,096)	(1,935)	(2,161)	111.7%
Net finance costs - IFRS	**35,486**	**24,216**	**11,270**	**46.5%**

Interest rate risk exposure and management

The exposure to interest rate risk at 30 June 2023 is summarised below and the table highlights the value of the Group's interest-bearing borrowings that are exposed to the base rates indicated:

Lender	**TOTAL US$'000**	**SOFR US$'000**	**EURIBOR US$'000**	**PLR[1] US$'000**	**FIXED US$'000**
Standard Bank Group	269,147	222,633	46,514	-	-
State Bank of Mauritius	35,361	10,000	24,336	1,025	-
Investec Group	34,722	3,152	31,570	-	-
Nedbank Group	15,635	15,635	-	-	-
Maubank	712	-	712	-	-

Housing Finance Corporation	4,369	-	-	-	4,369
NCBA Kenya	17,500	17,500	-	-	-
Private Equity	4,725	-	-	-	4,725
International Finance Corporation	16,100	16,100	-	-	-
TOTAL EXPOSURE – IFRS	**398,271**	**285,020**	**103,132**	**1,025**	**9,094**
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	**177,237**	**63,986**	**103,132**	**1,025**	**9,094**

Notes

1 PLR – Mauritius Prime Lending Rate

Management monitor and manage the business relative to the cash WACD which is the net finance costs before loan cost amortisation and adjusted for the effects of the hedges. Including the impact of hedges and back-to-back partner loans, the Group is 78.24% hedged on its US$ SOFR exposure but remains largely unhedged to movements in EURIBOR and the Mauritian prime lending rate.

On 16 October 2023, interest rate hedges over US$100.0 million notional, which gave protection against LIBOR rates above 1.58% to 1.85%, matured. The Group re-instated a new US$100.0 million notional interest rate hedge from this date, with new protection level above 4.75% against SOFR 3-month rates.

A sensitivity of the Group's expected WACD and cash WACD to further movements in base rates are summarised below:

All debt	**Cash WACD**	**WACD**	**Movement vs current WACD**
At 30 June 2023 (including hedges)	7.97%	8.43%	
At 31 October 2023 (including hedges)	9.09%	9.55%	0.00%
+50bps	9.30%	9.76%	+21bps
+25bps	9.19%	9.65%	+10bps
-50bps	8.88%	9.34%	(21bps)
-100bps	8.55%	9.01%	(54bps)
-200bps	7.84%	8.30%	(125bps)

Asset recycling

During the year the Group continued with its asset recycling strategy and disposed of a minority interest (44.42%) in 3 hotels to Beachcomber Hotels International and the complete exit of the Group's remaining 25.1% in Letlole la Rona, a listed Botswanan property company. The impact on the financial results of the Group of these disposals are summarised below.

Disposal of Leisure Property Northern (Mauritius) Limited

The Group disposed of its whole equity interests in Leisure Property Northern (Mauritius) Limited ("LPNL"), the legal beneficial owner of Beachcomber Hospitality Investments Ltd ("BHI") and a wholly owned subsidiary of the Group during the year. At the beginning of the financial year, Grit via LPNL owned 44.42% of BHI. The following transactions occurred during the year which resulted in the disposal of LPNL and BHI.

- In November 2022, BHI declared a €32.6 million dividend whereby shareholders had the option to elect to receive the dividend in cash or additional shares in BHI in proportion to their current shareholding. The Group elected a cash payout whereas New Mauritius Hotel ("NMH"), the other shareholder of BHI, elected to convert the dividend payout into additional BHI shares. Following the increase in shareholding of NMH in BHI, the Group interests in the associate decreased from 44.42% to 27.01%.
- In May 2023, the Group disposed of its wholly owned subsidiary LPNL (which held 27.01% of BHI at the time of disposal). Following the disposal of LPNL and the de-consolidation of LPNL in Grit's book, LPNL merged with BHI so that BHI is the only surviving legal entity that remains in operation.

- Following the disposal, the New Mauritius Hotels option to acquire all of the equity held by LPNL in BHI, expired and the call option liability that was previously recorded was reversed.

The net impact of the disposal of the LPNL and BHI on the results of the Group during the year is summarised as follows	**US$'000**
Assets disposed	
Investments in associates	51,298
Cash and cash equivalents	1
Total assets disposed	**51,299**
Liabilities disposed	
Interest-bearing borrowings	(19,404)
Trade and other payables	(28)
Total liabilities disposed	**(19,432)**
Net assets disposed	**31,867**
Consideration received	28,880
Loss on sale of subsidiary	**(2,987)**
Reclassification of cumulated other comprehensive income movement from foreign currency translation reserve to profit or loss	(75)
Total loss on sale of interest in subsidiary	**(3,062)**
Fair value adjustment through profit or loss on reversal of call option held by New Mauritius Hotels	2,472
Net impact of disposal on profit or loss in the current year	**(590)**

Disposal of equity interest in Letlole La Rona Limited

During the year, Grit Services Limited a wholly owned subsidiary of the Group disposed of its entire equity interests of 25.10% in Letlole La Rona Limited on the Botswana Stock Exchange for a cash consideration. The disposal of shares has been completed in tranches. The number of shares disposed of and the trading price at the different disposal dates were as follows:

Number of shares disposed	**Trading price per share BWP**	**Percentage interest %**
19,000,000	3.48	6.79%
19,768,068	3.51	7.06%
12,600,000	3.16	4.50%
18,911,932	2.50	6.75%
70,280,000		**25.10%**

The net impact of the disposal of the interest in Letlole La Rona Limited on the results of the Group during the year is summarised as follows, with the largest contributor to the loss on disposal being the crystallisation of foreign currency translation differences that were recognised during the period in which the investment was held, and which arose due to the movement in the Botswana Pula against the US Dollar during the investment period.

	US$'000
Fair value of consideration received	**16,853**
Less: Carrying amount of Investment in associate to be disposed	17,105
Loss on disposal of interest in associate	**(252)**
Reclassification of cumulative foreign currency translation reserve to profit or loss	(3,291)
Total loss on disposal of investment in associate	**(3,543)**

Utilisation of proceeds from disposal of assets

The proceeds on the disposal of the above-mentioned assets had largely been used to partially fund the acquisition of GREA and the settlement of debt.

Portfolio performance

Income producing assets increased by 0.6% during the year under review. The increase in investment properties is largely driven by capital expenditure incurred during the year along with the acquisition of the remaining 50% interest in Buffalo Mall, which resulted in the asset being consolidated in the Group results at 30 June 2023. The acquisition of a further 25.19% interest in GREA along with an increase of 1% interest in APDM was offset by the consolidation of Buffalo Mall as described above as well as the impact of the disposal of the entire shareholding in Beachcomber Hospitality Investments as well as LLR during the year. Other loans receivable decreased through partial repayments received from partners during the year.

Composition of income producing assets	2023 US$'m	2022 US$'m
Investment properties	628.8	604.5
Investment property included within 'Investment in associates'	197.1	203.8
	825.9	**808.3**
Deposits paid on investment properties	5.9	8.2
Other investments, Property, plant & equipment, Intangibles & related party loans	30.2	40.2
Total income producing assets	**862.0**	**856.7**

Property valuations

Reported property values based on Grit's proportionate share of the total property portfolio (including joint ventures and GREA associates) decreased by 4.5% in the period and were principally impacted by "Asset Recycling" related to the disposal of stakes in BHI and LLR (both accounted for as associates) offset to an extent by increased stakes in the GREA assets (reflected in their various sectors) as a result of Grit's increased interest in GREA (which moved from 26.29% to 51.48%). Additions predominantly related to capex deployed to various development projects in GREA as well as the Bollore property. Fair value loss on the portfolio amounted to US$5.9m, equating to -0.8% on the like-for-like portfolio.

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	197,417	1,330	-	-	371	12,322	720	551	212,711	7.7%
Hospitality	164,603	9,235	(100,057)	-	2,244	-	8	3,959	79,992	(51.4%)
Office	195,823	-	-	11,728	-	5,032	940	1,921	215,444	10.0%
Light industrial	80,414	-	-	-	7,899	-	655	(9,518)	79,450	(1.2%)
Data Centres	6,839	-	-	-	-	6,555	338	658	14,390	110.4%
Medical	-	(140)	-	5,633	-	4,626	-	2,108	12,227	100.0%
Corporate Accommodation	145,884	(520)	-	-	1,998	16,824	(793)	(5,621)	157,772	8.1%
LLR portfolio	20,946	(6,187)	(14,909)	-	-	-	-	150	-	(100.0%)
GREA under construction	13,214	715	-	(17,361)	14,506	5,167	159	(159)	16,241	22.9%
Total	**825,140**	**4,433**	**(114,966)**	**-**	**27,018**	**50,526**	**2,027**	**(5,951)**	**788,227**	**(4.5%)**
Subsidiaries	604,474	4,401	-	-	10,531	11,769	1,710	(4,108)	628,777	4.0%
Associates	203,770	552	(114,966)	-	15,088	22,576	89	(1,005)	126,104	(38.1%)
SUBTOTAL	**808,244**	**4,953**	**(114,966)**	**-**	**25,619**	**34,345**	**1,799**	**(5,113)**	**754,881**	**(6.6%)**
GREA Associates	16,896	(520)	-	-	1,399	16,181	228	(838)	33,346	97.4%
TOTAL	**825,140**	**4,433**	**(114,966)**	**-**	**27,018**	**50,526**	**2,027**	**(5,951)**	**788,227**	**(4.5%)**

Interest bearing borrowings movements

As at 30 June 2023, the Group had a total of US$398.3 million in interest bearing borrowings outstanding as compared to a total of US$425.1 million that was outstanding at the end of the comparative period. The reduction in these balances were largely driven by the settlement of interest-bearing borrowings amounting to US$19.4 million held in Leisure Property Northern (Mauritius) Limited, which was disposed during the year as well as a US$10.0 million repayment made on the loan facility that the Group holds with the State Bank of Mauritius Limited (other loans settled during the period amounted to US$5.6 million). During the year the Group acquired the remaining 50% interest in Buffalo Mall Naivasha Limited and due to the consolidation of this entity at 30 June 2023 the interest-bearing borrowings that relate to this entity amounting to US$4.4 million was included in the Group balance as at that date.

Movement in reported interest-bearing borrowings for the year (subsidiaries)	**30 June 2023 US$'000**	**30 June 2022 US$'000**
Balance at the beginning of the year	425,066	410,588
Proceeds of interest bearing-borrowings	324,459	58,513
Loan reduced through disposal of subsidiary	(19,404)	(6,624)
Loan acquired through asset acquisition	4,369	6,011
Loan issue costs incurred	(7,355)	(4,386)
Amortisation of loan issue costs	3,368	2,765
Foreign currency translation differences	3,561	(14,836)
Interest accrued	2,798	751
Debt settled during the year	(340,127)	(27,716)
As at 30 June	**396,735**	**425,066**

For more meaningful analysis, a further breakdown is provided below to better reflect debt related to non-consolidated associates. At 30 June 2023, the Group had a total of US$457.3 million in interest bearing borrowings outstanding, comprised of US$398.3 million in subsidiaries (as reported in IFRS balance sheet) and US$59.0 million proportionately consolidated and held within its associates.

	30 June 2023				**30 June 2022**			
	Debt in Subsidiaries US$'000	**Debt in associates US$'000**	**Total US$'000**	**%**	**Debt in Subsidiaries US$'000**	**Debt in associates US$'000**	**Total US$'000**	**%**
Standard Bank Group	269,147	28,881	**298,028**	65.18%	183,496	6,516	**190,012**	40.30%
Bank of China	-	-	**-**	0.00%	76,405	-	**76,405**	16.21%
State Bank of Mauritius	35,361	2,769	**38,130**	8.34%	57,659	16,375	**74,034**	15.70%
Investec Group	34,722	-	**34,722**	7.59%	36,129	-	**36,129**	7.66%
Absa Group	-	14,157	**14,157**	3.10%	7,913	3,057	**10,970**	2.33%
ABC Banking Corporation	-	-	**-**	0.00%	7,121	-	**7,121**	1.51%
Afrasia Bank Limited	-	21	**21**	0.00%	-	-	**-**	0.00%
Nedbank Group	15,635	7,772	**23,407**	5.12%	21,820	286	**22,106**	4.69%
Mauritius Commercial Bank	-	-	**-**	0.00%	-	7,774	**7,774**	1.65%
Maubank	712	-	**712**	0.16%	3,345	-	**3,345**	0.71%
First National Bank	-	-	**-**	0.00%	-	9,013	**9,013**	1.91%
Housing Finance Corporation	4,369	-	**4,369**	0.96%	-	2,316	**2,316**	0.49%
Bank of Gaborone	-	-	**-**	0.00%	-	727	**727**	0.15%
SBI (Mauritius) Ltd	-	2,078	**2,078**	0.45%	-	-	**-**	0.00%
Cooperative Bank of Oromia	-	3,303	**3,303**	0.72%	-	-	**-**	0.00%
NCBA Bank Kenya	17,500	-	**17,500**	3.83%	10,700	-	**10,700**	2.27%
Private Equity	4,725	-	**4,725**	1.03%	4,725	-	**4,725**	1.00%
International Finance Corporation	16,100	-	**16,100**	3.52%	16,100	-	**16,100**	3.41%
TOTAL BANK DEBT	**398,271**	**58,981**	**457,252**	**100.00%**	**425,413**	**46,064**	**471,477**	**100.00%**
Interest accrued	7,725				4,927			
Unamortised loan issue costs	(9,261)				(5,274)			
As at 30 June	**396,735**				**425,066**			

Capital commitments

Upcoming capital commitments in the current financial year include:

- Club Med Senegal redevelopment: EUR27.1 million up to January 2025; and
- Drive in Trading guarantee settlement: US$17.5 million by March 2024.

Net Asset Value and EPRA Net Realisable Value

Further reconciliations and details of EPRA earnings per share and other metrics are provided in notes 11 to 13.

Net asset value evolution	**Unaudited US$'000**	**Unaudited US$'cps**
IFRS NAV as reported	336,301	70.1
Derivative financial instruments	(1,862)	(0.4)
Deferred Tax on Properties	46,873	9.7
EPRA NRV at 30 Jun 2022	**381,312**	**79.4**
Portfolio valuations	(5,113)	(1.1)
Other fair value adjustments	(873)	(0.2)
Other non-cash items (including non-controlling interest)	(20,680)	(4.3)
Dividend attributable to NCI	(2,397)	(0.5)
Cash profits	17,267	3.6
Movement through FCTR	4,802	1.1
Dividend paid	(19,188)	(4.0)
Movement other equity instruments	(5,568)	(1.2)
EPRA NRV Before Dilution	**349,562**	**72.8**
Effect of treasury shares	94	0.0
EPRA NRV at 30 Jun 2023	**349,656**	**72.8**
Deferred Tax on Properties	(48,217)	(10.0)
Derivatives	(789)	(0.2)
IFRS NRV at 30 Jun 2023	**300,650**	**62.6**

Going Concern

The Directors' assessment of the Group's and Company's ability to continue as a going concern is required when approving the financial statements. As such the Directors have modelled a 'base case' and a 'severe but plausible downside' of the Group's and Company's expected liquidity and covenant position for a going concern assessment period through to March 2025, a period of at least 12 months following the approval of these accounts. The Directors considered the existing structure of the group, where GREA is accounted for as a joint venture, and also the forecasts under a scenario where GREA is controlled and therefore consolidated which is the stated intention of the group

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

Base Case model

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

1. Management has modelled the proceeds of both the IFC funding instrument (US$30 million) as well as the recapitalisation of GREA (with a cash injection of US$48.5 million) to be closed from November 2023.
    a. The initial deployment of the IFC instrument shall be utilised to acquire a sale and lease back asset with a value of at least US$15 million (which is a requirement of the IFC instrument) with the remaining balance being undrawn; and

b. The US$48.5 million recapitalisation of GREA is to fund new development projects and to unlock the fee income strategies of the Group as contemplated under "Grit 2.0". The proceeds of the GREA recapitalisation shall initially be applied to reduce debt in the short term, through the shared Treasury policy, before being deployed towards the Group's pipeline in due course. The applicable development fee income surrounding the deployment of the cash has been included in the model. As the cash is targeted to be received in December 2023, the Directors have applied significant judgement on the inclusion of the US$48.5 million capital injection in GREA. The judgement that the cash will be received from the capital injection has been made on the basis that this has been approved by the Board of GREA and by the investment committee of the third-party investor. For these reasons the Directors have concluded that they have obtained sufficient evidence that the cash will be received in due course. The Group is not compelled to inject cash of its own as part of the recapitalisation of GREA.

2. Modelling the Company's contractual lease income, which at 30 June 2023 had a weighted average lease expiry of 4.4 years and applying the applicable contractual lease escalations (which averaged 3.0% in the current period);
3. Expected take up of vacancies from ordinary letting activities, updated for any leases concluded post year end;
4. Debt is refinanced in the ordinary course of business, based on the Group's historical ability to refinance debt as required;
5. Hedging contracts with a nominal value of US$200 million, which are more fully described in the CFO statement and have been concluded post year end, are included in the model;
6. Base interest rates increase to 5.38% (in the case of US Dollar SOFR base rates) and 3.92% (in the case of Euro base rates) before retracing to 3.91% and 1.85% respectively by March 2025;
7. Depreciation of the various African currencies versus the US Dollar, most notably the Zambian Kwacha depreciating by 19.4% and the New Mozambique Metical depreciating by 21.3% over the period, with the Euro appreciating by 4.2% over the period;
8. Property valuations that assume constant discount and exit capitalisation rates to those applied by the independent valuers for the year ended 30 June 2023, while applying the cashflows and currency impacts mentioned above;
9. Drive in Trading guarantee settlement paid in March 2024 of US$17.5 million;
10. Further progress towards, and extension of, the Company's stated asset disposal strategy whose proceeds are deployed to reduce debt facilities and to fund future pipeline opportunities; and
11. Administrative expense reductions of c.$4.6 million during FY24 and FY25.

Severe but plausible downside model

The severe but plausible downside scenario is initially applied to Grit on a standalone basis and then includes additional overlays of consolidated GREA scenarios to reflect the intention of the Directors to obtain control over GREA. A summary of the key assumption overlays to the Base Case made in the severe but plausible scenario are as follows:

1. As the IFC agreement has not yet been signed by the financial statement date, the initial utilisation of the funds has therefore not been assumed. The funds from the GREA recapitalisation have been assumed to be held in debt facilities as the projects to which they will be allocated have not yet reached sufficient finality (most specifically binding pre-let agreements and specific project debt funding) reducing the Group's interest costs and improving liquidity. Any fee income related to these projects have also not been modelled. As the cash is targeted to be received in December 2023, the Directors have applied significant judgement on the inclusion of the US$48.5 million capital injection in GREA. The judgement that the cash will be received from the capital injection has been made on the basis that this has been approved by the Board of GREA and by the investment committee of the third-party investor. For these reasons, the Directors have concluded that they have obtained sufficient evidence that the cash will be received in due course;
2. Base interest rates are assumed to continue to increase to levels higher than those assumed in the base case, with base rates staying higher for longer and at levels increasing to c1.25% higher than the base case scenario and then maintaining this average over the measurement period. The resultant assumed rates are:
   - SOFR base rates increase to a maximum of 6.31% up to June 24 before rate retracting 5.16% in March 2025;
   - 3 month Euribor rates increase to 5.05% before retracing to 4.55% in June 2024 and 3.48% in March 2025;
3. All debt facilities that mature during the period to December 2024 are assumed to be repaid on the current maturity date; while those beyond this date, specifically the US$306 million sustainability linked syndicated loan facility

maturing in 2027, the SBM Euro 22.3 million and Nedbank US$8 million facilities maturing in April 2025, are assumed to be refinanced in the ordinary course;

4. Further depreciation of currencies versus the US Dollar, most notably the Euro depreciating by 4.0% over the period and movements in various African currencies of up to 22.8%;
5. Only contractual preference share coupons are paid;
6. The ongoing refurbishment of the Club Med Cap Skirring Resort in Senegal is reduced to the contractually obligated spend; and
7. Administrative expense reductions of c.US$4.6 million during FY24 and FY25.

Given the Group's stated intention to consolidate GREA, further overlays in the severe but plausible downside scenario are applied to GREA and include:

1. Interest rate and currency sensitivities, as above, are applied to GREA debt, and debt facilities that mature during the period are assumed to be repaid on the current maturity date;
2. Delays and cancellations to targeted asset disposals are modelled;
3. Potential delays of current development projects underway have been factored in by up to 6 months; and
4. Future projects are ceased, with no additional fee income generation from these projects or related asset management services.

Where potential risks to covenants have been identified, the Group has received specific condonements from its financiers should the scenario modelled come to pass. This includes Interest Cover Ratio covenant condonements and Loan to Value covenant condonements during the going concern period for risks identified at the December 2024 measurement period.

Under both the base case and the severe but plausible scenario, along with certain remedies within management's control, which include actions like cuts in dividends, the Company is able to meet its liquidity and covenant positions through to March 2025. The Board has therefore concluded that it is appropriate to prepare the financial statements on the going concern basis and have concluded that there is no material uncertainty in forming that view, noting the significant judgement made in connection with the GREA capital raise.

Leon van de Moortele
Chief Financial Officer

31 October 2023

PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal risks and uncertainties facing the Group as at 30 June 2023 are set out on pages 54 to 57 of the 2023 Integrated Annual Report together with the respective mitigating actions and potential consequences to the Group's performance in terms of achieving its objectives. These principal risks are not an exhaustive list of all risks facing the Group but are a snapshot of the Company's main risk profile as at year end.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The responsibility statement has been prepared in connection with the Groups 2023 Integrated Annual Report, extracts of which are included within this announcement.

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

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' confirmations

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

Each of the Directors, whose names and functions are listed in pages 98 to 99 confirm that, to the best of their knowledge:

- the Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board; the Financial Pronouncements as issued by Financial Reporting Standards Council, the LSE and SEM Listings Requirements and the requirements of the Companies (Guernsey) Law 2008, give a true and fair view of the assets, liabilities, financial position and loss of the Group and profit of the Company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

The financial statements on pages 172 to 272 were approved by the Board of Directors and signed on its behalf by:

On behalf of the Board

Bronwyn Knight
Chief Executive Officer

Leon van de Moortele
Chief Financial Officer

CONSOLIDATED STATEMENT OF INCOME

	Notes	Audited for the year ended 30 June 2023 US$'000	Audited for the year ended 30 June 2022 Restated US$'000
Gross property income		56,249	51,937
Property operating expenses		(9,624)	(8,656)
Net property income		**46,625**	**43,281**
Other income		286	80
Administrative expenses		(22,578)	(16,944)
Net impairment charge on financial assets		(3,868)	(5,301)
Profit from operations		**20,465**	**21,116**
Fair value adjustment on investment properties		(4,108)	20,080
Contractual receipts from vendors of investment properties	2	-	(297)
Total fair value adjustment on investment properties		(4,108)	19,783
Fair value adjustment on other financial liability		3,625	(11,315)

Fair value adjustment on other financial asset		264	(371)
Fair value adjustment on derivative financial instruments		(3,085)	4,501
Share-based payment expense		(354)	(1,238)
Share of profits from associates and joint ventures	3	14,300	20,611
Loss on disposal of investment in subsidiary	3	(3,240)	(2,051)
Loss on disposal of interest in associate		(3,543)	(573)
Impairment of loans and other receivables		-	(3,101)
Loss on derecognition of loans and other receivables		(3,735)	-
Foreign currency losses		(2,241)	(5,412)
Loss on extinguishment of borrowings		(1,166)	-
Loss on disposal of property, plant, and equipment		(888)	-
Other transaction costs		(2,156)	-
Profit before interest and taxation		**14,138**	**41,950**
Interest income		4,096	1,935
Finance costs		(39,582)	(26,151)
(Loss) / profit for the year before taxation		**(21,348)**	**17,734**
Taxation		(4,225)	(6,621)
(Loss) / profit for the year after taxation		**(25,573)**	**11,113**
(Loss) / profit attributable to:			
Equity shareholders		(23,631)	10,443
Non-controlling interests		(1,942)	670
		(25,573)	**11,113**
Basic and diluted (losses) / earnings per ordinary share (cents)	**10**	**(4.90)**	**2.62**

[1] Prior year comparatives have been restated to reflect a change in accounting policy following clarification by the IFRS Interpretation Committee ("IFRIC") in October 2022 of how lessor should account for the forgiveness of lease payments. Details of the restatement and impact on prior year comparatives are set out in note 2.3 'Changes in accounting policies'

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited for the year ended 30 June 2023 US$'000	**Audited for the year ended 30 June 2022 Restated[1] US$'000**
(Loss) / profit for the year	(25,573)	11,113
Retirement benefit obligation	86	154
Exchange differences on translation of foreign operations[2]	1,790	(5,445)
Share of other comprehensive expense of associates and joint ventures[2]	(43)	(4,173)
Other comprehensive income / (expense) that may be reclassified to profit or loss	**1,833**	**(9,464)**
Total comprehensive (expense) / income relating to the year	**(23,740)**	**1,649**
Attributable to:		
Equity shareholders	(22,109)	2,587
Non-controlling interests	(1,631)	(938)
	(23,740)	**1,649**

1 Prior year comparatives have been restated to reflect a change in accounting policy following clarification by the IFRS Interpretation Committee ("IFRIC") in October 2022 of how lessor should account for the forgiveness of lease payments. Details of the restatement and impact on prior year comparatives are set out in note 2.3 'Changes in accounting policies'

2 In the current year, the Group has restated its comparative figures in its statement of comprehensive income in order to split the exchange differences on translation of foreign operations between exchange differences arising from the operations of its subsidiaries and its shares of other comprehensive (expense)/income from associates and joint ventures.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Audited as at 30 June 2023 US$'000	Audited as at 30 June 2022 US$'000
Assets			
Non-current assets			
Investment properties	2	628,777	604,474
Deposits paid on investment properties	2	5,926	8,309
Property, plant and equipment		4,490	2,087
Intangible assets		433	670
Other investments		-	1
Investments in associates and joint ventures	3	197,094	206,997
Related party loans receivable		92	515
Other loans receivable	5	21,005	-
Derivative financial instruments		91	-
Trade and other receivables	4	3,448	4,615
Deferred tax asset		12,578	12,544
Total non-current assets		**873,934**	**840,212**
Current assets			
Trade and other receivables	4	18,578	29,055
Current tax receivable		3,389	1,881
Related party loans receivable		751	298
Other loans receivable	5	-	37,908
Derivative financial instruments		1,828	1,862
Cash and cash equivalents		9,207	26,002
Total current assets		**33,753**	**97,006**
Total assets		**907,687**	**937,218**
Equity and liabilities			
Total equity attributable to ordinary shareholders			
Ordinary share capital		535,694	535,694
Treasury shares reserve		(16,306)	(16,212)
Foreign currency translation reserve		(389)	(5,191)
Accumulated losses		(218,349)	(177,990)
Equity attributable to owners of the Company		**300,650**	**336,301**
Preference share capital	6	31,596	29,558
Perpetual preference notes	7	26,827	25,741
Non-Controlling interests		(25,456)	(22,224)
Total equity		**333,617**	**369,376**
Liabilities			
Non-current liabilities			

Redeemable preference shares		12,849	12,840
Proportional shareholder loans		35,733	26,716
Interest-bearing borrowings	8	318,453	242,091
Lease liabilities		3,335	545
Derivative financial instruments		1,425	-
Related party loans payable		7,195	1,205
Deferred tax liability		51,933	49,592
Total non-current liabilities		**430,923**	**332,989**
Current liabilities			
Interest-bearing borrowings	8	78,282	182,975
Lease liabilities		1,265	864
Trade and other payables		46,366	31,411
Current tax payable		717	763
Derivative financial instruments		1,284	-
Related party loans payable		-	1
Other financial liabilities		13,358	16,983
Bank overdrafts		1,875	1,856
Total current liabilities		**143,147**	**234,853**
Total liabilities		**574,070**	**567,842**
Total equity and liabilities		**907,687**	**937,218**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Audited as at 30 June 2023 US$'000**	**Audited as at 30 June 2022 US$'000**
Net cash generated from operating activities		**32,551**	**11,293**
Acquisition of, and additions to investment properties		(7,582)	(38,996)
Deposits paid on investment properties		-	(2,500)
Additions to property, plant, and equipment		(267)	(117)
Additions to intangible assets		(28)	-
Additions of interests in joint ventures		(56,408)	(39,613)
Proceeds from disposal of interest in subsidiary		28,880	-
Proceeds from disposal of interest in associates and joint ventures		16,853	3,347
Acquisition of subsidiary, net of cash acquired		127	1,121
Dividends and interest received from associates and joint ventures		22,426	3,985
Proportional shareholder loan repayments from associates and joint ventures		2,684	10,031
Interest received		1,728	668
Proceeds from disposal of property, plant, and equipment		200	49
Related party loans receivable repaid		427	-
Related party loans receivable granted		-	(765)
Settlement of other financial liabilities		-	(639)
Deposits received		13,776	6,500
Related party loans payable paid		(2,000)	-
Related party loans payable received		-	467
Other loans receivable repaid by partners		6,092	-
Net cash generated from / (utilised in) investing activities		**26,908**	**(56,462)**
Proceeds from the issue of ordinary shares		-	54,488

Proceeds from the issue of perpetual preference note	-	31,500
Perpetual preference notes issue expenses	-	(1,606)
Perpetual note dividend paid	(2,443)	(1,265)
Share issue expenses	-	(7,943)
Ordinary dividends paid	(20,175)	(10,535)
Proceeds from interest-bearing borrowings	324,459	53,788
Settlement of interest-bearing borrowings	(340,127)	(27,716)
Finance costs	(39,662)	(26,497)
Proportional shareholder loans repaid	(4,750)	(1,967)
Proceeds from proportional shareholder loans	9,589	5,576
Buy back of own shares	(94)	-
Payment of premium on derivative instrument	(433)	-
Payments of leases	(1,415)	(429)
Net cash (utilised in) / generated from financing activities	**(75,051)**	**67,394**
Net movement in cash and cash equivalents	**(15,592)**	**22,225**
Cash at the beginning of the year	24,146	2,314
Effect of foreign exchange rates	(1,222)	(393)
Total cash and cash equivalents (including overdrafts) at the end of the year	**7,332**	**24,146**

The Group has reclassified cash flows arising on cash movement on proportional shareholder loans, previously categorised as investing activities, to financing activities. The reclassification does not affect the Group's total cash and cash equivalents or its overall financial position. Proportional shareholder loans, inherently by virtue of how the Group structures its acquisitions, form part of the Group's capital structure. To align the presentation of proportional shareholder loans which is a financial liability on the face of the statement of financial position, the Group believes that the classification of the cash movements in the cash flow statements under financing activities is more representative.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary Share capital US$'000	Treasury shares reserve US$'000	Foreign currency translation reserve US$'000	Antecedent dividend reserve US$'000	Accumulated losses US$'000	Preference share capital US$'000	Perpetual preference notes US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance as at 1 July 2021	**463,842**	**(18,406)**	**1,495**	**-**	**(176,073)**	**25,481**	**-**	**(17,935)**	**278,404**
Profit for the year	-	-	-	-	10,443	-	-	670	11,113
Other comprehensive (expense) / income for the year	-	-	(8,010)	-	154	-	-	(1,608)	(9,464)
Total comprehensive (expense) / income	**-**	**-**	**(8,010)**	**-**	**10,597**	**-**	**-**	**(938)**	**1,649**
Share based payments	-	-	-	-	138	-	-	-	138
Antecedent dividend reserve	(3,659)	-	-	3,659	-	-	-	-	-
Ordinary dividends declared	-	-	-	(3,659)	(7,903)	-	-	-	(11,562)
Treasury shares	-	(2,906)	-	-	-	-	-	-	(2,906)
Disposal of treasury shares	-	5,100	-	-	-	-	-	(3,600)	1,500
Ordinary shares issued	83,454	-	-	-	-	-	-	-	83,454
Perpetual preference notes issued	-	-	-	-	-	-	26,775	-	26,775
Preferred dividend accrued on perpetual notes	-	-	-	-	(1,837)	-	572	-	(1,265)

Share issue expenses relating to issue of perpetual notes	-	-	-	-	-	-	(1,606)	-	(1,606)
Preferred dividend accrued on preference shares	-	-	-		(4,077)	4,077	-	-	-
Share issue expenses	(7,943)	-	-	-	-	-	-	-	(7,943)
Non-controlling interests on acquisition of subsidiary other than business combination	-	-	-	-	-	-	-	1,414	1,414
Reclassification of foreign currency translation reserve on sale of subsidiary	-	-	906	-	-	-	-	-	906
Reclassification of foreign currency translation reserve on part sale of interests in associate	-	-	418	-	-	-	-	-	418
Dividends distributable to non-controlling shareholders	-	-	-	-	1,165	-	-	(1,165)	-
Balance as at 30 June 2022	**535,694**	**(16,212)**	**(5,191)**	**-**	**(177,990)**	**29,558**	**25,741**	**(22,224)**	**369,376**
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 income / (expense)	**-**	**-**	**1,436**	**-**	**(23,545)**	**-**	**-**	**(1,631)**	**(23,740)**
Share based payments	-	-	-	-	354	-	-	-	354
Share of other changes in equity of associate	-	-	-	-	7,474	-	-	-	7,474
Ordinary dividends declared	-	-	-	-	(19,188)	-	-	-	(19,188)
Treasury shares	-	(94)	-	-	-	-	-	-	(94)
Preferred dividend accrued on perpetual notes	-	-	-	-	(3,529)	-	1,086	-	(2,443)
Preferred dividend accrued on preference shares	-	-	-	-	(2,038)	2,038	-	-	-
Transaction with non-controlling interests without change in control	-	-	-	-	(796)	-	-	796	-
Reclassification of foreign currency translation reserve on sale of interest in subsidiary	-	-	75	-		-	-	-	75
Acquisition of subsidiary with own equity shares	-	-	-	-	(604)	-	-	-	(604)
Acquisition of additional interest in associate with own equity	-	-	-	-	(884)	-	-	-	(884)
Reclassification of foreign currency translation reserve on sale of associates	-	-	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**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these separate and consolidated financial statements are set out below. Grit was incorporated in Mauritius and redomiciled to Guernsey as a PLC, while the place of effective management remains in Mauritius.

1.1 Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board; the Financial Pronouncements as issued by Financial Reporting Standards Council, the LSE and SEM Listings Requirements and the requirements of the Companies (Guernsey) Law 2008. This approach is consistent to prior years and no applicable new standards or amendments were applied to the Company during the current financial year. The financial statements have been prepared on the going-concern basis and were approved for issue by the board on 30 October 2023.

These full year audited consolidated results for the year ended 30 June 2023 do not include all the information required for full annual statements and should be read in conjunction with the 2023 Integrated Annual Report of Grit Real Estate Income Group Limited.

Going Concern

The Directors' assessment of the Group's and Company's ability to continue as a going concern is required when approving the financial statements. As such the Directors have modelled a 'base case' and a 'severe but plausible downside' of the Group's and Company's expected liquidity and covenant position for a going concern assessment period through to March 2025, a period of at least 12 months following the approval of these accounts. The Directors considered the existing structure of the group, where GREA is accounted for as a joint venture, and also the forecasts under a scenario where GREA is controlled and therefore consolidated which is the stated intention of the group

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

Base Case model

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

1. Management has modelled the proceeds of both the IFC funding instrument (US$30 million) as well as the recapitalisation of GREA (with a cash injection of US$48.5 million) to be closed from November 2023.
    a. The initial deployment of the IFC instrument shall be utilised to acquire a sale and lease back asset with a value of at least US$15 million (which is a requirement of the IFC instrument) with the remaining balance being undrawn; and
    b. The US$48.5 million recapitalisation of GREA is to fund new development projects and to unlock the fee income strategies of the Group as contemplated under "Grit 2.0". The proceeds of the GREA recapitalisation shall initially be applied to reduce debt in the short term, through the shared Treasury policy, before being deployed towards the Group's pipeline in due course. The applicable development fee income surrounding the deployment of the cash has been included in the model. As the cash is targeted to be received in December 2023, the Directors have applied significant judgement on the inclusion of the US$48.5 million capital injection in GREA. The judgement that the cash will be received from the capital injection has been made on the basis that this has been approved by the Board of GREA and by the investment committee of the third-party investor. For these reasons the Directors have concluded that they have obtained sufficient evidence that the cash will be received in due course. The Group is not compelled to inject cash of its own as part of the recapitalisation of GREA.
2. Modelling the Company's contractual lease income, which at 30 June 2023 had a weighted average lease expiry of 4.4 years and applying the applicable contractual lease escalations (which averaged 3.0% in the current period);
3. Expected take up of vacancies from ordinary letting activities, updated for any leases concluded post year end;
4. Debt is refinanced in the ordinary course of business, based on the Group's historical ability to refinance debt as required;
5. Hedging contracts with a nominal value of US$200 million, which are more fully described in the CFO statement and have been concluded post year end, are included in the model;

6. Base interest rates increase to 5.38% (in the case of US Dollar SOFR base rates) and 3.92% (in the case of Euro base rates) before retracing to 3.91% and 1.85% respectively by March 2025;
7. Depreciation of the various African currencies versus the US Dollar, most notably the Zambian Kwacha depreciating by 19.4% and the New Mozambique Metical depreciating by 21.3% over the period, with the Euro appreciating by 4.2% over the period;
8. Property valuations that assume constant discount and exit capitalisation rates to those applied by the independent valuers for the year ended 30 June 2023, while applying the cashflows and currency impacts mentioned above;
9. Drive in Trading guarantee settlement paid in March 2024 of US$17.5 million;
10. Further progress towards, and extension of, the Company's stated asset disposal strategy whose proceeds are deployed to reduce debt facilities and to fund future pipeline opportunities; and
11. Administrative expense reductions of c.$4.6 million during FY24 and FY25.

Severe but plausible downside model

The severe but plausible downside scenario is initially applied to Grit on a standalone basis and then includes additional overlays of consolidated GREA scenarios to reflect the intention of the Directors to obtain control over GREA. A summary of the key assumption overlays to the Base Case made in the severe but plausible scenario are as follows:

1. As the IFC agreement has not yet been signed by the financial statement date, the initial utilisation of the funds has therefore not been assumed. The funds from the GREA recapitalisation have been assumed to be held in debt facilities as the projects to which they will be allocated have not yet reached sufficient finality (most specifically binding pre-let agreements and specific project debt funding), reducing the Groups interest costs and improving available liquidity. Any fee income related to these projects have also not been modelled. As the cash is targeted to be received in December 2023, the Directors have applied significant judgement on the inclusion of the US$48.5 million capital injection in GREA. The judgement that the cash will be received from the capital injection has been made on the basis that this has been approved by the Board of GREA and by the investment committee of the third-party investor. For these reasons the Directors have concluded that the cash will be received in due course;
2. Base interest rates are assumed to continue to increase to levels higher than those assumed in the base case, with base rates staying higher for longer and at levels increasing to c1.25% higher than the base case scenario and then maintaining this average over the measurement period. The resultant assumed rates are:
   - SOFR base rates increase to a maximum of 6.31% up to June 24 before rate retracting 5.16% in March 2025;
   - 3 month Euribor rates increase to 5.05% before retracting to 4.55% in June 2024 and 3.48% in March 2025;
3. All debt facilities that mature during the period to December 2024 are assumed to be repaid on the current maturity date; while those beyond this date, specifically the US$306 million sustainability linked syndicated loan facility maturing in 2027, the SBM Euro 22.3 million and Nedbank US$8 million facilities maturing in April 2025, are assumed to be refinanced in the ordinary course;
4. Further depreciation of currencies versus the US Dollar, most notably the Euro depreciating by 4.0% over the period and movements in various African currencies of up to 22.8%;
5. Only contractual preference share coupons are paid;
6. The ongoing refurbishment of the Club Med Cap Skirring Resort in Senegal is reduced to the contractually obligated spend; and
7. Administrative expense reductions of c.US$4.6 million during FY24 and FY25.

Given the Group's stated intention to consolidate GREA, further overlays in the severe but plausible downside scenario are applied to GREA and include:

1. Interest rate and currency sensitivities, as above, are applied to GREA debt, and debt facilities that mature during the period are assumed to be repaid on the current maturity date;
2. Delays and cancellations to targeted asset disposals are modelled;
3. Potential delays of current development projects underway have been factored in by up to 6 months; and
4. Future projects are ceased, with no additional fee income generation from these projects or related asset management services.

Where potential risks to covenants have been identified, the Group has received specific condonements from its financiers should the scenario modelled come to pass. This includes Interest Cover Ratio covenant condonements and Loan to Value covenant condonements during the going concern period for risks identified at the December 2024 measurement period.

Under both the base case and the severe but plausible scenario, along with certain remedies within management's control, which include actions like cuts in dividends, the Company is able to meet its liquidity and covenant positions through to March 2025. The Board has therefore concluded that it is appropriate to prepare the financial statements on the going concern basis and have concluded that there is no material uncertainty in forming that view, noting the significant judgement made in connection with the GREA capital raise.

Functional and presentation currency

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

Presentation of alternative performance measures

The Group presents certain alternative performance measures on the face of the income statement. Revenue is shown on a disaggregated basis, split between gross rental income and the straight-line rental income accrual. Additionally, the total fair value adjustment on investment properties is presented on a disaggregated basis to show the impact of contractual receipts from vendors separately from other fair value movements. These are non IFRS measures and supplement the IFRS information presented. The Directors believe that the presentation of this information provides useful insight to users of the financial statements and assists in reconciling the IFRS information to industry wide EPRA metrics. Alternative Performance Measures are not a substitute for, nor necessarily superior to, statutory measures.

1.2 Critical Judgements and estimates

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

Judgements

Amongst others, some principal areas where such judgements have been applied are:

African Property Development Managers Ltd ("APDM)" as a joint venture

The Group had previously acquired an equity interest of 77.95% in ADPM. Further during the current financial year, the Group has acquired an additional equity interest of 1% bringing the total shareholding of the Group in ADPM to 78.95%. The Group has concluded that even though it holds a majority shareholding in ADPM, it does not have control of the latter because it is currently not satisfying the power criteria of control. The design of ADPM is such that decisions about the relevant activities need to be approved by the investment committee of the company. For a decision to be approved, seventy five percent of the members present need to vote in favour of the decision. Currently the Group has the right to appoint four members to the investment committee. The Public Investment Corporation SOC ('PIC') who holds 21.05% of APDM has the right to appoint two members. Given the seventy five percent threshold requirement to pass any resolution, the Group and PIC will have to unanimously agree to any decision before those are formally enacted by management. Therefore, neither the Group nor PIC on their own control ADPM. Because of the unanimous consent required by both the significant shareholders of ADPM, the Group has classified the investment in ADPM as an investment in joint venture.

Gateway Real Estate Africa Ltd ("GREA") as a joint venture

The Group has continued the announce plan to acquire a majority stake in GREA during this financial year. An additional shareholding of 25.19% has been acquired in GREA by the Group which brings the total shareholding in GREA to 51.48%. The increase in shareholding has also entitled the Group the right to appoint two additional directors on GREA board of directors in addition to the one director that the Group was already entitled to appoint. The design of GREA is such that its relevant activities are directed by its board of directors. Under the current shareholder agreement, for a decision to be approved, seventy five percent of the directors present need to vote in favour of the decision. With the Group being entitled to appoint three out the seven directors of the board, the Group will need the support of the PIC, who is entitled to appoint two directors for any decision to be approved. Therefore, neither the Group nor the PIC on their own has control over GREA. The Group and PIC will have to unanimously agree to any decision before those are adopted by GREA. Because of the unanimous consent required by both the Group and PIC, the investment in GREA has been classified as an investment in joint venture by the Group. Previously the Group had classified the investment in GREA as an investment in associate. However, with now the exit of Gateway Africa Real Estate Limited ("GWP") and Prudential Impact Investments Private Equity LLC ("Prudential") being finalized, the only remaining shareholders in the structure are Grit and PIC and they both have joint control as explained above.

Recapitalisation of GREA

The Directors' have applied significant judgement with regards to the recapitalisation of GREA. Both the GREA and Grit Board's have approved a recapitalisation of not less than US$48.5 million. Significant progress has been made in this regard, including the approval of the investors' respective Investment Committees. While a number of processes remain in progress, they have been carefully considered and having obtained the necessary confirmation, are deemed to be administrative in nature. The Board has obtained sufficient comfort that the process shall be completed either on, or close to the targeted date of December 2023. Further details are included in the Going Concern section in Note 1.1.

Estimates

Fair value of investment properties

The fair value of investment properties is determined using a combination of the discounted cash flows method and the income capitalisation valuation method using assumptions that are based on market conditions existing at the relevant reporting date. Further details of the valuation method are included in note 2.

1.3 Changes in accounting policies

Restatement – IFRIC Agenda Decision – Forgiveness of lease payments

In October 2022, the International Financial Reporting Interpretations Committee (IFRIC) issued a final agenda decision regarding 'Lessor forgiveness of lease payments (IFRS 9 and IFRS 16),' providing clarification on lessor accounting for concessions, specifically rental forgiveness, granted to tenants. The IFRIC clarified that when rent receivables are overdue and subsequently forgiven, lessors are required to apply the expected credit loss (ECL) and de-recognition principles outlined in IFRS 9. This entails recognizing an income statement charge upon the recognition of the loss allowance and writing off the gross carrying amount of the rent receivable against the loss allowance upon forgiving the rent receivable. Historically, the Group accounted for such rental forgiveness using the lease modification requirements of IFRS 16, recording them as lease incentives assets and spreading them as a reduction of rental income over the lease term of the respective tenant to whom the rent forgiveness was granted.

The agenda decision further clarified that forgiveness of future rent not yet due qualifies as lease modifications under IFRS 16. The impact of this forgiveness should be recognized as a reduction of rental income on a straight-line basis over the lease term, consistent with our Group's existing treatment. In light of the clarification provided by the IFRIC Agenda decision, the Group reviewed its accounting policy concerning rental forgiveness for past due amounts.

As a result of this review, the Group has retrospectively applied the requirements of IFRS 9 to the past due rent receivables that were forgiven. The implementation of this change has resulted to a restatement of the comparative figures for June 30, 2022, impacting key income statement line items such as Gross property income, Net property income, Impairment of financial assets, Profit from operations and fair value adjustments on investment properties. However, it is important to note that the total profit for the year remains unchanged.

The application of the IFRIC clarification did not have any impact on the balance sheet of the Group as lease incentives are incorporated within the carrying value of investment properties already. Therefore, any movement in lease incentives will result in an equal and opposite movement in investment property (through fair value adjustment) to avoid double counting for an asset (lease incentive asset) which is already embedded in the investment properties valuations.

The following table shows the financial statement line items which have been impacted in the Group Income statement for the prior years.

Extract of group income statement	30 June 2022 Reported US$'000	30 June 2022 Restatement US$'000	30 June 2022 Restated US$'000
Gross property income	50,766	1,171	51,937
Net operating income	42,110	1,171	43,281
Net impairment on financial assets	(4,217)	(1,084)	(5,301)
Profit from operations	21,029	87	21,116

Fair value adjustment on investment properties	20,167	(87)	20,080
Total fair value adjustments on investment properties	19,870	(87)	19,783

Extract of group income statement	**30 June 2021 Reported US$'000**	**30 June 2021 Restatement US$'000**	**30 June 2021 Restated US$'000**
Gross property income	49,217	1,828	51,045
Net operating income	40,674	1,828	42,502
Net impairment on financial assets	(7,119)	(3,698)	(10,817)
Profit from operations	19,857	(1,870)	17,987
Fair value adjustment on investment properties	(51,441)	1,871	(49,570)
Total fair value adjustments on investment properties	(51,297)	1,871	(49,426)

2. INVESTMENT PROPERTIES

The following movements in the portfolio occurred in the year

1. Transfer from associate on step up to subsidiary - The Group acquired an additional 50% equity shareholding in Buffalo Mall Naivasha Limited during the year which has now stepped up from an associate to a subsidiary.
2 Capital expenditure and construction costs incurred in the Club Med Cap Skirring Resort as well as on the Orbit complex.

Summary of valuations by reporting date	**Most recent independent valuation date**	**Valuer (for the most recent valuation)**	**Sector**	**Country**	**Audited as at 30 June 2023 US$'000**	**Audited as at 30 June 2022 US$'000**
Commodity House Phase I	30 June 2023	REC	Office	Mozambique	54,094	52,346
Commodity House Phase II	30 June 2023	REC	Office	Mozambique	19,727	19,264
Hollard Building	30 June 2023	REC	Office	Mozambique	20,847	21,012
Vodacom Building	30 June 2023	REC	Office	Mozambique	53,362	51,906
Zimpeto Square	30 June 2023	REC	Retail	Mozambique	3,303	3,395
Bollore Warehouse	30 June 2023	REC	Light industrial	Mozambique	10,770	10,410
Anfa Place Mall	30 June 2023	Knight Frank	Retail	Morocco	73,357	71,532
Tamassa Resort	30 June 2023	AESTIMA	Hospitality	Mauritius	54,674	48,827
VDE Housing Compound	30 June 2023	REC	Corporate accommodation	Mozambique	50,238	55,180
Imperial Distribution Centre	30 June 2023	Knight Frank	Light industrial	Kenya	20,210	21,620
Mara Viwandani	30 June 2023	Knight Frank	Light industrial	Kenya	2,330	2,792
Buffalo Mall	30 June 2023	Knight Frank	Retail	Kenya	11,036	-
Mall de Tete	30 June 2023	REC	Retail	Mozambique	13,675	13,804
Acacia Estate	30 June 2023	REC	Corporate accommodation	Mozambique	73,120	73,809
5th Avenue	30 June 2023	Knight Frank	Office	Ghana	16,066	16,010

Capital Place	30 June 2023	Knight Frank	Office	Ghana	20,470	19,320
Mukuba Mall	30 June 2023	Knight Frank	Retail	Zambia	60,040	56,933
Orbit Complex	30 June 2023	Knight Frank	Light industrial	Kenya	39,470	38,926
Tatu Warehouse – TIP1	30 June 2023	Knight Frank	Light industrial	Kenya	6,670	6,666
Club Med Cap Skirring Resort	30 June 2023	Knight Frank	Hospitality	Senegal	25,318	20,722
Total valuation of investment properties directly held by the Group					**628,777**	**604,474**
Deposits paid on Imperial Distribution Centre Phase 2					2,376	2,259
Deposits paid on Capital Place					3,550	3,550
Deposits paid on Gateway Real Estate Africa Ltd					-	2,500
Total deposits paid on investment properties					**5,926**	**8,309**
Total carrying value of investment properties including deposits paid					**634,703**	**612,783**
Investment properties held within associates and joint ventures – Group share						
Buffalo Mall – Buffalo Mall Naivasha Limited (50%)	30 June 2023	Knight Frank	Retail	Kenya	-	6,116
Kafubu Mall – Kafubu Mall Limited (50%)	30 June 2023	Knight Frank	Retail	Zambia	12,865	11,965
CADS II Building – CADS Developers Limited (50%)	30 June 2023	Knight Frank	Office	Ghana	12,300	15,100
Cosmopolitan Shopping Centre – Cosmopolitan Shopping Centre Limited (50%)	30 June 2023	Knight Frank	Retail	Zambia	27,570	27,199
Canonniers, Mauricia and Victoria Resorts and Spas – Beachcomber Hospitality (0.00%) (30 June 2022 - 44.42%)	-	-	Hospitality	Mauritius	-	95,055
Letlole La Rona Limited (0.00%) (30 June 2022 - 25.1%) – 19 Investment properties	-	-	Light industrial	Botswana	-	14,662
Letlole La Rona Limited (0.00%) (30 June 2022 - 25.1%) – 1 Investment property	-	-	Hospitality	Botswana	-	155
Letlole La Rona Limited (0.00%) (30 June 2022 - 25.1%) – 2 Investment properties	-	-	Retail	Botswana	-	4,160
Letlole La Rona Limited (0.00%) (30 June 2022 - 25.1%) – 1 Investment property	-	-	Office	Botswana	-	1,003
Letlole La Rona Limited (0.00%) (30 June 2022 - 25.1%) – 1 Investment property	-	-	Corporate accommodation	Botswana	-	966
Gateway Real Estate Africa Ltd (51.48%) (30 June 2022 - 26.29%) consisting of:	-					
- DH4 Bamako	30 June 2023	Directors' valuation	Corporate accommodation	Mali	8,038	5,733
- African Data Centres Phase 1	30 June 2023	Knight Frank	Data Centre	Nigeria SEZ	14,388	6,839
- Falcon Curepipe Clinic	30 June 2023	AESTIMA	Medical	Mauritius	12,179	3,076
- Coromondal Hospital	30 June 2023	Directors' valuation	Medical	Mauritius	352	-
- The Precinct	30 June 2023	AESTIMA	Office	Mauritius	17,039	4,390

- Adumuah Place	30 June 2023	Directors' valuation	Office	Ghana	1,539	873
- Eneo Tatu City - CCI	30 June 2023	Directors' valuation	Office	Kenya	8,969	-
- Metroplex Shopping Centre	30 June 2023	Directors' valuation	Retail	Uganda	10,865	6,478
Total of investment properties acquired through associates and joint ventures					**126,104**	**203,770**
Total portfolio					**760,807**	**816,553**

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

Investment properties are valued at each reporting date by independent professional reputable valuation experts who have sufficient expertise in the jurisdictions where the properties are located. All valuations that are performed in the functional currency of a group entity that is not United States Dollars are converted to United States Dollars at the effective closing rate of exchange. All valuations have been undertaken by the Royal Institute of Chartered Surveyors' ("RICS's"), accredited and registered valuers, in accordance with the version of the RICS Valuation Standards that were in effect at the relevant valuation date and are further compliant with International Valuation Standards. Market values presented by the Group have also been confirmed by the respective valuers to be fair value in terms of IFRS.

In respect of the majority of the Mozambican investment properties, independent valuations were performed at 30 June 2023 by REC Chartered Surveyors (2022: REC Chartered Surveyors) using the discounted cash flow method (2022: discounted cash flow method). AESTIMA has been utilised in FY23 to comply with the financiers list of approved valuers.

In respect of the Mauritian investment properties (including Mauritian investment properties held by associates), independent valuations were performed at 30 June 2023 by AESTIMA Ltd (2022: Knight Frank Chartered Surveyors) using the discounted cash flow method (2022: discounted cash flow method).

The remainder of the portfolio including investment properties held by associates was independently valued at 30 June 2023 by Knight Frank Chartered Surveyors (2022: Knight Frank Chartered Surveyors), using the discounted cash flow method with the exception of freehold land which is valued by comparable method.

The discounted cash flow method is 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 2023 ranged between 7.25% and 10.00%. The discount rates applied to the Group valuations that were performed at 30 June 2023 using the discounted cash flow method ranged between 9.25% and 12.00%.

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

There have been no material changes to the information used and assumptions applied by the registered valuer.

The fair value adjustments on investment property are included in the income statement.

The Directors consider that the deposit payments and capital expenditure which are carried at cost approximate their fair value at the relevant reporting date.

3. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

			Audited as at 30 June 2023 US$'000	**Audited as at 30 June 2022 US$'000**
The following entities have been accounted for using the equity method:				
Name of joint venture	**Country of incorporation and operation**	**% held**		
Kafubu Mall Limited[1]	Zambia	50.00%	12,531	11,761
Cosmopolitan Shopping Centre Limited[1]	Zambia	50.00%	27,495	27,173
CADS Developers Limited[1]	Ghana	50.00%	4,482	6,974
Africa Property Development Managers Ltd[2]	Mauritius	78.95%	29,073	14,247
Gateway Real Estate Africa Ltd[3]	Mauritius	51.48%	123,513	-

Carrying value of joint ventures			**197,094**	**60,155**

Name of associate	**Country of incorporation and operation**	**% held**		
Letlole La Rona Limited[4]	Botswana	0.00%	-	17,353
Buffalo Mall Naivasha Limited[5]	Kenya	0.00%	-	3,753
Gateway Real Estate Africa Ltd[3]	Mauritius	51.48%	-	55,866
Beachcomber Hospitality Investments Limited[4]	Mauritius	0.00%	-	69,870
Carrying value of associates			**-**	**146,842**

Joint ventures	197,094	60,155
Associates	-	146,842
Total carrying value of associates and joint ventures	**197,094**	**206,997**

1 The percentage of ownership interest for 2023 did not change.

2 The Group interest has increased from 77.95% to 78.95% following an additional acquisition made during the year..

3 The Group interest has increased from 26.29% to 51.48% following acquisition made during the year. The status of the investment in light of these acquisitions changed from an investment in associate to an investment in joint venture.

4 The associate status changed to an investment in subsidiary following the acquisition of the remaining share capital that the Group did not own previously. Figures are included in the associate note for comparative purposes. The Group previously owned 50% of Buffalo Mall Naivasha Limited.

5 The Group has disposed of its entire interests in the associates during the current financial year.

All investment in associates are private entities and do not have quoted prices available with the exception of Letlole La Rona Limited who is a listed entity on the Botswana Stock Exchange, but which has been disposed during the year.

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

Each of the acquisitions referred to below have given the Group access to high quality African real estate in line with the Group's strategy.

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

Reconciliation to carrying value in associates and joint ventures

	Letlole La Rona Limited US$'000	**Kafubu Mall Limited US$'000**	**Beachcomber Hospitality Investments 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**
Opening Balance 1 July 2022	17,353	11,761	69,870	14,247	55,866	6,974	27,173	3,753	206,997
(Sold)/Acquired during the period	(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[1]	-	-	-	-	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)
- Fair value adjustment on other investments					(738)	-	-	-	(738)
- Impairments	-	-	-	-	(71)	-	-	-	(71)
- Gain on bargain purchase from acquisition of additional equity interest	-	-	-	77	-	-	-	-	77
- Transaction costs	-	-	-	2	1	-	-	-	3
- Loss on extinguishment of loans	-	-	-	-	-	(25)	-	-	(25)
- Share based payment expense	-	-	-	-	(7,474)	-	-	-	(7,474)
- Interest income/ (costs)	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**

1 Comprised of a management incentive plan income of US$ 16.6 million, recorded at fair value, representing a 10% free-carry in GREA vested during the year, in addition to US$ 2.7 million in Asset and Development Management fees.

Investments in the year ended 30 June 2023

Additional equity interest acquired in Gateway Real Estate Africa Limited

The Group has continued its announced plan to acquire a controlling stake in Gateway Real Estate Africa Ltd ("GREA") during this financial year. In total, the Group has acquired an additional 25.19% in GREA, and the shareholding of the Group has increased from 26.29% to 51.48%. The acquisition has been performed into tranches with more details included in the table below.

Following the series of transactions, the Group obtained joint control of GREA and continues to account for GREA using the equity method. The increase of the investment in GREA has been split notionally between goodwill and the additional interest in the fair value of the net identifiable assets of the associate acquired. The notional goodwill arising on the acquisition of the additional 25.19% in GREA amounted to US$ 11.88 million. The notional goodwill element has been included in the carrying amount of the investment in joint venture. The total notional goodwill element embedded in the carrying amount of the joint venture as of 30 June 2023 is US$14.17 million which is made up of US$2.29 million goodwill on acquisition of the additional 6.31% in GREA in the financial year 2022 and US$11.88 million arising on the acquisition of the 25.19% in GREA during the financial year 2023.

The table below includes the consideration paid by the Group (Both in own equity shares and cash), fair value of the net identifiable assets acquired, and the notional goodwill recorded by the Group.

	Note	Tranche 1 US$'000	Tranche 2 US$'000	Total US$'000
Fair value of consideration paid in cash		19,440	38,852	58,292
Fair value of own equity instruments transferred	2	-	5,971	5,971
Transaction costs		-	368	368
Less: Group share of the fair value of net identifiable assets acquired		(17,683)	(35,060)	(52,743)
Notional goodwill		**1,757**	**10,131**	**11,888**
Additional equity interest acquired in GREA by Group	**1**	**8.72%**	**16.47%**	**25.19%**

1. The 8.72% additional shareholding in GREA was acquired from Gateway Africa Real Estate Limited ("GWP").

   The 16.47% additional shareholding in GREA was acquired from the following entities:

   - 13.62% shareholding has been acquired from GWP.
   - 2.85% shareholder has been acquired from Prudential Impact Investments Private Equity LLC ("Prudential").

2. For the GREA shares acquired from Prudential representing a 2.85% shareholding, the Company entered into an agreement with one of its shareholders, Long Island Property Investments ("LIPI") during the year, to facilitate the transfer of 15.7 million Grit shares to Prudential on behalf of the Company. LIPI had previously subscribed to the Company's shares during the December 2021 capital raise but had not fully met the payment obligations outlined within the Promissory Note.

   In the prior financial statements, the Group had recognized an amount receivable from LIPI, which was presented as part of the listing receivables within trade and other receivables. The Group enforced its legal rights under the Promissory Note and via a tri-partite agreement between the parties (the Company, LIPI, and Prudential). LIPI agreed to transfer 15.7 million Grit shares to Prudential when the share price was trading at US$0.38 per share, equivalent to a total value of US$5.97 million.

   The actual transfer of the 15.7 million Grit shares to Prudential by LIPI and the acquisition of the 2.85% stake in GREA from Prudential by the Company were contingent upon obtaining approval from the Prime Minister's Office (PMO). As of 30 June, 2023, such approval had not been granted. However, it is important to note that all legally binding agreements were fully executed and signed by the Company, LIPI, and Prudential before the end of the financial year. As a result, none of the parties could lawfully retract from the agreed shares transfer as of 30 June 2023, without being in breach of their contractual obligations.

   This position is supported by a legal opinion obtained from the Company's legal counsel. Therefore, considering that all the necessary documents to legally execute the transactions were signed before June 30, 2023, and given evidence from previously submitted applications to the PMO for similar transactions which were approved, the Group has determined that it is appropriate to account for the 2.85% increase in shareholding in GREA in the current financial year.

   The Group has also determined that the appropriate recording of the transaction would not be as per the legal form of the transaction where LIPI directly transferred Grit shares to Prudential. Therefore, the transaction has been recorded in substance as Grit having effectively re-acquired and transferred its own equity instruments to Prudential for the acquisition of the 2.85% GREA shareholding. The difference between the fair value of the Grit shares transferred and the sum initially recorded in and subsequently removed from the treasury reserve has been accounted for in equity, resulting in a reduction of retained earnings.

The table below summarises the impact of this transaction on Group equity.

	US$'000
Number of GRIT shares transferred to acquire an additional 2.85% in GREA	**15,714**
Price per share in US$	0.38
Fair value of GRIT shares	**5,971**
Less: GRIT shares re-acquired and transferred from treasury reserve	(6,855)
Difference recorded in equity (retained earnings)	**(884)**
Reversal of expected credit loss on the LIPI promissory notes (recorded in Profit or Loss)	2,700
Net impact of the transaction on the Group equity	**1,816**

During the year, the Group incurred transaction costs amounting to US$ 2.1 million, which were associated with fund-related commitments that the Group had towards GREA. The transaction costs incurred arose as a consequence of temporal misalignments between the capital calls issued by GREA and the timing of fund transfers from Grit to GREA.

Additional equity interest acquired in Africa Property Development Managers Ltd

An additional equity interest of 1% has been acquired by the Group in Africa Property Development Managers Ltd ("ADPM") in the year. The equity stake of the Group has increased from 77.95% to 78.95%. A cash consideration of US$ 0.25 million has been paid for the additional 1%.

	US$'000
Fair value of consideration paid in cash	**248**
Less: Group share of the fair value of net identifiable assets acquired	(325)
Gain on acquisition of additional interest	**(77)**

The excess of the Group's share of the net identifiable assets over the cost the additional investment has been included as income in the determination of the Group's share of profit during the period.

Additional equity interest acquired in Buffalo Mall Navaisha Limited

During the year, the Group has acquired an additional equity interest of 50% in Buffalo Mall Navaisha Limited ('Buffalo Mall'). The Group now considers Buffalo Mall to be a subsidiary. The additional 50% acquisition has been finalized on 30th June 2023. Prior to 30 June 2023, Buffalo Mall was treated as an associate and therefore has been equity accounted. On the 30th of June 2023, the investment status has changed from associate to subsidiary and therefore the Group consolidated Buffalo Mall in its consolidated financial statements.

Disposal of equity interest in Letlole La Rona Limited

During the year, Grit Services Limited a wholly-owned subsidiary of the Group has disposed of its entire equity interests of 25.10% in Letlole La Rona Limited on the Botswana Stock Exchange. The disposal of shares has been completed in tranches. The number of shares disposed of and the trading price at the different disposal dates were as follows:

Number of shares disposed	Trading price per share BWP	Percentage interest %
19,000,000	3.48	6.79%
19,768,068	3.51	7.06%
12,600,000	3.16	4.50%
18,911,932	2.50	6.75%
70,280,000		**25.10%**

All of the disposal proceeds have been received in cash as at year-end. The impact of the disposal on profit or loss of the Group is summarised below:

	US$'000

Fair value of consideration received	**16,853**
Less: Carrying amount of Investment in associate to be disposed	(17,105)
Loss on disposal of interest in associate	**(252)**
Reclassification of cumulative foreign currency translation reserve to profit or loss	(3,291)
Total loss on disposal of investment in associate	**(3,543)**

Disposal of Leisure Property Northern (Mauritius) Limited

The Group has disposed of its whole equity interests in Leisure Property Northern (Mauritius) Limited ("LPNL"), the legal beneficial owner of Beachcomber Hospitality Investments Ltd ("BHI") and a wholly owned subsidiary of the Group during the year. BHI owns three hotels in Mauritius which are the Cannoniers, Mauricia and Victoria Hotels. At the beginning of this financial year, Grit via LPNL owns 44.42% of BHI. The following transactions have occurred during the year which resulted in the complete disposal of LPNL and BHI during the year.

- In November 2022, BHI has declared a dividend amounting to €32.6million. The dividends declared were scrip dividend where the shareholders had the option to elect to receive the dividend in cash or additional shares in BHI in proportion to their current shareholding. The Group has elected for a cash payout whereas New Mauritius Hotel (“NMH”), the other shareholder of BHI has elected to convert the dividend payout into additional BHI shares. Following the increase in shareholding of NMH in BHI, the Group interests in the associate has decreased from 44.42% to 27.01%.
- In May 2023, the Group has disposed of its wholly owned subsidiary LPNL (Which held 27.01% of BHI at the time of disposal). Following the disposal of LPNL and the de-consolidation of LPNL in Grit's book, LPNL has merged with BHI so that BHI is the only surviving legal entity that will remain in operation.
- Following the disposal of LPNL the option that New Mauritius Hotels held to acquire all of the equity held by LPNL in BHI expired and the call option liability that was previously recorded in the records of the Group was reversed.

The net impact of the disposal of the LPNL and BHI on the results of the Group during the year is summarised as follows	US$’000
Assets disposed	
Investments in associates	51,298
Cash and cash equivalents	1
Total assets disposed	**51,299**
Liabilities disposed	
Interest-bearing borrowings	(19,404)
Trade and other payables	(28)
Total liabilities disposed	**(19,432)**
Net assets disposed	**31,867**
Consideration received	28,880
Loss on sale of subsidiary	**(2,987)**
Reclassification of cumulated other comprehensive income movement from foreign currency translation reserve to profit or loss	(75)
Total loss on sale of interest in subsidiary	**(3,062)**

4. TRADE AND OTHER RECEIVABLES

	Audited as at 30 June 2023 US$'000	Audited as at 30 June 2022 US$'000
Trade receivables	12,733	10,298
Total allowance for credit losses and provisions	(5,682)	(4,782)
IFRS 9 – Impairment on financial assets (ECL)	(1,496)	(1,965)
IFRS 9 - Impairment on financial assets (ECL) Management overlay on specific provisions	(4,186)	(2,817)
Trade receivables - net	**7,051**	**5,516**

Accrued income	2,603	1,934
Deposits paid	77	57
VAT recoverable	10,293	12,186
Purchase price adjustment account	961	963
Deferred expenses and prepayments	3,695	1,781
Listing receivables	-	9,900
Deferred rental	-	853
Rental guarantee receivable	52	640
Dividends receivable	-	506
Sundry debtors	764	798
Cash balance held in escrow account	-	4,548
Other receivables	18,445	34,166
IFRS 9 – Impairment on other financial assets (ECL)	(3,470)	(6,012)
Other receivables - net	**14,975**	**28,154**
Trade and other receivables at the end of the period	**22,026**	**33,670**

Classification of trade and other receivables:		
Non-current assets	3,448	4,615
Current assets	18,578	29,055
Trade and other receivables at the end of the period	**22,026**	**33,670**

5. OTHER LOANS RECEIVABLE

	Audited as at 30 June 2023 US$'000	**Audited as at 30 June 2022 US$'000**
Ndola Investments Limited[1]	-	5,130
Kitwe Copperbelt Limited[1]	-	5,640
Syngenta Limited[1]	-	19,133
African Property Investments Limited[1]	21,034	-
Healthcare assets	-	231
Drift (Mauritius) Limited[2]	8,637	8,211
Drift (Mauritius) Limited[3]	2	2,071
Pangea 2 Limited	6	6
IFRS 9 – Impairment on financial assets (ECL)	(8,674)	(2,514)
Other loans receivable at period end	**21,005**	**37,908**

Classification of other loans receivable:		
Non-current assets	21,005	-
Current assets	-	37,908
Other loans receivable at period end	**21,005**	**37,908**

1 In April 2017 Bank of China provided the Group with a term loan credit facility of $77.0 million for 5 years. The Group has now re-financed this borrowing facility through the loan syndication with Standard Bank of South Africa. At inception of the facility, the Group has advanced loans amounting in total up to 50% of the $77.0 million facility to the other investors in the Zambian investments namely to Ndola Investments Limited ("Ndola"), Kitwe Copperbelt Limited ("Kitwe") and Syngenta Limited ("Syngenta"). Each of these loans at inception had a 5-year term. During the year, the Group has entered in an agreement with African Property Investments Limited ("API") who is the parent company of Ndola, Kitwe, and Syngenta. Ndola, Kitwe, and Syngenta have ceded and assign their rights and obligations in respect of the initial facility to API. As from the 20th of December 2022, the Group has a loan receivable from API of US$21 million. The term of the loan is 4.5 years as from the 20th of December 2022. Interest is charged at a fix margin of 5.80% per annum plus a 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. This loan has been fully provided for at 30 June 2023.

3 **Project pre-funding 2** - Tete Housing Project - Loan bears interest at 3-month SOFR plus 6.50% and was 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 loan's receivable approximate their fair values at each reporting date.

6. PREFERENCE SHARE CAPITAL

	Audited as at 30 June 2023 US$'000	Audited as at 30 June 2022 US$'000
Opening balance	29,558	25,481
Preference share dividend accrued	2,038	4,077
Preference share capital at period end	**31,596**	**29,558**

During the financial year 2021, the group issued 25,481,240 class B preference shares each at a par value of US$1 through DIF 1 Co Limited, a wholly owned indirect subsidiary of the group to Gateway Real Estate Africa Limited, an associate of the group. The class B shares shall not carry any voting rights. The class B preference shares are entitled to a dividend at a fixed rate of 8% per annum. However, the terms of the instrument are such that the group does not have a contractual obligation to settle the preferred dividend unless shareholder loan capital, interest or ordinary shares dividends are paid to the holding company of DIF1 Co Limited that is Grit Services Limited. The preference dividends however if unpaid are cumulative until such point in time that they are settled. The preference shares are also redeemable at the option of DIF1 Co Limited only. The preference shares have been classified as equity instruments in the group consolidated financial statements as the group does not have a contractual obligation to deliver cash to settle the instruments both in terms of the principal and the preferred dividend portion. As of 30 June 2023, the cumulative preferred dividend accrued on the preference shares amounted to US$6.11million. Neither the principal nor the preferred dividend have been paid as of 30 June 2023.

7. PERPETUAL PREFERENCE NOTES

	Audited as at 30 June 2023 US$'000	Audited as at 30 June 2022 US$'000
Opening balance	25,741	-
Issue of perpetual preference note classified as equity	-	26,775
Preferred dividend accrued	3,529	1,837
Preferred dividend paid	(2,443)	(1,265)
Less: Incremental costs of issuing the perpetual preference note	-	(1,606)
Perpetual preference note balance at period end	**26,827**	**25,741**

The perpetual preference note carries a preferred dividend at a rate of 9% which is payable half yearly and 4% is accrued to the note.

Included below are salient features of the notes

- The Note has a cash coupon of 9% per annum and a 4% per annum redemption premium. The Group at its sole discretion may elect to capitalise cash coupons.
- Although perpetual in tenor, the note carries a material coupon step-up provision after the fifth anniversary that is expected to result in an economic maturity and redemption by the Group on or before that date.
- The Note may be voluntarily redeemed by the Group at any time, although there would be call-protection costs associated with doing so before the third anniversary.
- The Note if 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 times 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 occurrence of some future events that are not wholly within the control of the Group. The directors believe that the probability that those events will happen are remote but for classification purposes, because the Group does not have an unconditional right to avoid delivering cash to the noteholders on fifteen percent of the notes, this portion of the instrument has been classified as liability.

- The accrued dividend on the equity portion of the note has been recognised as deduction into equity i.e.) reduction of retained earnings.
- The incremental costs directly attributable to issuing the equity portion of the note has been recorded as a deduction in equity i.e.) 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. There were no transaction costs recorded during the year relating to this instrument (30 June 2022: US$1.6million).

8. INTEREST-BEARING BORROWINGS

	Audited as at 30 June 2023 US$'000	Audited as at 30 June 2022 US$'000
Non-current liabilities	318,453	242,091
Current liabilities	78,282	182,975
Total as at 30 June	**396,735**	**425,066**
Currency of the interest-bearing borrowings (stated gross of unamortised loan issue costs)		
United States Dollars	294,114	319,687
Euros	103,132	104,357
Mauritian Rupees	1,025	1,369
	398,271	**425,413**
Interest accrued	7,725	4,927
Unamortised loan issue costs	(9,261)	(5,274)
Total as at 30 June	**396,735**	**425,066**
Movement for the year		
Balance at the beginning of the year	425,066	410,588
Proceeds of interest bearing-borrowings	324,459	58,513
Loan reduced through disposal of subsidiary	(19,404)	(6,624)
Loan acquired through asset acquisition	4,369	6,011
Loan issue costs incurred	(7,355)	(4,386)
Amortisation of loan issue costs	3,368	2,765
Foreign currency translation differences	3,561	(14,836)
Interest accrued	2,798	751
Debt settled during the year	(340,127)	(27,716)
Total as at 30 June	**396,735**	**425,066**

Analysis of facilities and loans in issue

Lender	Borrower	Initial facility	Audited as at 30 June 2023 US$'000	Audited as at 30 June 2022 US$'000
Standard Bank South Africa	Commotor Limitada	US$140.0m	140,000	140,000
Standard Bank South Africa	Zambia Property Holdings Limited	US$70.4m	64,400	-
Standard Bank South Africa	Grit Services Limited	€33.0m	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	-
Standard Bank South Africa	Casamance Holdings Limited	€6.5m	7,198	-

Standard Bank South Africa	GRIT Accra Limited	US$6.4m	8,400	-
Standard Bank South Africa	Casamance Holdings Limited	€7.0m	7,618	-
Standard Bank South Africa	Zambia Property Holdings Limited	US$16.4m	-	16,405
Standard Bank South Africa	Grit Services Limited	RCF - €26.5m	-	27,091
Total Standard Bank Group			**269,147**	**183,496**
Bank of China	Zambian Property Holdings Limited	US$77.0m	-	76,405
Total Bank of China			**-**	**76,405**
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€9.0m	-	9,467
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€3.2m	-	3,366
State Bank of Mauritius	Mara Delta (Mauritius) Properties Limited	€22.3m	24,336	23,457
State Bank of Mauritius	Grit Real Estate Income Group Limited	Equity Bridge US$20.0m	10,000	20,000
State Bank of Mauritius	Mara Delta Properties Mauritius Limited	RCF MUR 72m	1,025	1,369
Total State Bank of Mauritius			**35,361**	**57,659**
Investec South Africa	Freedom Property Fund SARL	€36.0m	31,571	32,950
Investec South Africa	Freedom Property Fund SARL	US$15.7m	2,722	2,722
Investec Mauritius	Grit Real Estate Income Group Limited	US$0.5m	430	457
Total Investec Group			**34,723**	**36,129**
ABSA Bank Ghana Limited	Grit Accra Limited	US$9.0m	-	7,913
Total ABSA Group			**-**	**7,913**
Maubank Mauritius	Grit Real Estate Income Group Limited	€3.2m	-	1,837
Maubank Mauritius	Freedom Asset Management	€4.0m	711	1,508
Total Maubank			**711**	**3,345**
ABC Banking Corporation	Grit Services Limited	Equity bridge US$8.5m	-	2,440
ABC Banking Corporation	Casamance Holdings Limited	€6.4m	-	4,681
Total ABC Banking Corporation			**-**	**7,121**
Nedbank South Africa	Warehousely Limited	US$8.6m	8,635	8,635
Nedbank South Africa	Capital Place Limited	US$6.2m	-	6,200
Nedbank South Africa	Grit Real Estate Income Group Limited	US$7.0m	7,000	6,985
Total Nedbank South Africa			**15,635**	**21,820**
NCBA Bank Kenya	Grit Services Limited	US$6.5m	-	6,542
NCBA Bank Kenya	Grit Services Limited	US$4.1m	-	4,158
NCBA Bank Kenya	Grit Services Limited	US$6.5m	6,500	-
NCBA Bank Kenya	Grit Services Limited	US$11.0m	11,000	-
Total NCBA Bank Kenya			**17,500**	**10,700**
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$4.2m	4,369	-

Total Housing Finance Corporation	**4,369**	**-**
Total loans in issue	**398,271**	**425,413**
plus: interest accrued	7,725	4,927
less: unamortised loan issue costs	(9,261)	(5,274)
As at year end	**396,735**	**425,066**

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

9. SUBSEQUENT EVENTS

- On the 26th of July 2023 the Group announced the conclusion of the final phase in the acquisition of a majority interest in GREA and APDM from Gateway Africa Real Estate Limited and Prudential Impact Investments Private Equity LLC, which resulted in the Group owning a direct interest of 51.48% in GREA and 78.95% in APDM. The transaction became unconditional, and the share transfer was lodged following receipt of the Mauritius Prime Minister's Office consent, which was the final condition precedent. Although the share transfer took place after the end of the financial year, beneficial ownership of the 51.48% was attained on 30 June 2023 and as such the Group treated GREA as a joint venture in preparing its financial statements for the year ended 30 June 2023. The required final amendments to the Shareholders Agreement (which upon signature will result in control over GREA and therefore allow for the full consolidation of GREA and APDM - please refer to The Basis of Presentation 1.2 Critical Judgements and Estimates), are expected imminently. On the 3rd of October 2023 GREA issued shares to APDM in terms of the Managers Incentive Program and from this date the Group, through its shareholding in APDM, holds a combined direct and indirect interest of 54.22%.
- Bora Africa, a specialist industrial real estate vehicle, was established on 24 October 2023 when 5 Grit owned industrial assets namely Imperial, Bollore, Orbit and two industrial land assets were transferred to the newly established entity. Bora is a wholly owned subsidiary of Grit and has therefore resulted in no change to existing beneficial interests. The International Finance Corporation, a division of the World Bank, has approved a US$30 million financing instrument issued by Bora Africa to fund future pipeline and impact led real estate acquisitions.
- On 16 October 2023, interest rate hedges over US$100.0 million notional against LIBOR rates above 1.58% to 1.85%, matured. The Group re-instated a new US$100.0 million notional interest rate hedge from this date, with a new two-year collar and cap instrument providing protection against rates above 4.75% on SOFR rates while allowing savings up to 3.00% as rate retract.

10. EARNINGS PER SHARE

	Audited as at 30 June 2023 US$'000	**Audited as at 30 June 2022 US$'000**
Basic and diluted (losses) / earnings	(23,631)	10,443

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

	30 June 2023 Shares '000	**30 June 2022 Shares '000**
Ordinary shares in issue at start of year	495,093	331,236
Unvested treasury shares at start of year	(12,702)	(10,114)
Total shares issue at start of year	482,391	321,122
Effect of shares issued in the year	-	79,986
Effect of treasury shares acquired in the year	(141)	(2,924)
Effect of treasury shares disposed in the year	-	879
Weighted average number of shares at end of year - basic	**482,250**	**399,063**
Dilutive effect of awards issued	-	276
Weighted average number of shares at end of year - diluted	**482,250**	**399,339**

Basic & diluted earnings per share (cents)	(4.90)	2.62

11. EPRA FINANCIAL METRICS - UNAUDITED

Non-IFRS measures

Basis of Preparation

The directors of GRIT Real Estate Income Group Limited ("**GRIT**") ("**Directors**") have chosen to disclose additional non-IFRS measures, these include EPRA earnings, adjusted net asset value, EPRA net realisable value, adjusted profit before tax and funds from operations (collectively "Non-IFRS Financial Information").

EPRA Earnings

	Unaudited 30 June 2023 US$'000	**Unaudited 30 June 2023 Per Share (Diluted) (Cents Per Share)**	**Unaudited 30 June 2022 US$'000**	**Unaudited 30 June 2022 Per Share (Diluted) (Cents Per Share)**
EPRA Earnings	(4,656)	(0.97)	6,332	1.59
Total Company Specific Adjustments	8,092	1.69	6,150	1.54
Adjusted EPRA Earnings	**3,436**	**0.72**	**12,482**	**3.13**
Total company specific distribution adjustments	17,149	3.57	7,662	1.95
Total distributable earnings before profits withheld	**20,585**	**4.29**	**20,144**	**5.08**
Distributable earnings withheld	(10,989)	(2.29)	(2,300)	(0.58)
Total distribution	**9,596**	**2.00**	**17,844**	**4.50**
EPRA NRV	349,656	72.80	381,312	79.4
EPRA NTA	335,918	69.94	366,783	76.3
EPRA NDV	300,650	62.60	336,301	70.0

Distribution shares	**Shares ‘000**
Weighted average shares in issue	495,093
Less: Weighted average treasury shares for the year	(15,381)
Add: Weighted average shares vested in long term incentive scheme	573
EPRA SHARES	**480,285**
Less Non-entitled shares	-
Less Vested shares in consolidated entities	(573)
DISTRIBUTION SHARES	**479,712**

EPRA EARNINGS	**Notes**	**Unaudited 30 June 2023 US$'000**
Basic loss attributable to the owners of the parent		(23,631)
Add Back:		
Fair value adjustment on investment properties		4,108
Fair value adjustment on investment properties under income from associates		1,005
Fair value adjustment on other investments		(1)
Fair value adjustment on other financial assets and liabilities		(5,837)

Fair value adjustment on derivative financial instruments		3,085
Changes in fair value of financial instruments and associated close-out costs		3,735
Loss on sale of subsidiary		3,240
Loss of sale of associates		3,543
Impairment of loan		71
Goodwill written off		677
Deferred tax in relation to the above		1,785
Acquisition costs not capitalised		4,162
Non-controlling interest above		(598)
EPRA EARNINGS		**(4,656)**
EPRA EARNINGS PER SHARE (DILUTED) (cents per share)		**(0.97)**
Company specific adjustments		
Unrealised foreign exchange gains or losses (non-cash)	1	3,881
Straight-line leasing and amortisation of lease premiums (non-cash rental)	2	(149)
Amortisation of right of use of land (non-cash)	3	67
Impairment of loan and other receivables	4	4,541
Profit on sale of property, plant, and equipment	5	888
Non-controlling interest included above	6	(295)
Deferred tax in relation to the above	7	(841)
Total Company specific adjustments		**8,092**
ADJUSTED EPRA EARNINGS		**3,436**
ADJUSTED EPRA EARNINGS PER SHARE (DILUTED) (cents per share)		**0.72**

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.

12. COMPANY DISTRIBUTION CALCULATION - UNAUDITED

Unaudited
30 June 2023

	Notes	US$'000
Adjusted EPRA Earnings		3,436
Company specific distribution adjustments:		
VAT credits utilised on rentals	1	3,312
Listing and set up costs under administrative expenses	2	438
Depreciation and amortisation	3	1,364
Share based payments	4	7,828
Dividends (not consolidated out)		(385)
Right of use imputed leases		280
Amortisation of capital funded debt structure fees		4,708
Deferred tax in relation to the above		186
Non-controlling interest non distributable		(582)
Total Company Specific distribution adjustments		**17,149**
TOTAL DISTRIBUTABLE EARNINGS (BEFORE PROFITS WITHHELD)		**20,585**
DISTRIBUTABLE INCOME PER SHARE (DILUTED) (cents per share)		**4.29**
FULL YEAR DIVIDEND PER SHARE (cents)		**2.00**

Reconciliation to amount payable	**US$ cents per share**
Total distributable earnings to Grit shareholders before profits withheld (cents)	4.29
Profits withheld (cents)	(2.29)
Interim dividends already paid (cents)	(2.00)
FINAL DIVIDEND PROPOSED (cents)	**0.00**

Company distribution notes in terms of the distribution policy

1. *VAT credits utilised on rentals*
   In certain African countries, there is no mechanism to obtain refunds for VAT paid on the purchase price of the property. VAT is recouped through the collection of rentals on a VAT inclusive basis. The cash generation through the utilisation of the VAT credit 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.

13. 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 Jun 2023 US$'000	EPRA NTA Unaudited 30 Jun 2023 US$'000	EPRA NDV Unaudited 30 Jun 2023 US$'000
IFRS Equity attributable to shareholders	300,650	300,650	300,650
i) Hybrid instruments			
Preference shares			
Diluted NAV	**300,650**	**300,650**	**300,650**
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	**300,650**	**300,650**	**300,650**
Exclude*:			
Deferred tax in relation to fair value gains of Investment properties	48,217	44,311	-
Fair value of financial instruments	789	789	-
Goodwill as a result of deferred tax	-	-	-
Goodwill as per the IFRS balance sheet	-	(9,832)	-
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	**349,656**	**335,918**	**300,650**
Fully diluted number of shares	480,285	480,285	480,285
NAV per share (cents per share)	**72.80**	**69.94**	**62.60**

	Shares '000	Shares '000	Shares '000
Total shares in issue	495,093	495,093	495,093
Less: Treasury shares for the period	(15,381)	(15,381)	(15,381)
Add: Share awards and shares vested shares in long term incentive scheme	573	573	573

EPRA SHARES	480,285	480,285	480,285

EPRA Vacancy rate

EPRA Vacancy Rate		UNAUDITED 30 June 2023 US$'000	UNAUDITED 30 June 2022 US$'000
Estimated rental value of vacant space	**A**	324	236
Estimated rental value of the whole portfolio	**B**	5,048	5,070
EPRA Vacancy Rate	**A/B**	**6.4%**	**4.7%**

OTHER NOTES

The audited consolidated financial statements for the year ended 30 June 2023 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, International Financial Reporting Standards ("**IFRS**"), the LSE and SEM Listing Rules, the Financial Pronouncements as issued by Financial Reporting Standards Council. The accounting policies are consistent with those of the previous annual financial statements with the exception of the change in accounting policy and the significant judgment disclosed in note 1.

The Group is required to publish financial results for the year ended 30 June 2023 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 30 October 2023.

PricewaterhouseCoopers have issued their unqualified audit opinion on the Group's financial statements for the year ended 30 June 2023. Copies of the audited consolidated financial statements for the year ended 30 June 2023, 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.