**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**")

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**FULL YEAR AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2024**

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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 2024.

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

"Despite a year shaped by significant macroeconomic headwinds, particularly persistently high-interest rates impacting both earnings and asset valuations, the Group has demonstrated resilience and adaptability. Our property portfolio, in the face of these challenges, has continued to deliver consistent returns, bolstered by a deliberate shift towards higher-yielding, more defensive real estate assets that build on our longstanding, value-driven fundamentals.

"A key milestone was our acquisition of a majority stake in GREA, our development associate. While this acquisition had one-off impacts on this year's financial results, it optimises our cost base, simplifies our reporting, and strengthens our capability to drive targeted, tenant-led developments. Additionally, it bolsters our Group's robust platform, positioning us to capture growth opportunities in targeted sectors through the establishment of specialised sub-structures. These will be supported by long-term funding partners who share our commitment to unlock and generate high quality impact investment in Africa.

"The continued confidence and backing from our financial partners, particularly key financiers and leading development funding institutions, underscore the strength of our strategic direction. We are gratified by this support, which validates the Group's commitment to disciplined and focused growth.

"On the operational front, our commitment to cost efficiency yielded a 14.0% reduction in administrative expenses, an achievement underscoring our focus on running a lean and efficient business while advancing our broader objectives.

"Looking ahead, our strategic priorities remain well defined: we are firmly committed to sustainable growth in distributable income and capital appreciation. By focusing on core portfolio metrics, such as lower loan-to-value (LTV) ratios, reduced vacancy rates, and optimised cost structures, we are establishing a resilient foundation for long-term growth.

"Asset recycling remains integral to our strategy, allowing us to reinforce the balance sheet, enhance liquidity, and dynamically adjust to market conditions.

"As we progress, we continue to prioritise disciplined capital allocation and a vigilant approach to cost management, ensuring we remain well-positioned to create sustainable value for our shareholders in an evolving market."

**Financial & Portfolio highlights as at 30 June 2024[1]**

| | 30 June 2024 | 30 June 2023 | Increase/ (Decrease) |
|---|---|---|---|
| IFRS diluted loss per share | (US$17.47) cps | (US$4.90) cps | (US$12.57) cps |
| Adjusted EPRA (loss) / earnings per share[2] | (US$1.72) cps | US$0.72 cps | (US$2.44) cps |
| Distributable earnings per share[3] | US$0.25 cps | US$4.29 cps | (US$4.04) cps |
| Dividend per share | US$1.50 cps | US$2.00 cps | (US$0.50) cps |
| Contractual rental collected | 91.10 % | 101.3 % | (10.2) % |

| | | | |
|---|---|---|---|
| EPRA NRV per share[2] | US$57.85 cps | US$72.80 cps | (US$14.95) cps |
| Total Income Producing Assets[4] | US$971.2 m | US$862.0 m | US$109.2 0 m |
| Group LTV | 52.33 % | 44.3 % | 8.03 % |
| Weighted average cost of debt | 10.00 % | 8.40 % | 1.60 % |
| ***Portfolio highlights*** | | | |
| Property net operating income from ongoing operations[5] | US$63.51 m | US$59.00 m | US$4.51 m |
| EPRA cost ratio (including associates)[6] | 13.3 % | 13.3 % | 0.00 % |
| EPRA portfolio occupancy rate[7] | 89.77 % | 93.60 % | (3.83) % |
| WALE[8] | 5.23 yrs | 4.40 yrs. | 0.83 yrs |
| Revenue earned from multinational tenants[9] | 85.44 % | 85.30 % | 0.14 % |
| Income in hard currency[10] | 94.27 % | 94.50 % | (0.23) % |
| Grit proportionately owned lettable area ("GLA") | 386,538 $m^2$ | 298,962 $m^2$ | 87,576 $m^2$ |
| Weighted average annual contracted rent escalations | 2.84 % | 3.00 % | (0.16) % |

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 14 to 16 (unaudited).

3 Distributable earnings per share is an APM derived from IFRS and shown in note 15 (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 16.

7 Property occupancy rate based on EPRA calculation methodology (Includes associates and excludes direct vacancy cost). Please see calculation methodology shown in note 16.

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 global macroeconomic headwinds, the reported property portfolio revenue (based on the Group's proportionate interest) grew by 9.8% in the year under review. This growth reflects the Group's increased interest in GREA, rising from 35.01% in the prior year to 54.22%, and the subsequent consolidation effective from 30 November 2023.

- Reported NOI (based on the Group's proportionate interest) saw a year-on-year increase of 7.9%, driven by the annualised contribution of assets brought into operation in late FY2023, including ENEO CCI, which commenced commercial use this year. The growth was partially offset by the impact of BHI and LLR disposals completed in FY2023.

- Total income-producing assets rose by US$109.2 million, reaching US$971.2 million. This increase is primarily due to the GREA acquisition and consolidation, partly offset by US$30.0 million in property revaluations and the elimination of pre-existing investment relationships previously recognised under associates and joint ventures.

- Reported property values, based on the Group's proportionate share (including joint ventures and GREA associates), grew by 11.1%. This increase was driven by the GREA consolidation and a step-up acquisition in DH1, along with ENEO CCI project completion and associated capital expenditure of US$20.7 million and US$22.1 million, respectively. Offsetting factors include the reclassification of Tamassa as a non-current asset held for sale and valuation adjustments of US$30.0 million.

- EPRA NRV per share declined by 20.5% to US$57.9cps (from US$72.8cps in the prior year), largely due to property revaluations and other non-cash items, including non-controlling interest.

- Rising global interest rates in 2023 and sustained higher rates through FY2024 raised Grit's weighted average cost of debt to 10.0% (up from 8.4% as of June 2023). Base rate increases were the primary contributors to these higher financing costs.

- The Group maintained US$200 million in hedging instruments to mitigate interest rate impacts; however, the expiry and re-establishment of US$100 million in SOFR hedges at higher levels, coupled with the GREA consolidation, led to an increase in net finance costs year-on-year. US CPI-linked lease escalations across the portfolio offered some protection against funding cost increases, though the additional US$13.2 million charge weighed significantly on the annual financial results. The net finance charge includes amortised loan issuance costs and hedging impacts.

- Administrative expenses were reduced by 14.0% year-on-year, reflecting disciplined cost management and cost efficiencies obtained through the consolidation of group functions. As a percentage of total income-producing assets, the administrative expense ratio decreased from 2.42% at 30 June 2023 to 1.85% at 30 June 2024. The Group remains committed to a target administrative expense ratio of 1% relative to total income-producing assets.

- Persistent high interest rates and economic pressures in our operating regions have affected the Group's financial flexibility, leading the Board to suspend dividends in the second half of the financial year. Total dividends declared for the year amount to US$1.50 cps.

**Corporate highlights – execution on strategy**

1. **Acquisition of GREA and APDM Successfully Completed:**

    - Established Bora Africa as a specialised industrial sector sub-structure, attracting investment from the IFC, with further investment opportunities in the pipeline.

    - Advanced negotiations to create DH Africa as a dedicated diplomatic real estate sub-structure, reflecting strategic focus on sector-specific asset growth.

2. **Strong Leasing Momentum:**

    - Achieved an 86% tenant retention rate on renewals and a 5.2-year WALE.

    - Notable leasing activity recorded at The Precinct in Mauritius and ENEO at Tatu Central, Kenya, with additional lease renewals and negotiations progressing.

3. **Strategic Project Delivery:**

    - Completed ENEO at Tatu Central, Kenya's largest Business Process Outsourcing development tenanted by CCI Global, ahead of schedule, delivering a robust yield exceeding 10%.

4. **Asset Recycling Milestone:**

    - Reached the December 2023 asset recycling target of US$160 million. The Board extended the target by an additional US$200 million in non-core asset disposals, with US$76.4 million identified for near-term disposal.

5. **Recognition for Excellence:**

    - Received multiple high-profile industry awards for sustainability and construction excellence for ENEO at Tatu Central, showcasing the Group's leadership in sustainable development practices.

**Notable Post balance sheet events**

1. **Enhanced Tenant Profile and Vacancy Reduction Initiatives:**

    - Since the balance sheet date, our Asset Management team has continued to secure high-quality tenants under long-term leases, positioning us to reduce the Group's EPRA vacancy rate to below 7.5% by 31 December 2024. We have received strong interest from multinational corporations seeking to acquire office space in northern Mauritius, prompting us to initiate the sectionalisation of the Precinct Unity Building to cater to this demand.

2. **Strengthened Hedging Strategy:**

- Following the balance sheet date, the Group settled a US$6.25 million cross-currency swap that matured in August 2024. Concurrently, we expanded our hedging instruments, raising total coverage for SOFR debt from US$200 million to US$256.6 million, fortifying our risk management posture amidst global rate fluctuations.

3. **Asset Recycling Through Strategic Disposals:**

- The disposal process for Artemis Curepipe Hospital commenced post balance sheet and is on track to conclude within FY2025. This divestiture aligns with our ongoing strategy to streamline the portfolio and to reduce debt levels and support the development pipeline resulting in higher yielding assets.

4. **Shareholder Call Notice and Capital Commitment to GREA - PIC Capital Investment**

- On 28 June 2024, GREA issued a call notice to its shareholders, including Grit and the Public Investment Corporation SOC Limited of South Africa ("PIC"), as part of a US$100 million rights issue.

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

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

**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) *, Gareth Schnehage (Chief Financial Officer) *, David Love+, Catherine McIlraith+, Nigel Nunoo+, Cross Kgosidiile and Lynette Finlay+.

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

**Company secretary**: Intercontinental Fund Services Limited

**Corporate Service provider**: Mourant Governance Services (Guernsey) Limited

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

**Registrar and transfer agent (Mauritius)**: Onelink Ltd

**SEM authorised representative and sponsor**: Perigeum Capital Ltd

**UK Transfer secretary**: Link Market Services Limited

**Mauritian Sponsoring Broker**: Capital Markets Brokers Ltd

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This notice is issued pursuant to the FCA Listing Rules and SEM Listing Rules 15.24 and 15.36A 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 Thursday, 31st October 2024 at 12:00pm Mauritius / 08:00am UK / 10:00am South African time 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 in the Corporate Governance section of the Company's Integrated Annual Report.

### Strategic overview

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

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

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

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

**Financial and operational performance**

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

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

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

**Capital recycling and debt reduction**

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

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

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

2. **Proposed disposal of the Artemis Curepipe hospital** - The Group is currently in discussions for the sale of its first newly built hospital in Mauritius at current book value. This will in turn pave the way for the development of the Group's next hospital project – Coromandel Hospital.

3. **Other retail and non-strategic corporate accommodation** assets across the Group are currently the subject of early-stage disposal discussions and showing promising signs of resulting in disposal transactions.

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

**Mezzanine financing update**

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

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

**Dividends**

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

**Changes to the Board**

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

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

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

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

**Outlook**

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

1. Strong and sustainable operations – continued focus on protecting our portfolio, tenant retention, collecting rentals and delivering best in class sustainable real estate. We will furthermore focus on increasing profitability of our operations through reducing direct property operating expenses and improving recoveries.

2. "Shrink to grow" - recycling non-core assets with capital redeployed towards debt reduction and investment in higher yielding core assets over the medium term.

3. De-leverage – reduce LTV to lower levels, creating headroom for future expansion, including a specific strategy to reduce overall funding costs.

4. Simplify and consolidate operations – arrange assets into independent and specialised substructures, leverage technology to optimise systems, staff and processes.

5. Reduce administration costs – stringently control expenditure to target 1% of income producing assets over the medium term.

6. Enhance new and existing capital partnerships – deeper collaboration with existing funders and new DFI funders.

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

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

**Peter Todd**
Chairman

## CHIEF EXECUTIVE'S STATEMENT

### GRIT 2.0 Strategy Implementation

***Introduction***

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

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

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

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

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

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

1. **Simplified structure**

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

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

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

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

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

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

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

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

3. **Asset recycling**

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

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

**Key operational trends**

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

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

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

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

***Good leasing activity in the core portfolio***

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

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

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

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

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

**1. ENEO at Tatu Central (Tatu City, Kenya)**

- The development was completed in May 2024 with a GLA occupancy of 67.2% at June 2024.

- The development recorded GLA occupancy levels of 85,6% as at end August 2024, with the following tenants secured:
  - Naivas
  - NCBA Bank
  - Tamarind Restaurant
  - Rendeavour

- Substantial demand from the tech industry and co-working space providers have been registered, and we expect the development to be fully let by 31 December 2024.

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

- As at June 2024, the GLA occupancy stood at 76.5% which is expected to increase to 99.2% by December 2024, based on current leases concluded or in the process of conclusion.

- Post balance sheet date, key leases were concluded with:
  - PSG
  - ABSA Wealth
  - Intagreat

- Workshop 17

- Substantial interest from multinational corporations for outright purchases of office space in the north of Mauritius has been received. Management has subsequently initiated the sectionalisation process of Unity Building to service this demand.

**Sector and organisational update**

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

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

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

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

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

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

**ESG commitment**

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

Our transition toward a low-carbon economy is guided by global best practices, reflecting our dedication to sustainability. We are committed to having green principles included in the design of all new developments and that all new developments will obtain IFC EDGE certification.

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

**Financial performance**

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

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

### Conclusion

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

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

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

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

**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 14 to 16. Other APMs used are also reconciled below.

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

| **IFRS Income statement to distribution reconciliation** | **Audited IFRS 30 June 2024** | **Unaudited Extracted from Associates 30 June 2024** | **Unaudited Grit Proportionate Income statement 30 June 2024** | **Unaudited Non-Controlling Interest** | **Unaudited Grit Economic Interest Income Statement 30 June 2024** | **Unaudited Distributable Earnings 30 June 2024** |
|---|---|---|---|---|---|---|
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| Gross property income | 63,977 | 13,618 | 77,595 | (12,170) | 65,425 | 65,080 |
| Property operating expenses | (12,366) | (1,719) | (14,085) | 2,254 | (11,831) | (11,762) |
| **Net property income** | **51,611** | **11,899** | **63,510** | **(9,916)** | **53,594** | **53,318** |
| Other income | 345 | 6,278 | 6,623 | (664) | 5,959 | 5,765 |
| Administrative expenses | (17,951) | (4,501) | (22,452) | 1,906 | (20,546) | (19,105) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net impairment charge on financial assets | (3,217) | (181) | (3,398) | 1,011 | (2,387) | 1,357 |
| **Profit from operations** | **30,788** | **13,495** | **44,283** | **(7,663)** | **36,620** | **41,335** |
| Fair value adjustment on investment properties | (27,930) | (2,067) | (29,997) | 3,685 | (26,312) | - |
| Fair value adjustment on other financial liability | (2,236) | - | (2,236) | - | (2,236) | - |
| Fair value adjustment on other financial asset | (949) | (516) | (1,465) | 1,361 | (104) | - |
| Fair value adjustment on derivative financial instruments | (2,475) | - | (2,475) | - | (2,475) | - |
| Fair value loss on revaluation of previously held interest | (23,874) | - | (23,874) | - | (23,874) | |
| Share-based payment expense | (90) | - | (90) | - | (90) | - |
| Share of profits from associates and joint ventures | 7,142 | (7,142) | - | - | - | - |
| Loss arising from dilution in equity interest | (12,492) | - | (12,492) | - | (12,492) | - |
| Loss on derecognition of loans and other receivables | 1 | - | 1 | - | 1 | - |
| Foreign currency gains | 886 | 2,057 | 2,943 | 1,018 | 3,961 | - |
| Impairment of loans and other receivables | - | - | - | (32) | (32) | - |
| Loss on extinguishment of other financial liabilities and borrowings | (1,353) | - | (1,353) | - | (1,353) | - |
| Gain on disposal of property, plant, and equipment | 33 | - | 33 | - | 33 | - |
| Other transaction costs | (8,871) | (185) | (9,056) | 1,172 | (7,884) | - |
| **(Loss) / profit before interest and taxation** | **(41,420)** | **5,642** | **(35,778)** | **(459)** | **(36,23)** | **41,335** |
| Interest income | 4,882 | 1,465 | 6,347 | (1,418) | 4,929 | 4,929 |
| Finance charges | (53,536) | (8,270) | (61,806) | 9,387 | (52,419) | (46,099) |
| **(Loss) / profit before taxation** | **(90,074)** | **(1,163)** | **(91,237)** | **7,510** | **(83,727)** | **165** |
| Taxation | 1,132 | 1,169 | 2,301 | (1,285) | 1,016 | (1,177) |
| **(Loss) / Profit after taxation** | **(88,942)** | **6** | **(88,936)** | **6,225** | **(82,711)** | **(1,012)** |
| **Retirement benefit obligation through OCI** | **32** | | **32** | **-** | **32** | |
| **NCI of associates through OCI** | **-** | **(6)** | **(6)** | **6** | **-** | **-** |
| **(Loss) / Profit after taxation and after NCI of associates** | **(88,910)** | **-** | **(88,910)** | **6,231** | **(82,679)** | **(1,012)** |
| **VAT credits utilised** | | | | | | **2,197** |
| **Distributable earnings** | | | | | | **1,185** |

## Financial and Portfolio summary

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

| Sector | **Revenue FY2024 Reported** | Revenue FY2024 Change in ownership [3] | Revenue FY2024 Step up from joint venture to subsidiary and GREA associates to associates [4] | Revenue FY2024 Year-on-year comparable basis | **Revenue FY2023 Reported** | Revenue FY2023 Change in ownership [3] | Revenue FY2023 Year-on-year comparable basis | **Change in Revenue Reported** | **Change in Revenue Year-on-year comparable basis** | **Rental Collection[1] FY2024** |
|---|---|---|---|---|---|---|---|---|---|---|
| | **US$'000** | US$'000 | US$'000 | US$'000 | **US$'000** | US$'000 | US$'000 | **%** | **%** | **%** |
| Retail | 20,914 | 535 | 443 | 19,936 | 19,074 | 110 | 18,964 | 9.7% | 5.1% | 96.2% |
| Hospitality | 6,160 | - | - | 6,160 | 9,164 | 3,889 | 5,275 | -32.8% | 16.8% | 87.0% |
| Office | 20,117 | 285 | (96) | 19,928 | 18,163 | 1,078 | 17,085 | 10.8% | 16.6% | 91.2% |
| Light industrial | 6,043 | (65) | - | 6,108 | 6,229 | - | 6,229 | -3.0% | -1.9% | 46.9% |
| Corp Accommodati on | 18,647 | 1,341 | 2,246 | 15,060 | 14,147 | 460 | 13,687 | 31.8% | 10.0% | 97.1% |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Medical | 1,966 | 34 | 108 | 1,824 | 53 | 11 | 42 | 3,609.4% | 4,242.9% | 97.0% |
| Data Centre | 2,099 | 516 | 700 | 883 | 803 | 135 | 668 | 161.4% | 32.2% | 122.7% |
| LLR portfolio | - | - | - | - | 1,588 | 1,588 | - | -100.0% | 0.0% | 0.0% |
| Corporate | 1,649 | - | - | 1,649 | 1,444 | - | 1,444 | 14.2% | 14.2% | 0.0% |
| **TOTAL** | **77,595** | **2,646** | **3,401** | **71,548** | **70,665** | **7,271** | **63,394** | **9.8%** | **12.9%** | **91.1%** |
| Subsidiaries | 63,977 | 261 | 1,155 | 62,560 | 56,249 | 1,001 | 55,248 | 13.7% | 13.2% | |
| Associates | 13,618 | 2,385 | 2,246 | 8,988 | 12,538 | 5,810 | 6,728 | 8.6% | 33.6% | |
| **SUBTOTAL** | **77,595** | **2,646** | **3,401** | **71,548** | **68,787** | **6,811** | **61,976** | **12.8%** | **15.4%** | |
| GREA Associates | - | - | - | - | 1,878 | 460 | 1,418 | -100.0% | -100.0% | |
| **TOTAL** | **77,595** | **2,646** | **3,401** | **71,548** | **70,665** | **7,271** | **63,394** | **9.8%** | **12.9%** | |

| Sector | **NOI FY2024 Reported** | NOI FY2024 Change in ownership[3] | NOI FY2024 Step up from joint venture to subsidiary and GREA associates to associates [4] | NOI FY2024 Year-on-year comparable basis | **NOI FY2023 Reported** | NOI FY2023 Change in ownership[3] | NOI FY20223 Year-on-year comparable basis | **Change in NOI Reported** | **Change in NOI Year-on-year comparable basis** |
|---|---|---|---|---|---|---|---|---|---|
| | **US$'000** | US$'000 | US$'000 | US$'000 | **US$'000** | US$'000 | US$'000 | **%** | **%** |
| Retail | 13,994 | 311 | 284 | 13,399 | 12,363 | 70 | 12,293 | 13.2% | 9.0% |
| Hospitality | 6,160 | - | - | 6,160 | 9,164 | 3,889 | 5,275 | -32.8% | 16.8% |
| Office | 17,355 | 217 | (265) | 17,403 | 16,139 | 870 | 15,269 | 7.5% | 14.0% |
| Light industrial | 5,789 | (69) | - | 5,858 | 5,995 | - | 5,995 | -3.4% | -2.3% |
| Corp Accommodation | 15,615 | 1,267 | 2,007 | 12,341 | 11,545 | 439 | 11,106 | 35.3% | 11.1% |
| Medical | 1,956 | 34 | 108 | 1,814 | 53 | 11 | 42 | 3,590.6% | 4,219.1% |
| Data Centre | 2,099 | 743 | 700 | 656 | 148 | 118 | 30 | 1,318.2% | 2,086.7% |
| LLR portfolio | - | - | - | - | 1,455 | 1,455 | - | -100.0% | 0.0% |
| Corporate | 542 | - | - | 542 | 2,023 | - | 2,023 | -73.2% | -73.2% |
| **TOTAL** | **63,510** | **2,503** | **2,834** | **58,173** | 58,885 | 6,852 | 52,033 | **7.9%** | **11.8%** |
| Subsidiaries | 51,611 | 108 | 827 | 50,675 | 46,625 | 870 | 45,755 | 10.7% | 10.8% |
| Associates | 11,899 | 2,395 | 2,007 | 7,498 | 10,740 | 5,543 | 5,197 | 10.8% | 44.3% |
| **SUBTOTAL** | **63,510** | **2,503** | **2,834** | **58,173** | 57,365 | 6,413 | 50,952 | **10.7%** | **14.2%** |
| GREA Associates | - | - | - | - | 1,520 | 439 | 1,081 | -100.0% | -100.0% |
| **TOTAL** | **63,510** | **2,503** | **2,834** | **58,173** | 58,885 | 6,852 | 52,033 | **7.9%** | **11.8%** |

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 change in the Group's proportionate share in GREA from 35.01% during FY2023 to 54.22% during FY2024. During FY2023 the group disposed of their interests in BHI and LLR and forms part of the change in ownership numbers presented for that year.

4 On 30 November 2023 the Group obtained control over GREA and APDM and consolidated the results of these entities within effect from this day. Due to the consolidation of GREA the GREA associates became associates of the Group. The impact of these changes are reflected in these columns.

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

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

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

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

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

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

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

## Cost control

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

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

## Material finance costs increases

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

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

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

## Interest rate risk exposure and management

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

| Lender | TOTAL | SOFR | EURIBOR | PLR[1] | FIXED |
|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Standard Bank Group | 334,358 | 291,040 | 43,318 | - | - |
| State Bank of Mauritius | 75,502 | 32,189 | 42,657 | 656 | - |
| NCBA Bank Kenya | 30,587 | 30,587 | - | - | - |
| Investec Group | 30,288 | - | 30,288 | - | - |
| International Finance Corporation | 16,100 | 16,100 | - | - | - |
| ABSA Group | 10,000 | 10,000 | - | - | - |
| Nedbank Group | 15,400 | 15,400 | - | - | - |
| Cooperative Bank of Oromia | 10,491 | - | - | - | 10,491 |
| SBI (Mauritius) Limited | 5,408 | - | 5,159 | - | 249 |
| Housing Finance Corporation | 4,131 | - | - | - | 4,131 |
| Private Equity | 5,046 | - | - | - | 5,046 |
| AfrAsia Bank Limited | 15 | - | - | 15 | - |
| **SUB-TOTAL** | **537,326** | **395,316** | **121,422** | **671** | **19,917** |
| Transferred to liabilities associated with assets held for sale | (37,370) | - | (36,714) | (656) | - |
| **TOTAL EXPOSURE - IFRS** | **499,956** | **395,316** | **84,708** | **15** | **19,917** |
| **EXPOSURE %** | **100.0%** | **79.1%** | **16.9%** | **0.0%** | **4.0%** |

Notes

[1] PLR – Mauritius Prime Lending Rate

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

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

Notes

[1] PLR – Mauritius Prime Lending Rate

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

| Instrument | NOTIONAL AMOUNT | MATURITY DATE | CROSS CURRENCY NORMINAL AMOUNT EURO | FIXED RATE | FLOOR RATE | CAP RATE |
|---|---|---|---|---|---|---|
| | US$'000 | | '000 | % | % | % |
| Collar | 25,000 | October 2024 | | | 2.20% | 3.50% |
| Collar | 25,000 | October 2025 | | | 2.20% | 3.50% |
| Collar | 25,000 | October 2026 | | | 2.20% | 3.50% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Collar | 100,000 | October 2025 | | | 3.00% | 4.75% |
| Cross currency swap | 6,250 | August 2024 | 6,371 | 2.97% | | |
| Cross currency swap | 6,250 | October 2024 | 6,371 | 3.04% | | |
| Cross currency swap | 6,250 | April 2027 | 5,847 | 6.79% | | |
| Interest rate swap | 6,250 | June 2027 | | 7.62% | | |
| **Total notional amount of hedging instrument in place** | **200,000** | | | | | |

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

| **Instrument** | **NOTIONAL AMOUNT** | **MATURITY DATE** | **FIXED RATE** | **FLOOR RATE** | **CAP RATE** |
|---|---|---|---|---|---|
| | **US$'000** | **'** | **%** | **%** | **%** |
| Collar [1] | 12,832 | June 2029 | | 3.00% | 4.40% |
| Interest rate swap | 25,000 | June 2027 | 3.65% | | |
| Interest rate swap | 25,000 | September 2027 | 3.48% | | |
| **Total notional amount of hedging instrument placed post balance sheet date** | **62,832** | | | | |

Notes

[1] The instrument has a floating benchmark of Term SOFR – 3 months

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

| **All debt** | **WACD** | **MOVEMENT VS CURRENT WACD** | **IMPACT ON FINANCE COSTS VS CURRENT WACD [1]** |
|---|---|---|---|
| | **%** | **bps** | **US$'000** |
| At 30 June 2024 (including hedges) | 10.00% | | |
| At 31 October 2024 (including hedges) | 9.77% | | |
| +50 bps | 10.01% | 0.24 | 1,261 |
| +25 bps | 9.89% | 0.12 | 630 |
| -50 bps | 9.45% | (0.31) | (1,716) |
| -100 bps | 9.11% | (0.70) | (3,541) |
| -200 bps | 8.41% | (1.52) | (7,307) |

Notes

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

**Portfolio performance**

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

| **Composition of income producing assets** | **2024** | **2023** |
|---|---|---|

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

**Property valuations**

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

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

| Sector | Opening Property Value | Forex movement | Asset recycling | Development assets completed in the year | Additions | Change in ownership | Other | Fair value movements | Closing Property Value | Total Valuation Movement |
|---|---|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | % |
| Retail | 212,709 | (4,856) | - | - | - | 10,500 | 641 | (4,599) | 214,395 | 0.8% |
| Hospitality | 79,992 | (1,530) | (49,000) | - | 8,329 | - | (6) | (6,379) | 31,406 | -60.7% |
| Office | 215,446 | - | - | 47,990 | 353 | 8,748 | (102) | (1,424) | 271,011 | 25.8% |
| Light industrial | 79,450 | - | - | - | 669 | (1) | 610 | (16,014) | 64,714 | -18.5% |
| Data Centres | 14,390 | - | - | - | 229 | 13,564 | 51 | 266 | 28,500 | 98.1% |
| Medical | 10,547 | (331) | - | - | 2,454 | 13,111 | 321 | (1,376) | 24,726 | 134.4% |
| Corporate Accommodation | 156,701 | - | - | - | 9,875 | 66,592 | 1,576 | (13,723) | 221,021 | 41.0% |
| GREA under construction | 16,669 | - | - | (27,269) | 189 | 12,526 | 1,895 | 13,252 | 17,262 | 3.6% |
| **Total** | **785,904** | **(6,717)** | **(49,000)** | **20,721** | **22,098** | **125,040** | **4,986** | **(29,997)** | **873,035** | **11.1%** |
| Subsidiaries | 628,777 | (2,487) | (49,000) | 20,721 | 2,054 | 215,211 | 5,005 | (27,930) | 792,351 | 26.0% |
| Associates | 123,780 | (4,230) | - | - | 20,044 | (56,824) | (19) | (2,067) | 80,684 | -34.8% |
| **SUBTOTAL** | **752,557** | **(6,717)** | **(49,000)** | **20,721** | **22,098** | **158,387** | **4,986** | **(29,997)** | **873,035** | **16.0%** |
| GREA Associates | 33,347 | - | - | - | - | (33,347) | - | - | - | -100.0% |
| **TOTAL** | **785,904** | **(6,717)** | **(49,000)** | **20,721** | **22,098** | **125,040** | **4,986** | **(29,997)** | **873,035** | **11.1%** |

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

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

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

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

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

**Asset acquisition**

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

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

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

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

**GREA rights issue**

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

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

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

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

**Asset recycling**

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

**Interest bearing borrowings movements**

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

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

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

| | **30 June 2024** | | | | **30 June 2023** | | | |
|---|---|---|---|---|---|---|---|---|
| | **Debt in Subsidiaries** | **Debt in joint ventures** | **Total** | | **Debt in Subsidiaries** | **Debt in joint ventures** | **Total** | |
| | **USD'000** | **USD'000** | **USD'000** | **%** | **USD'000** | **USD'000** | **USD'000** | **%** |
| Standard Bank Group | 287,930 | 7,500 | **295,430** | 52.54% | 269,147 | 28,881 | 298,028 | 65.18% |
| State Bank of Mauritius | 75,502 | - | **75,502** | 13.43% | 35,361 | 2,769 | 38,130 | 8.34% |
| Investec Group | 30,288 | - | **30,288** | 5.39% | 34,722 | - | 34,722 | 7.59% |
| Absa Group | 10,000 | 17,500 | **27,500** | 4.89% | - | 14,157 | 14,157 | 3.10% |
| Maubank | - | - | **-** | - | 712 | - | 712 | 0.16% |
| Nedbank Group | 15,400 | - | **15,400** | 2.74% | 15,635 | 7,772 | 23,407 | 5.12% |
| NCBA Bank Kenya | 30,587 | - | **30,587** | 5.44% | 17,500 | - | 17,500 | 3.83% |
| Private Equity | 5,046 | - | **5,046** | 0.90% | 4,725 | - | 4,725 | 1.03% |
| International Finance Corporation | 16,100 | - | **16,100** | 2.86% | 16,100 | - | 16,100 | 3.52% |
| Housing Finance Corporation | 4,131 | - | **4,131** | 0.73% | 4,369 | - | 4,369 | 0.96% |
| Afrasia Bank Limited | 15 | - | **15** | 0.00% | - | 21 | 21 | 0.00% |
| SBI (Mauritius) Ltd | 5,408 | - | **5,408** | 0.96% | - | 2,078 | 2,078 | 0.45% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Stanbic Bank | 46,428 | - | **46,428** | 8.26% | - | - | - | - |
| Cooperative Bank of Oromia | 10,491 | - | **10,491** | 1.86% | - | 3,303 | 3,303 | 0.72% |
| **TOTAL BANK DEBT** | **537,326** | **25,000** | **562,326** | **100.00%** | 398,271 | 58,981 | 457,252 | 100.00% |
| Transferred to liability associated with asset held for sale | (37,370) | | | | | | | |
| Interest accrued | 9,588 | | | | 7,725 | | | |
| Unamortised loan issue costs | (8,380) | | | | (9,261) | | | |
| **As at 30 June** | **501,164** | | | | 396,735 | | | |

**Capital commitments**

Upcoming capital commitments in the current financial year include:

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

**Net Asset Value and EPRA Net Realisable Value**

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

Comments

| **Net asset value evolution** | **Unaudited US$'000** | **Unaudited US$'cps** |
|---|---|---|
| IFRS NAV as reported | 300,650 | 62.6 |
| Financial instruments | 789 | 0.2 |
| Deferred tax in relation to fair value gain of investment properties | 48,217 | 10.0 |
| **EPRA NRV at 30 Jun 2023** | **349,656** | **72.8** |
| Portfolio valuations attributable to subsidiaries | (27,930) | (5.8) |
| Portfolio valuations attributable to joint ventures | (2,067) | (0.4) |
| Other fair value adjustments | (6,176) | (1.3) |
| Transactions with non-controlling interests | 12,198 | 2.5 |
| Other non-cash items (including other non-controlling interest) | (21,922) | (4.8) |
| Loss arising from dilution in equity interest previously held | (12,492) | (2.6) |
| Cash losses | (1,012) | (0.2) |
| Movement through FCTR | (4,593) | (1.0) |
| Movement through revaluation reserve | 2,429 | 0.5 |
| Dividend paid | (7,227) | (1.5) |
| Coupon paid on preference dividends through retained earnings | (4,534) | (0.9) |
| Other equity movements | 2,885 | 0.6 |
| **EPRA NRV Before Dilution** | **279,215** | **57.9** |
| Effect of treasury shares | (98) | (0.0) |
| **EPRA NRV at 30 Jun 2024** | **279,117** | **57.9** |
| Deferred Tax on Properties | (40,437) | (8.4) |
| Derivatives | (26,742) | (5.5) |
| **IFRS NRV at 30 Jun 2024** | **211,938** | **44.0** |

**Material uncertainty relating to going concern**

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

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

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

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

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

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

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

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

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

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

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

*Mitigating Actions*

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

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

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

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

**Base Case model**

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

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

**Severe but plausible downside model**

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

1. No new equity funding and debt instruments are included in the forecast, except those that have been secured up to the date of the report.
2. Base interest rates have been stretched to assume a scenario that rates will remain consistent for longer than those assumed in the base case. The resultant assumed rates are:
    - SOFR base rates remain at actual current levels of 4.88% up to September 2025 before gradually reducing to 4.38% in April 2026.
    - 3month Euribor rates are maintained at c.3.28% for the period up to end of December 2024 and thereafter gradually decreases to 2.80% by April 2026.

3. Impact of foreign currency fluctuations is modified with further depreciation of currencies versus the USD being assumed, most notably the Euro depreciating by al 1.03% over the period and movements in various African currencies of up to 18.8% from the base case scenario..
4. No new property developments are assumed, and property capital expenditure forecasted is limited to contractually obliged spent remaining at the date of this report.
5. Property disposals, limited to the disposal of the Artemis Curepipe hospital by March 2025..
6. Only contractual preference share coupons that are due to be paid during the forecast period is included in the forecast model.

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

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

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

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

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

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

**Gareth Schnehage**
Chief Financial Officer

31 October 2024

**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 2024 are set out in the 2024 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 based on the Group's 2024 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, 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 were approved by the Board of Directors and signed on its behalf by:

On behalf of the Board

**Bronwyn Corbett**
Chief Executive Officer

**Gareth Schnehage**
Chief Financial Officer

**CONSOLIDATED STATEMENT OF INCOME**

| | Notes | Audited for the year ended 30 June 2024<br>US$'000 | Audited for the year ended 30 June 2023<br>US$'000 |
|---|---|---|---|
| **Gross property income** | | 63,977 | 56,249 |
| Property operating expenses | | (12,366) | (9,624) |
| **Net property income** | | **51,611** | 46,625 |
| Other income | | 345 | 286 |
| Administrative expenses | | (17,951) | (22,578) |
| Net impairment charge on financial assets | | (3,217) | (3,868) |

| | | | |
|---|---|---|---|
| **Profit from operations** | | **30,788** | 20,465 |
| Fair value adjustment on investment properties | 2 | (27,930) | (4,108) |
| Fair value adjustment on other financial liability | 10 | (2,236) | 3,625 |
| Fair value adjustment on other financial asset | | (949) | 264 |
| Fair value adjustment on derivative financial instruments | | (2,475) | (3,085) |
| Fair value loss on revaluation of previously held interest | 12a(i) | (23,874) | - |
| Share-based payment expense | | (90) | (354) |
| Share of profits from associates and joint ventures | 3 | 7,142 | 14,300 |
| Loss on disposal of investment in subsidiary | 3 | - | (3,240) |
| Loss on disposal of interest in associate | | - | (3,543) |
| Loss arising from dilution in equity interest | 3a | (12,492) | - |
| Loss on derecognition of loans and other receivables | | 1 | (3,735) |
| Foreign currency gains / (losses) | | 886 | (2,241) |
| Loss on extinguishment of other financial liabilities and borrowings | 10 | (1,353) | (1,166) |
| Gain / (loss) on disposal of property, plant, and equipment | | 33 | (888) |
| Other transaction costs | | (8,871) | (2,156) |
| **(Loss) / profit before interest and taxation** | | **(41,420)** | 14,138 |
| Interest income | | 4,882 | 4,096 |
| Finance costs | | (53,536) | (39,582) |
| **Loss for the year before taxation** | | **(90,074)** | (21,348) |
| Taxation | | 1,132 | (4,225) |
| **Loss for the year after taxation** | | **(88,942)** | (25,573) |
| **Loss attributable to:** | | | |
| Equity shareholders | | (84,496) | (23,631) |
| Non-controlling interests | | (4,446) | (1,942) |
| | | **(88,942)** | (25,573) |
| **Basic and diluted losses per ordinary share (cents)** | **11** | **(17.47)** | (4.90) |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| | **Audited for the year ended 30 June 2024** | **Audited for the year ended 30 June 2023** [1] |
|---|---|---|
| | **US$'000** | **US$'000** |
| Loss for the year | (88,942) | (25,573) |
| Retirement benefit obligation | 32 | 86 |
| Exchange differences on translation of foreign operations [2] | (2,694) | 1,790 |
| Share of other comprehensive expense of associates and joint ventures | (2,166) | (43) |
| Revaluation gain through other comprehensive income | 2,429 | - |
| **Other comprehensive (expense) / income that may be reclassified to profit or loss** | **(2,399)** | 1,833 |
| **Total comprehensive expense relating to the year** | **(91,341)** | (23,740) |
| **Attributable to:** | | |
| Equity shareholders | (86,628) | (22,109) |
| Non-controlling interests | (4,713) | (1,631) |
| | **(91,341)** | (23,740) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | Audited as at 30 June 2024 US$'000 | Audited as at 30 June 2023 US$'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investment properties | 2 | 792,351 | 628,777 |
| Deposits paid on investment properties | 2 | 4,976 | 5,926 |
| Property, plant, and equipment | | 13,952 | 4,490 |
| Intangible assets and goodwill | | 2,406 | 433 |
| Investments in joint ventures | 3 | 52,628 | 197,094 |
| Related party loans receivable | | 316 | 92 |
| Finance lease receivable | | 1,906 | - |
| Other loans receivable | 4 | 22,348 | 21,005 |
| Derivative financial instruments | | 17 | 91 |
| Trade and other receivables | 5 | 2,503 | 3,448 |
| Deferred tax asset | | 13,124 | 12,578 |
| **Total non-current assets** | | **906,527** | 873,934 |
| | | | |
| **Current assets** | | | |
| Trade and other receivables | 5 | 72,809 | 18,578 |
| Current tax receivable | | 4,093 | 3,389 |
| Related party loans receivable | | 1,534 | 751 |
| Derivative financial instruments | | 45 | 1,828 |
| Cash and cash equivalents | | 18,766 | 9,207 |
| | | 97,247 | 33,753 |
| Non-current assets classified as held for sale | 6 | 50,624 | - |
| **Total current assets** | | **147,871** | 33,753 |
| **Total assets** | | **1,054,398** | 907,687 |
| | | | |
| **Equity and liabilities** | | | |
| **Total equity attributable to ordinary shareholders** | | | |
| Ordinary share capital | | 535,694 | 535,694 |
| Treasury shares reserve | | (13,493) | (16,306) |
| Foreign currency translation reserve | | (4,982) | (389) |
| Revaluation reserve | | 2,429 | - |
| Accumulated losses | | (307,710) | (218,349) |
| **Equity attributable to owners of the Company** | | **211,938** | 300,650 |
| Preference share capital | 7 | - | 31,596 |
| Perpetual preference notes | 8 | 42,771 | 26,827 |
| Non-Controlling interests | | 102,605 | (25,456) |
| **Total equity** | | **357,314** | 333,617 |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Redeemable preference shares | | - | 12,849 |
| Proportional shareholder loans | | 36,983 | 35,733 |

| | | | |
|---|---|---|---|
| Interest-bearing borrowings | 9 | 111,635 | 318,453 |
| Lease liabilities | | 578 | 3,335 |
| Derivative financial instruments | | 1,857 | 1,425 |
| Related party loans payable | | - | 7,195 |
| Deferred tax liability | | 47,749 | 51,933 |
| **Total non-current liabilities** | | **198,802** | 430,923 |
| | | | |
| **Current liabilities** | | | |
| Interest-bearing borrowings | 9 | 389,529 | 78,282 |
| Lease liabilities | | 137 | 1,265 |
| Trade and other payables | | 28,974 | 46,366 |
| Current tax payable | | 1,361 | 717 |
| Derivative financial instruments | | 1,073 | 1,284 |
| Other financial liabilities | 10 | 18,886 | 13,358 |
| Bank overdrafts | | 1,988 | 1,875 |
| | | 441,948 | 143,147 |
| Liabilities directly associated with non-current assets classified as held for sale | 6 | 56,334 | - |
| **Total current liabilities** | | **498,282** | 143,147 |
| **Total liabilities** | | **697,084** | 574,070 |
| **Total equity and liabilities** | | **1,054,398** | 907,687 |

**CONSOLIDATED STATEMENT OF CASH FLOWS**

| | Notes | Audited as at 30 June 2024 US$'000 | Audited as at 30 June 2023 US$'000 |
|---|---|---|---|
| **Net cash generated from operating activities** | | **20,381** | 32,551 |
| Acquisition of, and additions to investment properties | | (22,775) | (7,582) |
| Deposits received on investment properties | | 1,128 | - |
| Additions to property, plant, and equipment | | (443) | (267) |
| Additions to intangible assets | | (50) | (28) |
| Acquisition of interests in joint ventures | | - | (56,408) |
| Proceeds from disposal of interest in subsidiary | | - | 28,880 |
| Proceeds from disposal of interest in associates and joint ventures | | - | 16,853 |
| Acquisition of subsidiary, other than business combination, net of cash acquired | | 3,771 | 127 |
| Acquisition of subsidiary through business combination, net of cash acquired | | 6,286 | - |
| Dividends and interest received from associates and joint ventures | | - | 22,426 |
| Proportional shareholder loan repayments from associates and joint ventures | | 1,852 | 2,684 |
| Interest received | | 2,533 | 1,728 |
| Proceeds from disposal of property, plant, and equipment | | 195 | 200 |
| Related party loans receivable repaid | | - | 427 |
| Related party loans receivable granted | | 712 | - |
| Deposits received | | - | 13,776 |
| Related party loans payable paid | | - | (2,000) |
| Other loans receivable repaid by partners | | 1,000 | 6,092 |
| Other loans receivable granted | | (1,518) | - |
| **Net cash (utilised in) / generated from investing activities** | | **(7,309)** | 26,908 |

| | | |
|---|---|---|
| Proceeds from the issue of perpetual preference note | 16,875 | - |
| Perpetual preference notes issue expenses | (3,599) | - |
| Perpetual note dividend paid | (1,232) | (2,443) |
| Ordinary dividends paid | (6,911) | (20,175) |
| Proceeds from interest-bearing borrowings | 79,075 | 324,459 |
| Settlement of interest-bearing borrowings | (36,916) | (340,127) |
| Finance costs paid | (48,453) | (39,662) |
| Proportional shareholder loans repaid | (2,158) | (4,750) |
| Proceeds from proportional shareholder loans | - | 9,589 |
| Proceeds received from partners | 1,386 | - |
| Buy back of own shares | (98) | (94) |
| Payment on derivative instrument | (397) | (433) |
| Payments of leases | (1,057) | (1,415) |
| **Net cash utilised in financing activities** | **(3,485)** | (75,051) |
| **Net movement in cash and cash equivalents** | **9,587** | (15,592) |
| Cash at the beginning of the year | 7,332 | 24,146 |
| Effect of foreign exchange rates | (141) | (1,222) |
| **Total cash and cash equivalents (including overdrafts) at the end of the year** | **16,778** | 7,332 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Ordinary Share capital | Treasury shares reserve | Foreign currency translation reserve | Revaluation reserve | Accumulated losses | Preference share capital | Perpetual preference notes | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Balance as at 1 July 2022** | **535,694** | **(16,212)** | **(5,191)** | **-** | **(177,990)** | **29,558** | **25,741** | **(22,224)** | **369,376** |
| Loss for the year | - | - | - | - | (23,631) | - | - | (1,942) | (25,573) |
| Other comprehensive income for the year | - | - | 1,436 | - | 86 | - | - | 311 | 1,833 |
| **Total comprehensive (expense) / income** | **-** | **-** | **1,436** | **-** | **(23,545)** | **-** | **-** | **(1,631)** | **(23,740)** |
| Share based payments | - | - | - | - | 354 | - | - | - | 354 |
| Share of other changes in equity of joint ventures | - | - | - | - | 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 subsidiary | - | - | 75 | - | - | - | - | - | 75 |
| Acquisition of subsidiary with own equity shares | - | - | - | - | (604) | - | - | - | (604) |
| Acquisition of additional interest in joint venture with own equity shares | - | - | - | - | (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** |
| **Balance as at 1 July 2023** | **535,694** | **(16,306)** | **(389)** | **-** | **(218,349)** | **31,596** | **26,827** | **(25,456)** | **333,617** |
| Loss for the year | - | - | - | - | (84,496) | - | - | (4,446) | (88,942) |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Other comprehensive (expense) / income for the year | - | - | (4,593) | 2,429 | 32 | - | - | (267) | (2,399) |
| **Total comprehensive (expense) / income** | **-** | **-** | **(4,593)** | **2,429** | **(84,464)** | **-** | **-** | **(4,713)** | **(91,341)** |
| Share based payments | - | - | - | - | 90 | - | - | - | 90 |
| Ordinary dividends declared | - | - | - | - | (7,227) | - | - | - | (7,227) |
| Treasury shares buy back | - | (98) | - | - | - | - | - | - | (98) |
| Settlement of share-based payment arrangement | - | 2,911 | - | - | (2,911) | - | - | - | - |
| Perpetual preference notes issued | - | - | - | - | - | - | 16,875 | - | 16,875 |
| Preferred dividend accrued on perpetual notes | - | - | - | - | (3,900) | - | 2,668 | - | (1,232) |
| Share issue expenses relating to issue of perpetual preference notes | - | - | - | - | - | - | (3,599) | - | (3,599) |
| Preferred dividend accrued on preference shares | - | - | - | - | (634) | 634 | - | - | - |
| Settlement of pre-existing relationship as part of business combination | - | - | - | - | - | (32,230) | - | - | (32,230) |
| Non-controlling interest on acquisition of subsidiaries through business combination | - | - | - | - | - | - | - | 102,971 | 102,971 |
| Non-controlling interest on acquisition of subsidiary other than business combination | - | - | - | - | - | - | - | 13,094 | 13,094 |
| Transaction with non-controlling interest as part of business combination | - | - | - | - | (5,158) | - | - | (16,190) | (21,348) |
| Transaction with non-controlling interests without change in control | - | - | - | - | 17,336 | - | - | (17,336) | - |
| Transaction with non-controlling interests arising from capital raise of subsidiary | - | - | - | - | - | - | - | 47,310 | 47,310 |
| Transaction with non-controlling interests | - | - | - | - | (2,925) | - | - | 2,925 | - |
| Other movement | - | - | - | - | 432 | - | - | - | 432 |
| **Balance as at 30 June 2024** | **535,694** | **(13,493)** | **(4,982)** | **2,429** | **(307,710)** | **-** | **42,771** | **102,605** | **357,314** |

## 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 31 October 2024.

### Material uncertainty relating to going concern

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

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

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

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

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

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

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

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

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

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

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

*Mitigating Actions*

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

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

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

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

**Base Case model**

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

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

**Severe but plausible downside model**

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

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

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

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

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

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

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

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

**Functional and presentation currency**

The consolidated financial statements are prepared and presented in USD ($) which is also the presentation and functional currency of the company. Amounts are rounded to the nearest thousand, unless otherwise stated. Some of the underlying subsidiaries and associates have functional currencies other than the USD ($). The functional currency of those entities reflect the primary economic environment 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 subsidiary***

African Property Development Managers Ltd (APDM) transitioned from being classified as a joint venture to a subsidiary during the current reporting period. Despite holding a majority shareholding of 78.95%, the Group previously did not exercise control over APDM due to the power criteria not being met under the previous shareholders agreement. Decision-making authority for relevant activities rested with the investment committee of the Company, requiring seventy-five percent of its members' approval for decisions to pass. The Group could appoint four out of the seven members to the committee, while the Public Investment Corporation (PIC), holding 21.05% of APDM, could appoint two members. Additionally, a non-executive member was appointed. Given the requirement for unanimous agreement among the Group and PIC to pass resolutions, control was not previously established.

However, on 30th of November 2023, the Group and PIC collectively signed an amended and restated APDM shareholder agreement, clarifying and amending the shareholder rights. Notably, the decision approval threshold at the investment committee was lowered to a simple majority. With the Group's ability to appoint four out of seven members and the revised decision threshold, control now resides with the Group. In assessing control, the Group also evaluated the reserved matters outlined in the amended agreement, where PIC's approval is still required for specific events. Upon a comprehensive review performed by the Group, it was concluded that none of these matters grant PIC the ability to block decisions related to APDM's relevant activities, but rather are included to safeguard the minority shareholder's interests. Due to the inherent judgment that needs to be applied in interpreting terms that are protective rather than substantive, the Group has considered the interpretation of the reserved matters to be an area of significant judgement.

***Gateway Real Estate Africa Ltd ("GREA") as a subsidiary***

The Group has recognized Gateway Real Estate Africa Ltd (GREA) as a subsidiary on 30th of November 2023. Similar to APDM, although the Group held a majority equity stake in GREA, it was previously treated as a joint venture due to the previous shareholders agreement where its board of directors largely directed its relevant activities. The Group could appoint three out of seven directors on the board, while PIC could appoint two directors, with the remaining being non-executive. Decisions required seventy-five percent of present members' votes, necessitating the support of PIC for Grit to make decisions.

On 30th of November 2023, the Group and PIC signed an amended and restated GREA shareholder agreement, clarifying and amending shareholder rights. Importantly, under the new agreement, the Group now has the ability to appoint four out of seven directors, while PIC retains the right to appoint two directors. The decision approval threshold at the board level has been lowered to a simple majority and it was therefore concluded that control of GREA has been established by the Group. The Group also evaluated specific events where PIC's approval is still required, reflected in the reserved matter section of the new agreement. Upon comprehensive review, it was concluded that these matters do not grant PIC the ability to block decisions related to GREA's relevant activities but are included to safeguard PIC's interests. Due to the inherent judgment that needs to be applied in interpreting terms that are protective rather than substantive, the Group has considered the interpretation of the reserved matter to be an area of significant judgement.

**Gateway Real Estate Africa Ltd ("GREA") capital raise**

The Directors have applied significant judgement with regards to the capital raise of GREA. The capital raise has been approved by both of the largest shareholders in GREA and the process for the formal call for equity as defined in the GREA shareholders agreement has been followed. The receipt of the proceeds from the PIC has been delayed due to outstanding regulatory approvals, which were obtained from the SARB on 30 October 2024. The Board has obtained sufficient comfort around the recoverability of the proceeds due from the PIC and has raised a receivable at 30 June 2024. Further details are included in the Going Concern section in Note 1.1.

### Estimates

The principal areas where significant estimates have been made are:

***Fair value of investment properties and owner-occupied property***

The fair value of investment properties and owner-occupied property are determined using a combination of the discounted cash flows method and the income capitalisation valuation method using assumptions that are based on market conditions existing at the relevant reporting date. For further details of the valuation method, judgements and assumptions made, refer to note 2.

## 2. INVESTMENT PROPERTIES

| | Audited as at 30 June 2024 US$'000 | Audited as at 30 June 2023 US$'000 |
|---|---|---|
| **Net carrying value of properties** | **792,351** | 628,777 |
| **Movement for the year excluding straight-line rental income accrual, lease incentive and right of use of land** | | |
| Investment property at the beginning of the year | **611,854** | 588,229 |
| Acquisition through subsidiary in a business combination [1] | **141,110** | - |
| Property acquired on step-up to subsidiary [2] | **75,040** | 11,036 |
| Reduction in property value on asset acquisition [2] | **(938)** | (1,207) |

| | | |
|---|---|---|
| Other capital expenditure and construction | **22,775** | 13,683 |
| Transfer to disposal group held for sale [3] | **(49,000)** | - |
| Foreign currency translation differences | **(2,487)** | 4,221 |
| Revaluation of properties at end of year | **(27,930)** | (4,108) |
| **As at 30 June** | **770,424** | **611,854** |
| **Reconciliation to consolidated statement of financial position and valuations** | | |
| Investment properties carrying amount per above | **770,424** | 611,854 |
| Right of use of land | **6,681** | 6,599 |
| Lease incentive | **4,070** | 3,311 |
| Straight-line rental income accrual | **11,176** | 7,013 |
| **Total valuation of properties** | **792,351** | **628,777** |

**Notes**

**1. Acquisition through subsidiary in a business combination**

During the year, the Group has successfully acquired control of Gateway Real Estate Africa ("GREA"). The completion of this strategic move has led to the consolidation of investment properties valued at US$ 141.7 million as of the acquisition date of 30th November 2023. The entire amount, representing the fair value of GREA's investment properties held by the subsidiaries of GREA, has been seamlessly integrated into the Group's investment property portfolio. The US$ 141.7 million is further categorized as follows as of the acquisition date:

- US$ 141.1 million included in the carrying value of investment properties excluding right of use of land, lease incentive and straight-line income accrual.
- US$0.57 million included within lease incentive asset.
- US$0.08 million included within right of use of land.

**2. Property acquired on step up to subsidiary**

The Group has obtained control of DH One Real Estate PLC during the year which has stepped up from a joint venture to a subsidiary. Refer to note 12b

**3. Transfer to disposal group held for sale**

Mara Delta (Mauritius) Property Limited ("Mara Delta") assets and liabilities, which owns the Tamassa Resort investment property have been classified as held for sale as at the 30 June 2024. Refer to note 6.

| **Summary of valuations by reporting date** | **Most recent independent valuation date** | **Valuer (for the most recent valuation)** | **Sector** | **Country** | **Audited as at 30 June 2024** | **Audited as at 30 June 2023** |
|---|---|---|---|---|---|---|
| | | | | | **US$'000** | **US$'000** |
| Commodity House Phase I | 30 June 2024 | REC | Office | Mozambique | 56,957 | 54,094 |
| Commodity House Phase II | 30 June 2024 | REC | Office | Mozambique | 20,717 | 19,727 |
| Hollard Building | 30 June 2024 | REC | Office | Mozambique | 21,123 | 20,847 |
| Vodacom Building | 30 June 2024 | REC | Office | Mozambique | 51,281 | 53,362 |
| Zimpeto Square | 30 June 2024 | REC | Retail | Mozambique | 3,277 | 3,303 |
| Bollore Warehouse | 30 June 2024 | REC | Light industrial | Mozambique | 10,144 | 10,770 |
| Anfa Place Mall | 30 June 2024 | Knight Frank | Retail | Morocco | 67,506 | 73,357 |
| Tamassa Resort | 30 June 2024 | Knight Frank | Hospitality | Mauritius | - | 54,674 |
| VDE Housing Compound | 30 June 2024 | REC | Corporate accommodation | Mozambique | 44,021 | 50,238 |
| Imperial Distribution Centre | 30 June 2024 | Knight Frank | Light industrial | Kenya | 18,620 | 20,210 |
| Mara Viwandani | 30 June 2024 | Knight Frank | Light industrial | Kenya | 2,530 | 2,330 |
| Buffalo Mall | 30 June 2024 | Knight Frank | Retail | Kenya | 9,950 | 11,036 |
| Mall de Tete | 30 June 2024 | REC | Retail | Mozambique | 13,396 | 13,675 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Acacia Estate | 30 June 2024 | REC | Corporate accommodation | Mozambique | 70,237 | 73,120 |
| 5th Avenue | 30 June 2024 | Knight Frank | Office | Ghana | 16,660 | 16,066 |
| Capital Place | 30 June 2024 | Knight Frank | Office | Ghana | 20,040 | 20,470 |
| Mukuba Mall | 30 June 2024 | Knight Frank | Retail | Zambia | 62,180 | 60,040 |
| Orbit Complex | 30 June 2024 | Knight Frank | Light industrial | Kenya | 26,750 | 39,470 |
| Tatu Warehouse – TIP1 | 30 June 2024 | Knight Frank | Light industrial | Kenya | 6,670 | 6,670 |
| Club Med Cap Skirring Resort | 30 June 2024 | Knight Frank | Hospitality | Senegal | 31,406 | 25,318 |
| Coromandel Hospital | 30 June 2024 | Knight Frank | Healthcare | Mauritius | 877 | - |
| Artemis Curepipe Hospital | 30 June 2024 | Knight Frank | Healthcare | Mauritius | 24,726 | - |
| The Precinct Freedom House | 30 June 2024 | Knight Frank | Office | Mauritius | 658 | - |
| The Precinct Harmony House | 30 June 2024 | Knight Frank | Office | Mauritius | 2,085 | - |
| The Precinct Unity House | 30 June 2024 | Knight Frank | Office | Mauritius | 18,058 | - |
| ENEO Tatu City - CCI | 30 June 2024 | Knight Frank | Office | Kenya | 47,990 | - |
| Metroplex Shopping Mall | 30 June 2024 | Knight Frank | Retail | Uganda | 20,020 | - |
| Adumah Place | 30 June 2024 | Knight Frank | Office | Ghana | 2,717 | - |
| African Data Centers | 30 June 2024 | Knight Frank | Data Center | Nigeria | 28,500 | - |
| DH4 Bamako | 30 June 2024 | Directors' valuation | Corporate accommodation | Mali | 16,385 | - |
| DH1 Elevation | 30 June 2024 | Knight Frank | Corporate accommodation | Ethiopia | 76,870 | - |
| **Total valuation of investment properties directly held by the Group - IFRS** | | | | | **792,351** | **628,777** |
| Valuation of investment property classified as held for sale [1] | | | | | 49,000 | - |
| Valuation of owner-occupied property classified as property, plant and equipment | | | | | 12,500 | - |
| **Total valuation of property portfolio** | | | | | **853,851** | **628,777** |
| **Total carrying value of investment properties per the consolidated statement of financial position** | | | | | **792,351** | **628,777** |
| Deposits paid on Imperial Distribution Centre Phase 2 | | | | | 1,426 | 2,376 |
| Deposits paid on Capital Place [2] | | | | | 3,550 | 3,550 |
| **Total deposits paid on investment properties** | | | | | **4,976** | **5,926** |
| **Total carrying value of investment properties including deposits paid** | | | | | **797,327** | **634,703** |

**Notes**

1 Investment property has been reclassified as held for sale at 30 June 2024. Refer to note 6.

2 An expected credit loss of US$3.0 million has been recognised against the deposit balance within trade and other receivable as at 30 June 2024 (30 June 2023: US$2.6 million).

| **Summary of valuations by reporting date** | **Most recent independent valuation date** | **Valuer (for the most recent valuation)** | **Sector** | **Country** | **Audited as at 30 June 2024** | **Audited as at 30 June 2023** |
|---|---|---|---|---|---|---|
| | | | | | **US$'000** | **US$'000** |
| **Investment properties held within associates and joint ventures – Group share** | | | | | | |
| Kafubu Mall – Kafubu Mall Limited (50%) | 30 June 2024 | Knight Frank | Retail | Zambia | 9,875 | 12,865 |
| CADS II Building – CADS Developers Limited (50%) | 30 June 2024 | Knight Frank | Office | Ghana | 12,725 | 12,300 |
| Cosmopolitan Shopping Centre – Cosmopolitan Shopping Centre Limited (50%) | 30 June 2024 | Knight Frank | Retail | Zambia | 28,190 | 27,570 |
| Gateway Real Estate Africa Ltd (51.48%) consisting of: | 30 June 2023 | Knight Frank | Other investment | Mauritius | - | 73,369 |
| DH3 – Rosslyn Grove (50%) | 30 June 2024 | Knight Frank | Corporate accommodation | Kenya | 29,850 | - |
| **Total of investment properties acquired through associates and joint ventures** | | | | | **80,640** | **126,104** |

| | | |
|---|---|---|
| **Total portfolio** | **877,967** | **760,807** |

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

The Group has elected to measure its investment properties at fair value in accordance with IAS 40 Investment Property. Investment properties are valued at each reporting date with independent valuations performed every year by independent professional reputable valuation experts who have sufficient expertise in the jurisdictions where the properties are located. All valuations that are not performed in the reporting currency of a group (US$) are converted to US$ at the closing rate of the reporting period. All valuations have been undertaken by the Royal Institute of Chartered Surveyors' ("RICS's"), accredited and registered valuers, in accordance with the version of the RICS Valuation Standards that were in effect at the relevant valuation date and are further compliant with International Valuation Standards. Market values presented by the Group have also been confirmed by the respective valuers to be fair value in terms of IFRS.

In respect of all of the Mozambican investment properties, independent valuations were performed at 30 June 2024 by REC Chartered Surveyors (2023: REC Chartered Surveyors) using the discounted cash flow method (30 June 2023: discounted cash flow method).

In respect of all of the Mauritian investment properties, independent valuations were performed at 30 June 2024 by Knight Frank (2023: Aestima) using the discounted cash flow method (30 June 2023: discounted cash flow method).

The remainder of the portfolio including investment properties held by joint ventures was independently valued at 30 June 2024 by Knight Frank Chartered Surveyors (30 June 2023: Knight Frank Chartered Surveyors), using the discounted cash flow method with the exception of freehold land which is valued by comparable method.

All of the valuations were performed using the discounted cash flow method. These methodologies are based on estimated rental values with consideration given to the future earnings potential and applying an appropriate capitalisation rate and/or discount rate to the property and country. The capitalisation rates (equivalent yield) applied to the Group’s valuations of investment properties at 30 June 2024 ranged between 7.25% and 10.00% (30 June 2023: ranged between 7.25% and 10.00%). The discount rates applied to the Group valuations that were performed at 30 June 2024 using the discounted cash flow method ranged between 9.25% and 16.00% (30 June 2023: 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 JOINT VENTURES

Set out below are the associates and joint ventures of the Group as at 30 June. The country of incorporation is also the principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

| | | | **Audited as at 30 June 2024** | **Audited as at 30 June 2023** |
|---|---|---|---|---|
| | | | **US$’000** | **US$’000** |
| The following entities have been accounted for using the equity method: | | | | |
| **Name of joint venture** | **Country of incorporation and operation** | **% held** | | |
| Kafubu Mall Limited[1] | Zambia | 50.00% | 9,822 | 12,531 |
| Cosmopolitan Shopping Centre Limited[1] | Zambia | 50.00% | 28,143 | 27,495 |
| CADS Developers Limited[1] | Ghana | 50.00% | 4,114 | 4,482 |
| Africa Property Development Managers Ltd[2] | Mauritius | 78.95% | - | 29,073 |
| Gateway Real Estate Africa Ltd[3] | Mauritius | 51.48% | - | 123,513 |
| DH3 Holdings Ltd [4] | Kenya | 50.00% | 10,549 | - |
| Diplomatic Housing [4, 5] | Ethiopia | 50.00% | - | - |

| **Carrying value of joint ventures** | **52,628** | 197,094 |
|---|---|---|

**Notes**

1 The percentage of ownership interest during the year ended 30 June 2024 did not change.

2 Joint venture status has changed to subsidiary during the year. Figures included for comparative purposes. The percentage shareholding that the Group has in the investment did not change.

3 During the year, the status of the Group's investment in Gateway Real Estate Africa (“GREA”) changed from a joint venture to a subsidiary. Figures have been included for comparative purposes. The Group’s shareholding in GREA changed from 51.48% to 46.33% due to the legal issuance of free carry shares to APDM on 3 October 2023.Refer to note 3a for more information.

4 Joint ventures have been acquired from GREA as part of the business combination that occurred on 30th November 2023.Refer to note 12a.

5 The investment in Diplomatic Housing ("DH1") has been acquired by the Group as part of the GREA business combination. On the 30 June 2024, the Group obtained control of DH1, and the status of the investment has changed from joint venture to subsidiary. Refer to note 12b.

All investment in associates are private entities and do not have quoted prices available.

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

| | **Kafubu Mall Limited** | **Africa Property Development Managers Ltd** | **Gateway Real Estate Africa Ltd** | **CADS Developers Limited** | **Cosmopolitan Shopping Centre Limited** | **DH3 Holdings Ltd** | **Diplomatic Housing** | **Total** |
|---|---|---|---|---|---|---|---|---|
| | **US$’000** | **US$’000** | **US$’000** | **US$’000** | **US$’000** | **US$’000** | **US$’000** | **US$’000** |
| Balance at beginning of the year | 12,531 | 29,073 | 123,513 | 4,482 | 27,495 | - | - | 197,094 |
| Acquired during the year through business combination | - | - | - | - | - | 9,262 | 29,118 | 38,380 |
| **Profit / (losses) from joint ventures** | **2,042** | **4,537** | **(3,972)** | **(585)** | **2,508** | **742** | **1,870** | **7,142** |
| - Revenue | 1,045 | - | 1,864 | 572 | 2,475 | 1,932 | 2,974 | 10,862 |
| - Property operating expenses and construction costs | (154) | - | (121) | (139) | (432) | (225) | (296) | (1,367) |
| - Admin expenses and recoveries | (11) | (1,517) | (3,051) | (12) | (14) | 19 | (735) | (5,321) |
| - Other income | - | 6,076 | - | - | - | - | - | 6,076 |
| - Net impairment charge on financial assets | - | - | (181) | - | - | - | - | (181) |
| - Unrealised foreign exchange gains/(losses) | - | 9 | 89 | 18 | 49 | 21 | (805) | (619) |
| - Investment at fair value | - | - | (185) | - | - | (231) | - | (416) |
| - Transaction income | - | 2 | - | - | - | - | - | 2 |
| - Interest income | 1 | - | 1,168 | - | 3 | - | 40 | 1,212 |
| - Finance charges | (6) | (55) | (1,600) | (1,212) | - | (1,452) | (1,811) | (6,136) |
| - Fair value movement on investment property | 1,266 | - | (1,334) | 417 | 593 | 1,120 | 236 | 2,298 |
| - Fair value adjustment on other financial asset | - | - | (516) | - | - | - | - | (516) |
| - Current tax | (99) | - | - | - | (166) | (12) | (46) | (323) |
| - Deferred tax | - | 22 | (105) | (229) | - | (430) | 2,313 | 1,571 |
| Repayment of proportionate shareholders loan | (754) | - | - | 217 | (1,860) | 545 | - | (1,852) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Effect of dilution in equity interest – refer note 3a | - | - | (12,492) | - | - | - | - | (12,492) |
| Foreign currency translation differences | (3,997) | - | - | - | - | - | 1,831 | (2,166) |
| Joint venture step up to subsidiary [1] | - | (33,610) | (107,049) | - | - | - | (32,819) | (173,478) |
| **Carrying value of joint ventures at end of the year** | **9,822** | **-** | **-** | **4,114** | **28,143** | **10,549** | **-** | **52,628** |

**Notes**

1. During the financial year, the Group undertook step acquisitions, resulting in the reclassification of certain investments from joint ventures to subsidiaries. The equity carrying amounts previously accounted for as investments in joint ventures were derecognised and reclassified as part of the step-up process to subsidiaries. Details of the reclassification are as follows:.

   **APDM and GREA**

   On 30 November 2023, the Group completed two separate business combinations: one involving APDM and the other involving GREA. These transactions resulted in the combined derecognition of a total carrying amount of USD 116.7 million from joint ventures. The accounting for these business combinations is detailed in Note 12a.

   **Diplomatic Housing**

   On 30 June 2024, the Group completed the acquisition of Diplomatic Housing, which was treated as an asset acquisition. The carrying amount derecognised from joint ventures for this acquisition was USD 32.8 million. Please refer to Note 12b for further information on the transaction.

### 3a. Dilution of investment in Gateway Real Estate Africa Ltd

On 3 October 2023, GREA concluded a management incentive plan agreement with APDM. As part of this arrangement, GREA issued 19.6 million shares to APDM, representing a 10% equity stake in GREA. The issuance of these additional shares diluted Grit's holding in GREA from 51.48% to 46.33%. This resulted in a dilution loss amounting to USD 12.49 million, as reflected below:

| | GRIT shareholding | US$'000 |
|---|---|---|
| GREA equity accounted carrying amount as at 3 October 2023 before dilution | 51.48% | 124,876 |
| GREA equity accounted carrying amount as at 3 October 2023 after dilution[1] | 46.33% | 112,384 |
| **Dilution loss** | **(5.15%)** | **(12,492)** |

This dilution loss has been recognised as a reduction in the carrying value of Grit's investment in GREA, with the corresponding impact reflected in the income statement.

### 4. OTHER LOANS RECEIVABLE

| | Audited as at 30 June 2024 | Audited as at 30 June 2023 |
|---|---|---|
| | **US$'000** | **US$'000** |
| African Property Investments Limited[1] | 21,034 | 21,034 |
| Drift (Mauritius) Limited[2] | 9,135 | 8,637 |
| Drift (Mauritius) Limited[3] | - | 2 |
| Pangea 2 Limited | 6 | 6 |
| Ignite Mozambique Holdings S. A | 1,520 | - |
| IFRS 9 – Impairment on financial assets (ECL) | (9,347) | (8,674) |
| **Other loans receivable at period end** | **22,348** | 21,005 |

**Classification of other loans receivable:**

| | | |
|---|---|---|
| Non-current assets | **22,348** | 21,005 |

**Notes**

| | |
|---|---|
| 1 | At inception, the Group advanced loans amounting to 50% of a total facility of US$ 77.0 million to other investors involved in the Zambian portfolio investments, namely Ndola Investments Limited ("Ndola"), Kitwe Copperbelt Limited ("Kitwe"), and Syngenta Limited ("Syngenta"). Each of these loans initially had a 5-year term.<br>In the financial year 2023, the Group entered into an agreement with African Property Investments Limited ("API"), the parent company of Ndola, Kitwe, and Syngenta. As part of this agreement, Ndola, Kitwe, and Syngenta assigned their rights and obligations under the initial facility to API.<br>The Group holds a loan receivable from API amounting to US$ 21 million. The loan has a maturity date of 20th June 2027. The loan accrues interest at a fixed margin of 5.65% per annum, plus the compounded daily SOFR rate. |
| 2 | **Project pre-funding 1 - Maputo Housing Project** - Loan bears interest at 3-month SOFR plus 6.50%, repayable within 24 months or such other time as agreed in writing between the parties.. |

In the opinion of the directors, the carrying values of the above loans receivable approximate their fair values at each reporting date.

## 5. TRADE AND OTHER RECEIVABLES

| | **Audited as at 30 June 2024 US$'000** | **Audited as at 30 June 2023 US$'000** |
|---|---|---|
| Trade receivables | 17,918 | 12,733 |
| Total allowance for credit losses and provisions | (7,914) | (5,682) |
| IFRS 9 – Impairment on financial assets (ECL) | (2,801) | (1,496) |
| IFRS 9 - Impairment on financial assets (ECL) Management overlay on specific provisions | (5,113) | (4,186) |
| **Trade receivables - net** | **10,004** | 7,051 |
| Accrued income | 2,645 | 2,603 |
| Loan interest receivable | 44 | - |
| Deposits paid | 172 | 77 |
| VAT recoverable | 11,496 | 10,293 |
| Purchase price adjustment account | 965 | 961 |
| Deferred expenses and prepayments | 5,126 | 3,695 |
| Capital call receivables | 48,751 | - |
| Rental guarantee receivable | - | 52 |
| Sundry debtors | - | 764 |
| Other receivables | 69,199 | 18,445 |
| IFRS 9 – Impairment on other financial assets (ECL) | (3,891) | (3,470) |
| **Other receivables - net** | **65,308** | 14,975 |
| **Trade and other receivables at the end of the period** | **75,312** | 22,026 |
| | | |
| **Classification of trade and other receivables:** | | |
| Non-current assets | 2,503 | 3,448 |
| Current assets | 72,809 | 18,578 |
| **Trade and other receivables at the end of the period** | **75,312** | 22,026 |

## 6. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In June 2024, the Group obtained approval from the investment committee, which was further ratified by the Board of Directors, to dispose of Mara Delta (Mauritius) Property Limited ("Mara Delta"), a wholly owned subsidiary and owner of the Tamassa Resort in Mauritius. Since then, management has been actively marketing the sale. The sale of Mara Delta is expected to be completed within a year from the reporting date. Refer to note 13 for more information on development which has occurred after the reporting date.

The assets and liabilities of the disposal group is presented at their carrying amount.

The following table summarizes the major classes of assets and liabilities of Mara Delta classified as held for sale as at 30 June 2024:

**Assets of disposal group classified as held for sale**

| | Audited as at 30 June 2024 US$'000 | Audited as at 30 June 2023 US$'000 |
|---|---|---|
| Investment property | 49,000 | - |
| Trade and other receivables | 130 | - |
| Deferred tax asset | 1,494 | - |
| **Total** | **50,624** | **-** |

**Liabilities of disposal group classified as held for sale**

| | Audited as at 30 June 2024 US$'000 | Audited as at 30 June 2023 US$'000 |
|---|---|---|
| Deferred tax liabilities | 3,051 | - |
| Interest-bearing borrowings | 37,066 | |
| Redeemable preference shares | 12,532 | - |
| Trade and other payables | 3,685 | - |
| **Total** | **56,334** | **-** |

**Cumulative income or expense recognised directly in equity relating to disposal group classified as held for sale**

| | Audited as at 30 June 2024 US$'000 | Audited as at 30 June 2023 US$'000 |
|---|---|---|
| Foreign exchange translation adjustments debited to foreign currency translation reserve | 486 | - |
| **Total** | **486** | **-** |

**7. PREFERENCE SHARE CAPITAL**

| | Audited as at 30 June 2024 US$'000 | Audited as at 30 June 2023 US$'000 |
|---|---|---|
| Opening balance | 31,596 | 29,558 |
| Preference share dividend accrued | 634 | 2,038 |
| Settlement of pre-existing relationship as part of business combination | (32,230) | - |
| **Preference share capital at period end** | **-** | 31,596 |

During the financial year 2021, the group issued 25,481,240 class B preference shares each at a par value of $1 through DIF1 Co Limited, a wholly owned indirect subsidiary of the group to Gateway Real Estate Africa Limited ("GREA"), which was then an associate of the group. The class B shares did not carry any voting rights. The class B preference shares were entitled to a dividend at a fixed rate of 8% per annum. However, the terms of the instrument were such that the group did not have a contractual obligation to settle the preferred dividend unless shareholder loan capital, interest or ordinary share dividends were paid to the holding company of DIF1 Co Limited that is Grit Services Limited. The preference dividends, if unpaid, were cumulative until settled. The preference shares were redeemable at the option of DIF1 Co Limited only. The preference shares had been classified as equity instruments in the group consolidated financial statements as the group did not have a contractual obligation to deliver cash to settle the instruments both in terms of the principal and the preferred dividend portion.

On 30 November 2023, the Group obtained control of GREA, which was subsequently consolidated in the Group's results. The class B preference shares held by GREA were accounted for as an investment in equity instrument at fair value. As part of the onboarding of GREA's statement of financial position into the Group, the class B preference shares were settled. Upon consolidation, the balance became an intercompany balance with GREA, requiring separate settlement from the business combination accounting.

**8. PERPETUAL PREFERENCE NOTES**

| | Audited as at 30 June 2024 US$'000 | Audited as at 30 June 2023 US$'000 |
|---|---|---|
| Opening balance | 26,827 | 25,741 |
| Issue of perpetual preference note classified as equity | 16,875 | - |
| Preferred dividend accrued | 3,900 | 3,529 |
| Preferred dividend paid | (1,232) | (2,443) |
| Less: Incremental costs of issuing the perpetual preference note | (3,599) | - |
| **Perpetual preference note balance at period end** | **42,771** | 26,827 |

The Group has two perpetual preference note arrangements as at 30 June 2024. Included below are more details of each arrangement.

**International Finance Corporation ("IFC") Perpetual Preference Notes**

During this financial year, the Group, through one of its indirect subsidiaries, Orbit Africa Limited ("OAL"), has issued perpetual preference notes to the International Finance Corporation ("IFC"). The proceeds received by the Group from the issue amounted to US$16.8 million. Below are the salient features of the notes:

- The notes attract cash coupon at a rate of 3% + Term SOFR per annum and a 3% redemption premium per annum. At its sole discretion, the Group has the contractual right to elect to capitalize the cash coupons.

- The notes do not have a fixed redemption date and are perpetual in tenor. However, if not redeemed on the redemption target date, the notes carry a material coupon step-up provision and are therefore expected to result in an economic maturity and redemption by the Group on or before the redemption target dates.

The Group has classified the notes in their entirety as equity in the statement of financial position because of the unconditional right of the Group to avoid delivering cash to the noteholder.

**Mezzanine Partners GP Proprietary Limited and Blue Peak Private Capital GP Perpetual Preference Notes**

In the financial year 2022, the Group through its wholly owned subsidiary Grit Services Limited has issued perpetual preference note to two investors Ethos Mezzanine Partners GP Proprietary Limited and Blue Peak Private Capital GP during the year. The total cash proceeds received from the two investors for the issuance of the perpetual note amounts to US$31.5million.

Below are salient features of the notes:

- The Note has a cash coupon of 9% per annum and a 4% per annum redemption premium. The Group at its sole discretion may elect to capitalise cash coupons.

- Although perpetual in tenor, the note carries a material coupon step-up provision after the fifth anniversary that is expected to result in an economic maturity and redemption by the Group on or before that date.

- The Note may be voluntarily redeemed by the Group at any time, although there would be call-protection costs associated with doing so before the third anniversary.

- The Note if redeemed in cash by the Group can offer the noteholders an additional return of not more than 3% per annum, linked to the performance of Grit ordinary shares over the duration of the Note.

- The noteholders have the option to convert the outstanding balance of the note into Grit equity shares. If such option is exercised by the noteholders, the number of shares to be issued shall be calculated based on a pre-defined formula as agreed between both parties in the note subscription agreement.

On recognition of the perpetual preference note, the Group has classified eighty five percent of the instrument that is US$26.8million 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 a deduction into equity that is a reduction of retained earnings.

The incremental costs directly attributable to issuing the notes (classified as equity) have been recorded as a deduction in equity, in the same equity line where the equity portion of the instrument has been recorded, so that effectively the equity portion of the instrument is recorded net of transaction costs. The incremental costs related to the issue of the IFC perpetual preference notes recorded during the year amounts to US$2.7 million.

## 9. INTEREST-BEARING BORROWINGS

| | Audited as at 30 June 2024 US$'000 | Audited as at 30 June 2023 US$'000 |
|---|---|---|
| Non-current liabilities | 111,635 | 318,453 |
| Current liabilities [1] | 389,529 | 78,282 |
| **Total as at 30 June** | **501,164** | 396,735 |

**Notes**

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

IAS 1—Presentation of Financial Statements mandates the classification of long-term borrowing facilities as current where financial covenants have not been met at balance sheet date, and when covenant condonements or waivers are not received by the balance sheet date. Given the waivers and condonements were obtained after 30 June 2024, the Group did not have the unconditional right as of the balance sheet date to defer settlement for the next twelve months on the impacted borrowing facilities. Consequently, on 30 June 2024, the Group reclassified US$279.9 million of borrowing facilities from non-current to current interest-bearing borrowings. Subsequent to receiving the covenant condonements and waivers post year-end, the Group has reclassified these borrowing facilities back to non-current interest-bearing borrowings – please refer to note 13 for more information.

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

| | Audited as at 30 June 2024 US$'000 | Audited as at 30 June 2023 US$'000 |
|---|---|---|
| **Currency of the interest-bearing borrowings (stated gross of unamortised loan issue costs)** | | |
| United States Dollars | 404,945 | 294,114 |
| Euros | 84,504 | 103,132 |
| Mauritian Rupees | 15 | 1,025 |
| Ethiopian Birr | 10,492 | - |
| | **499,956** | 398,271 |
| Interest accrued | 9,588 | 7,725 |
| Unamortised loan issue costs | (8,380) | (9,261) |
| **Total as at 30 June** | **501,164** | 396,735 |
| **Movement for the year** | | |
| Balance at the beginning of the year | 396,735 | 425,066 |
| Proceeds of interest bearing-borrowings | 79,075 | 324,459 |
| Loan reduced through disposal of subsidiary | - | (19,404) |
| Loan acquired through asset acquisition | 10,770 | 4,369 |

| | | |
|---|---:|---:|
| Loan acquired through business combination | 88,240 | - |
| Reclassify to held for sale disposal group | (37,066) | - |
| Loan issue costs incurred | (2,658) | (7,355) |
| Amortisation of loan issue costs | 3,539 | 3,368 |
| Foreign currency translation differences | (1,612) | 4,761 |
| Interest accrued | 49,510 | 40,432 |
| Interest paid during the year | (48,453) | (38,834) |
| Debt settled during the year | (36,916) | (340,127) |
| **Total as at 30 June** | **501,164** | 396,735 |

**Analysis of facilities and loans in issue**

| Lender | Borrower | Initial facility | Audited as at 30 June 2024 US$'000 | Audited as at 30 June 2023 US$'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 | 64,400 |
| Standard Bank South Africa | Grit Services Limited | €33.0m | 24,502 | 31,698 |
| Standard Bank South Africa | Grit Services Limited | US$3.6m | - | 3,633 |
| Standard Bank South Africa | Capital Place Limited | US$6.2m | 6,200 | 6,200 |
| Standard Bank South Africa | Casamance Holdings Limited | €6.5m | 7,060 | 7,198 |
| Standard Bank South Africa | GRIT Accra Limited | US$6.4m | 8,400 | 8,400 |
| Standard Bank South Africa | Casamance Holdings Limited | €7.0m | - | 7,618 |
| Standard Bank South Africa | Casamance Holdings Limited | €11.0m | 3,257 | - |
| Standard Bank South Africa | Casamance Holdings Limited | €11.0m | 7,472 | - |
| Standard Bank South Africa | Gateway Real Estate Africa Ltd | US$18.0m | 23,000 | - |
| Standard Bank South Africa | Grit Services Limited | €0.5m | 576 | - |
| Standard Bank South Africa | Grit Services Limited | €0.4m | 452 | - |
| Standard Bank South Africa | Grit Services Limited | US$2.5m | 588 | - |
| Standard Bank South Africa | Grit Services Limited | US$2.0m | 2,025 | - |
| **Total Standard Bank Group** | | | **287,932** | 269,147 |
| State Bank of Mauritius | Mara Delta (Mauritius) Properties Limited | €22.3m | - | 24,336 |
| State Bank of Mauritius | Grit Real Estate Income Group Limited | Equity Bridge US$20.0m | - | 10,000 |
| State Bank of Mauritius | Mara Delta Properties Mauritius Limited | RCF MUR 72m | - | 1,025 |
| State Bank of Mauritius | St Helene Clinic Co Ltd | €11.64m | 4,600 | - |
| State Bank of Mauritius | St Helene Clinic Co Ltd | €1.06m | 964 | - |
| State Bank of Mauritius | St Helene Clinic Co Ltd | €0.34m (capitalised) | 337 | - |
| State Bank of Mauritius | St Helene Clinic Co Ltd | €0.05m (capitalised) | 40 | - |
| State Bank of Mauritius | GD (Mauritius) Hospitality Investments Ltd | US$10.0m | 10,000 | - |
| State Bank of Mauritius | GR1T House Limited | US$22.5m | 22,190 | - |
| **Total State Bank of Mauritius** | | | **38,131** | 35,361 |
| Investec South Africa | Freedom Property Fund SARL | €36.0m | 30,288 | 31,570 |
| Investec South Africa | Freedom Property Fund SARL | US$15.7m | - | 2,722 |
| Investec Mauritius | Grit Real Estate Income Group Limited | US$0.5m | - | 430 |
| **Total Investec Group** | | | **30,288** | 34,722 |
| ABSA Bank (Mauritius) Limited | Gateway Real Estate Africa Ltd | US$10.0m | 10,000 | - |

| | | | | |
|---|---|---|---|---|
| **Total ABSA Group** | | | **10,000** | - |
| Maubank Mauritius | Freedom Asset Management | €4.0m | - | 712 |
| **Total Maubank** | | | **-** | 712 |
| Nedbank South Africa | Warehousely Limited | US$8.6m | 8,620 | 8,635 |
| Nedbank South Africa | Grit Real Estate Income Group Limited | US$7.0m | 6,780 | 7,000 |
| **Total Nedbank South Africa** | | | **15,400** | 15,635 |
| NCBA Bank Kenya | Grit Services Limited | US$3.9m | 3,984 | - |
| NCBA Bank Kenya | Grit Services Limited | US$8.0m | 8,000 | - |
| NCBA Bank Kenya | Grit Services Limited | US$6.5m | 6,500 | 6,500 |
| NCBA Bank Kenya | Grit Services Limited | US$11.0m | 11,000 | 11,000 |
| NCBA Bank Kenya | Grit Services Limited | US$6.5m | 514 | - |
| NCBA Bank Kenya | Grit Services Limited | US$11.0m | 589 | - |
| **Total NCBA Bank Kenya** | | | **30,587** | 17,500 |
| Ethos Mezzanine Partners GP Proprietary Limited | Grit Services Limited | US$2.4m | 2,475 | 2,475 |
| Blue Peak Holdings S.A.R.L | Grit Services Limited | US$2.2m | 2,250 | 2,250 |
| High West Capital Partners | Grit Services Limited | US$3.5m | 321 | - |
| **Total Private Equity** | | | **5,046** | 4,725 |
| International Finance Corporation | Stellar Warehousing and Logistics Limited | US$16.1m | 16,100 | 16,100 |
| **Total International Finance Corporation** | | | **16,100** | 16,100 |
| Housing Finance Corporation | Buffalo Mall Naivasha Limited | US$4.24m | 4,131 | 4,369 |
| **Total Housing Finance Corporation** | | | **4,131** | 4,369 |
| AfrAsia Bank Limited | Africa Property Development Managers Ltd | Term loans | 15 | - |
| **Total AfrAsia Bank Limited** | | | **15** | - |
| SBI (Mauritius) Ltd | St Helene Clinic Co Ltd | €11.64m | 5,159 | - |
| SBI (Mauritius) Ltd | St Helene Clinic Co Ltd | €0.25m | 249 | - |
| **Total SBI (Mauritius) Ltd** | | | **5,408** | - |
| Stanbic Bank Ghana Ltd | GD Appolonia Limited | US$1.5m | 1,295 | - |
| Stanbic Bank Uganda Limited | Gateway Metroplex Ltd | US$10.75m | 8,337 | - |
| Stanbic IBTC PLC Nigeria | DC One FZE | US$13.59m | 11,155 | - |
| Stanbic Bank Kenya | Gateway CCI Limited | US$25.9m | 25,640 | - |
| **Total NCBA Bank Kenya** | | | **46,427** | - |
| Bank of Oromia | DH One Real Estate PLC | Ethiopian Birr 620m | 10,491 | - |
| **Total Bank of Oromia** | | | **10,491** | - |
| **Total loans in issue** | | | **499,956** | 398,271 |
| plus: interest accrued | | | 9,588 | 7,725 |
| less: unamortised loan issue costs | | | (8,380) | (9,261) |
| **As at year end** | | | **501,164** | 396,735 |

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.

**10. OTHER FINANCIAL LIABILITIES**

| | **Audited as at 30 June 2024** | **Audited as at 30 June 2023** |
|---|---|---|

| | US$'000 | US$'000 |
|---|---|---|
| **Total other financial liabilities** | | |
| CRO obligation liability | - | 13,358 |
| Settlement obligation liability | 17,500 | - |
| Other financial obligation | 1,386 | - |
| **Total as at 30 June** | **18,886** | 13,358 |
| **Reconciliation of CRO obligation liability** | | |
| Opening balance | 13,358 | 16,983 |
| Fair value adjustment on other financial liability through profit or loss | 2,236 | (3,625) |
| Extinguishment of liability | (15,594) | - |
| **Total as at 30 June** | **-** | **13,358** |
| **Reconciliation of settlement obligation liability** | | |
| Opening balance | 16,947 | - |
| Accretion of interest | 553 | - |
| **Total as at 30 June** | **17,500** | **-** |
| | | |
| **Loss on extinguishment of other financial liabilities** | **(1,353)** | **-** |
| | | |
| **Reconciliation of other financial obligation** | - | - |
| Opening balance | - | - |
| Recognition of new financial liability | 1,386 | - |
| **Total as at 30 June** | **1,386** | **-** |

In 2017, the Company facilitated a transformation initiative jointly with the PIC on behalf of South Africa's Government Employment Pension Fund (GEPF). The transformation initiative was to jointly provide guarantees in order to allow Drive in Trading Proprietary Limited ("DiT") to raise cost effective debt facilities to subscribe for shares in the Company. On 22 January 2018, shareholders approved a related party transaction between the Public Investment Corporation SOC Limited ("PIC") and the Company whereby the Company guarantees PIC for 50% of any losses suffered by the PIC (up to a maximum of US$17.5million) resulting from PIC's potential liability under its Contingent Repurchase Obligation ("CRO").

The primary security for DiT's financier was the CRO for an amount of US$35million between the PIC and DiT's financier whereby, in the event of default of the DIT, the PIC would be obliged to purchase the loan from the financier at cost, up to a maximum amount of US$35million. On expiry of DiT's loan on or around 14 August 2020, DiT failed to repay its financier following which the CRO was enforced, on 24 August 2020 PIC purchase DiT's debt and became the current financier on record.

In November 2022, the Company, PIC and DiT signed an Addendum to the Guarantee Agreement along with an implementation agreement that would enable the Company to take ownership of a proportionate number of Grit shares owned by DiT in exchange for Grit paying US$17.5million to GEPF under the Guarantee Agreement. The formula to determine the proportionate entitlements to DiT's shares in Grit is defined as 23 250 000 ordinary shares x US$17.5million/DiT outstanding loan balance at implementation date, capped at 11.6million ordinary Shares ("DiT Security Shares").

In September 2023, the parties signed a second addendum to the Implementation Agreement to create an effective date, the addendum outlined several conditions precedent (CPs) that needed to be fulfilled before the restructuring could proceed. These CPs were met, and on 15 November 2023, PIC confirmed that all required documentation had been received, making the agreement effective.

On 4 June 2024, the Company concluded and announced the unwinding of the DiT structure. PIC added its entitlement of DiT security shares to its existing holdings, while the Company acquired 9 million shares through its share buyback program, which were recorded as treasury shares. An additional 0.8 million shares remained in DiT's brokerage account as of 30 June 2024, pending transfer. As part of the arrangement, the Company was contractually entitled to repurchase its shares at a pre-determined price of US$0.01 per share.

As of 30 June 2024, the Company has an outstanding obligation of US$17.5 million toward PIC.

The Company extinguished the original financial liability related to the CRO and recognized a new financial liability due to the change in the nature of the obligation. Initially, the CRO was measured at fair value through profit or loss, reflecting changes in the Company's exposure based on the value of the underlying shares. As of 30 June 2023, this liability was US$13.3million.

Upon evaluating the arrangement against IFRS 17, it has been concluded that the contractual obligation does not meet the criteria for an insurance contract. The obligation relates to the settlement of a financial commitment based on share price performance, rather than an uncertain insurance event. Therefore, the obligation has been treated as a financial liability in accordance with IFRS 9.

On 15 November 2023, The CRO obligation was re-measured and due to a decrease in Grit's share price, the CRO obligation has increased to US$15.5million, with a fair value loss of US$2.2million (2023: Fair value gain of US$3.6million).

Upon the confirmation of the effective date, the Company reclassified the liability from fair value through profit or loss to amortized cost, as it became a fixed payable amount of US$17.5million, due on 31 March 2024. This reclassification was treated as a derecognition of the original liability and recognition of a new liability at amortized cost. On initial recognition, the new instrument was measured at fair value of US$16.9million and subsequently carried at amoritised cost. The loss on extinguishment, amounting to US$1.3million, was recognized on the income statement under "Loss on extinguishment of other financial liabilities and borrowings.

**11. BASIC AND DILUTED LOSSES PER ORDINARY SHARE**

| | **Audited as at 30 June 2024** | **Audited as at 30 June 2022** |
|---|---|---|
| | **US$'000** | **US$'000** |
| Basic and diluted losses | (84,496) | (23,631) |

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

| | **30 June 2024 Shares** | **30 June 2023 Shares** |
|---|---|---|
| | **'000** | **'000** |
| Ordinary shares in issue at start of year | 495,093 | 495,093 |
| Unvested treasury shares at start of year | (12,949) | (12,702) |
| Total shares issue at start of year | 482,144 | 482,391 |
| Effect of treasury shares acquired in the year | (99) | (141) |
| Effect of treasury shares exercised in the year | 1,612 | - |
| **Weighted average number of shares at end of year – basic and diluted** | **483,657** | 482,250 |
| **Basic & diluted loss per share (cents)** | **(17.47)** | (4.90) |

**12. ACQUISITION OF SUBSIDIARIES (BUSINESS COMBINATIONS AND ASSET ACQUISITIONS) AND TRANSACTIONS WITH NON-CONTROLLING INTEREST**

**12a Business combination**

On 30 November 2023, the Group obtained control of Gateway Real Estate Africa Ltd ("GREA") and Africa Property Development Managers Ltd ("APDM"). These entities were previously classified as joint ventures and have now been reclassified as subsidiaries following amendments made to their respective shareholder agreements. The acquisitions were treated as two separate business combinations. Control was achieved through changes to the contractual terms, rather than through an exchange of additional consideration.

Control of GREA extends beyond the parent company to include the GREA Group, encompassing GREA, its subsidiaries, joint ventures, and associates. This acquisition allows the Group to consolidate GREA's entire network of real estate investments, enhancing the Group's strategic presence across key markets.

For further details on the judgements applied by the Group in determining control over GREA and APDM, please refer to the significant judgements section of the financial statements.

GREA and APDM are both non-listed entities based in Mauritius:

- GREA Group: A real estate development company specializing in turnkey solutions for multinational corporates and retailers, operating across Africa.
- APDM: The asset and development manager for GREA, overseeing the Group's property development and management activities.

These acquisitions align with the Group's Grit 2.0 strategy, expanding its property development and management operations across Africa. The integration enables the Group to engage in end-to-end real estate solutions, from construction to leasing and disposal, with a focus on industrial, embassy accommodation, and data centre properties. The objective is to accelerate net asset value growth in the coming years.

From the date of acquisition, the GREA Group and APDM contributed to the Group's financial performance as follows:

| Entity | Profit after tax US$'000 | Revenue US$'000 |
|---|---|---|
| GREA Group | 10,831 | 5,633 |
| APDM | 1,637 | 1,524 |

The table below presents the financial performance of the Group for the year ended 30 June 2024, assuming that the acquisitions of GREA Group and APDM had occurred from 01 July 2023.

| Entity | Loss after tax US$'000 | Revenue US$'000 |
|---|---|---|
| Grit Group (including GREA Group) | (85,039) | 73,232 |
| Grit Group (including APDM) | (87,244) | 64,177 |

The Group has elected to measure the non-controlling interest in GREA and APDM at the proportionate share of the acquiree's net identifiable assets. The acquisition of GREA Group resulted in nil goodwill, as the fair value of the net identifiable assets acquired equalled the consideration transferred.

In contrast, the acquisition of APDM resulted in goodwill of US$ 2.2 million. This goodwill reflects the benefits expected to arise from the integration of APDM's expertise in development and asset management with the Group's existing operations. The goodwill is primarily attributable to:

- Operational synergies, including cost savings and enhanced efficiencies.
- Increased development capacity and project management capabilities brought by APDM's skilled workforce.
- Enhanced market presence, allowing the Group to strengthen its property development pipeline and improve service delivery.

**12a (i) Remeasurement of previously held equity interests to fair value and consideration transferred for the business combinations**

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

The following table summarizes the remeasurement to fair value and the losses recognised:

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

For the purpose of the step acquisition, the fair value of the previously held equity interests in GREA and APDM was treated as part of the consideration transferred in the calculation of goodwill.

Prior to the acquisition, contractual relationships existed between:

- The Group and GREA Group
- The Group and APDM

These relationships primarily involved receivable and payable balances between the entities. Upon acquisition, IFRS 3 requires that such pre-existing relationships be settled between the acquirer and acquiree. The settlement of these relationships was accounted for separately from the business combination. As a result, the consideration transferred was adjusted to reflect the balances settled as of the acquisition date.

The following table presents the fair value of previously held equity interest, settlement of pre-existing relationship and total consideration transferred for the acquisition of the GREA Group and APDM.

| Investment | Fair value US$'000 | Settlement of pre-existing relationship US$'000 | Total consideration transferred US$'000 |
|---|---|---|---|
| GREA Group | 94,050 | (78,998) | 15,052 |
| APDM | 22,735 | 59 | 22,794 |
| **Total** | **116,785** | **(78,939)** | **37,846** |

**12a (ii) Non-controlling interest acquired**

The Group elected to measure non-controlling interest in GREA Group and APDM based on the proportionate share of the net identifiable assets acquired. The non-controlling interest at the acquisition date was 53.67% for GREA and 21.05% for APDM. These percentages were applied to the net assets acquired of each entity before the settlement of pre-existing relationships. The gross net assets of GREA and APDM before settlement of pre-existing relationship amounted to US$ 205 million and US$25.9 million respectively.

Upon acquisition, GREA Group held investments in TC Maputo, Moz Delta, and Cognis, which were previously treated as associates and equity accounted in GREA's books. However, in the Group's consolidated financial statements, these entities were already classified as subsidiaries, as the Group exercised control over them.

Following the acquisition of GREA, the Group's effective shareholding in TC Maputo, Moz Delta, and Cognis increased, resulting in a reduction in non-controlling interest. The transaction was treated as an in-substance purchase of NCI, meaning the fair value of GREA's investments in these associates was not recognized as separate identifiable assets. Instead, the reduction in non-controlling interest was reflected in the Group's financial statements.

The table below summarises the non-controlling interest acquired by the Group on acquisition date:

| Investment | Non-controlling interest acquired US$'000 | In-substance purchase of non-controlling interest US$'000 | Total non-controlling interest acquired US$'000 |
|---|---|---|---|
| GREA Group | 111,015 | (13,515) | 97,500 |
| APDM | 5,471 | - | 5,471 |
| **Total** | **116,486** | **(13,515)** | **102,971** |

**12a (iii) Acquisition accounting**

Details of the fair value of assets and liabilities recognised on acquisition, and goodwill calculation have been included below:

| Assets acquired | Gateway Real Estate Africa Ltd 30 November 2023 US$'000 | Africa Property Development Managers Ltd 30 November 2023 US$'000 | Total 30 November 2023 US$'000 |
|---|---|---|---|
| Investment property | 141,768 | - | 141,768 |
| Property, plant and equipment [1,2] | 10,259 | 1,705 | 11,964 |
| Other investments [2] | 1,169 | 21,348 | 22,517 |
| Intangible assets | - | 6 | 6 |
| Investments in joint ventures | 38,388 | - | 38,388 |
| Finance lease receivable | 1,950 | - | 1,950 |
| Other loans receivable | 1,000 | - | 1,000 |
| Deferred tax asset | 1,725 | 77 | 1,802 |
| Related party loans receivable | 1,503 | - | 1,503 |
| Trade and other receivable [2] | 9,935 | 7,191 | 17,126 |
| Current tax refundable | 27 | - | 27 |
| Cash and cash equivalents | 6,092 | 194 | 6,286 |
| **Total assets** | **213,816** | **30,521** | **244,337** |
| | | | |
| **Liabilities assumed** | | | |
| Proportional shareholder loans | 763 | - | 763 |
| Interest-bearing borrowings | 88,219 | 21 | 88,240 |
| Obligations under finance leases [2] | 348 | 1,598 | 1,946 |
| Deferred tax liabilities | 952 | 3 | 955 |
| Trade and other payables [2] | 10,293 | 458 | 10,751 |
| Current tax payable | 689 | 359 | 1,048 |
| Related party loan payable | - | 2,030 | 2,030 |
| **Total liabilities** | **101,264** | **4,469** | **105,733** |
| | | | |
| Net identifiable assets acquired | 112,552 | 26,052 | 138,604 |
| Non-controlling interest acquired | (111,015) | (5,471) | (116,486) |
| In-substance purchase of non-controlling interest | 13,515 | - | 13,515 |
| Goodwill arising on acquisition | - | 2,213 | 2,213 |
| **Purchase consideration transferred** | **15,052** | **22,794** | **37,846** |
| | | | |
| **Consideration transferred** | | | |
| Fair value of previously held equity interests | 94,050 | 22,735 | 116,785 |
| Settlement of pre-existing relationship | (78,998) | 59 | (78,939) |
| **Purchase consideration transferred** | **15,052** | **22,794** | **37,846** |

**Notes**

1 The property, plant and equipment acquired from GREA includes a building which is partly occupied by Grit Services Limited and African Property Development Managers Ltd, both subsidiaries of the Group. The Group has classified the portion of the property that is being rented by the Group as property, plant, and equipment. The fair value of the owner-occupied portion of the property at the date of acquisition was US$ 10.2 million.

2 The net identifiable assets acquired by the Group from GREA and APDM included pre-existing relationships between these entities prior to the business combinations. These relationships were subsequently eliminated as part of the consolidation process, as GREA, APDM, and the Group are now treated as a single economic entity for reporting purposes. Consequently, any balances between these entities were removed to prevent the double-counting of assets and liabilities. The table below summarizes the balances that were eliminated during the consolidation process:

| | GREA | APDM | Total |
|---|---|---|---|

| Assets | US$'000 | US$'000 | US$'000 |
|---|---|---|---|
| Other investments | (1,169) | (21,348) | (22,517) |
| Property, plant and equipment | - | (1,086) | (1,086) |
| Related party loans receivable | (1,984) | - | (1,984) |
| Trade and other receivables | (52) | (4,763) | (4,815) |
| **Total** | **(3,205)** | **(27,197)** | **(30,402)** |

| Liabilities | | | |
|---|---|---|---|
| Obligations under finance leases | - | (1,147) | (1,147) |
| Trade and other payables | (4,763) | (52) | (4,815) |
| Related party loan payable | - | (1,984) | (1,984) |
| **Total** | **(4,763)** | **(3,183)** | **(7,946)** |

| | **Total** |
|---|---|
| **Analysis of cash flows on acquisition** | **US$'000** |
| Cash consideration paid on the acquisition | - |
| Less: net cash acquired with the subsidiary | 6,286 |
| **Total** | **6,286** |

Following the consolidation of APDM into the Group, the effective shareholding of the Group into GREA has increased from 46.33% to 54.23% due to the 10% equity interest that APDM has in GREA. Through APDM, the Group has benefitted from an additional equity interest of 7.90%. The non-controlling interest on GREA has also reduced by 7.90%. The transaction with non-controlling interest has been accounted as an equity transaction.

| | **Total** |
|---|---|
| | **US$'000** |
| Carrying amount of non-controlling interests acquired | 16,190 |
| Consideration for non-controlling interests acquired | (21,348) |
| **Decrease in equity attributable to equity shareholders** | **(5,158)** |

**12b Asset acquisition**

Through the acquisition of GREA (refer to Note 12a), the Group also acquired GREA investments in joint ventures, DH One Real Estate PLC ("DH1") and DH3 Kenya Limited ("DH3"). DH1 is a company incorporated in Ethiopia that is the beneficial owner of 112- units, international standard, diplomatic residential tower in the heart of Ethiopia's capital city, Addis Ababa. DH3 is incorporated in Kenya and is the beneficial owner of 90 - unit diplomatic apartments. These investments represent GREA's focus on diplomatic housing, a niche market with limited key players in Africa. GREA has built strong partnerships in this sector, including with the Bureau of Overseas Buildings Operations (OBO), which supports diplomatic housing initiatives. Another major partner is Verdant Ventures ("Verdant"), a U.S.-based real estate company and co-shareholder with GREA in both DH1 and DH3.

Recognizing the alignment in their strategic goals and the success of their existing collaborations, GREA and Verdant are currently exploring the potential for establishing a single specialist platform for their respective diplomatic housing businesses, which would further consolidate their market leadership in this sector. As of the reporting date, these discussions were still ongoing.

On 18th June 2024, an addendum to the shareholder agreement of DH1 between GREA and Verdant was signed, resulting in changes to its governance structure. The investment in DH1 was classified as an investment in joint venture by GREA as neither GREA nor Verdant could unilaterally control DH1. Rather both shareholders had to support decisions for them to be approved. The Group has therefore deemed the classification of DH1 investment as investment in joint venture as appropriate and has retained the same classification upon the acquisition of GREA. The changes brought to the shareholder agreement has now shifted control to GREA and consequently to the Group and this is because:

- The number of directors on the board that GREA can appoint has increased from two to three, while Verdant's right to appoint two directors remained unchanged.

- Decisions of the board are made on a simple majority basis. Therefore, through GREA, the Group now controls the board.
- The original arrangement contained reserved matters that required shareholders holding an aggregate of eighty percent of the voting rights for a decision relating to the reserved matters to be passed. The addendum changed this requirement so that decisions on reserved matters shall now be made with written approval of the directors holding an aggregate of sixty percent or more of the voting rights of the board.
- With the ability to appoint three out of five directors on the board, GREA can make decisions on those reserved matters independently, thus removing any blockers to the decision-making ability of GREA regarding this investment.

Following the governance changes, the Group concluded that it now controls DH1 through GREA. As a result, the Group has consolidated DH1 as of 30 June 2024. The change in control was triggered by contractual changes in the shareholder agreement rather than through the exchange of consideration.

The acquisition of DH1 did not constitute the acquisition of a business as there was no input nor any substantive process acquired. The acquisition has therefore been accounted as an asset acquisition. The acquisition has resulted to the Group acquiring some incidental assets and liabilities. The previously held equity interest has not been remeasured but instead the Group has used a cost accumulation approach in accordance with the Group's accounting policy which resulted to no gain or loss being recognised upon the stepping up from joint venture to subsidiary.

Details of the assets and liabilities acquired as part of asset acquisition are:

| | **Total** |
|---|---|
| **Asset required** | **US$'000** |
| Cash and cash equivalents | 3,771 |
| Investment property | 76,870 |
| Property, plant and equipment | 450 |
| Trade and other receivables | 2,113 |
| Current tax refundable | 231 |
| **Total assets** | **83,435** |
| | |
| **Liabilities assumed** | |
| Interest-bearing borrowings | 10,770 |
| Group loans | 20,880 |
| Trade and other payables | 4,864 |
| Proportional shareholder loans | 20,734 |
| **Total liabilities** | **57,248** |
| | |
| Identifiable net assets acquired | 26,187 |
| % held by non-controlling interest | 50% |
| **Non-controlling interest measured at proportionate share of net identifiable assets** | **13,094** |
| | |
| **Cost of group of assets acquired and liabilities assumed** | |
| Previously equity accounted carrying amount of investment in joint venture [1] | 12,155 |
| Non-controlling interest acquired | 13,094 |
| **Total consideration** | **25,249** |
| | |
| **Excess net assets acquired over consideration** | **938** |

**Notes**

1 The carrying amount of the investment in joint venture of US$32.8 million removed in note 3 includes shareholder loans of US$20.6million which now eliminates on consolidation.

As the acquisition is an asset acquisition, the Group has used a cost accumulated approach and has reduced the net assets acquired namely the investment property value so that the group of assets acquired, and liabilities assumed are recorded at the consideration amount. This has further resulted to an opposite and equal fair value adjustment of investment property (a gain) on the revaluation of the property to the valuation amount obtained by the independent valuer as at 30 June 2024.

| | Total |
|---|---|
| **Analysis of cash flows on acquisition** | **US$'000** |
| Cash consideration paid on the acquisition | - |
| Less: net cash acquired with the subsidiary | 3,771 |
| **Net inflow of cash and cash equivalent on acquisition** | **3,771** |

**12c (i) Transaction with non-controlling interest**

**Disposal of Bora Africa**

As previously announced under the Grit 2.0 strategy, a key focus of the Group is to organize its real estate assets into logical sector groupings. This strategy is aimed at enhancing development activities, increasing asset value, and generating fee income for the Group. Grit identified an opportunity to create a specialized property platform focused on logistics, light industrial, manufacturing, and digital infrastructure properties. As part of this initiative, Bora Africa, a wholly owned subsidiary of Grit, was established on 30 September 2023 and seeded with five property assets that were already part of the Grit portfolio in Kenya and Mozambique.

Grit has agreed to dispose of its interests in Bora Africa to GREA. On 26 June 2024, GREA subscribed for 9,999 shares in Bora Africa, increasing its shareholding to 99.99%. Despite the transfer, Bora Africa remains consolidated within the Group as GREA is also a subsidiary. However, the transfer of Bora Africa to a partially owned entity has resulted in a decrease in Grit's effective shareholding in Bora Africa.

Just before the transfer of Bora Africa to GREA, the Group fully owned Bora Africa, with no non-controlling interests. Since this disposal was conducted between entities within the Group, no consideration was received from a Group perspective. As a result, the Group recorded a decrease in non-controlling interest of US$ 17.3 million and an equivalent increase in equity attributable to the owners of the parent. The impact on equity attributable to the owners of the Group during the year is summarized as follows:

| | Total |
|---|---|
| | **US$'000** |
| Carrying amount of non-controlling interests disposed | (17.336) |
| Consideration received from non-controlling interests | - |
| **Increase in equity attributable to equity shareholders** | **17,336** |

**12c (ii) Transaction with non-controlling interest**

Following the issuance of GREA shares to Grit and the Public Investment Corporation (PIC) as part of the GREA rights issue (refer to Note 8), Grit's direct shareholding in GREA increased from 46.33% to 48.08%. Concurrently, APDM's direct shareholding in GREA decreased from 10% to 6.61% due to its non-participation in the rights issue. Grit also holds a 78.98% equity interest in APDM. Consequently, the Group's effective shareholding in GREA decreased by 0.93%, from 54.23% to 53.29%. Despite this change, the Group retains control over GREA, which continues to be classified as a subsidiary. No consideration was received from a Group perspective.

The Group has recognized an increase in non-controlling interest of US$2.9 million, with a corresponding decrease in equity attributable to the owners of the parent. The impact on equity attributable to the Group's owners during the year is summarized as follows:

| | Total |
|---|---|
| | **US$'000** |
| Carrying amount of non-controlling interests disposed | 2,925 |
| Consideration received from non-controlling interests | - |
| **Increase in equity attributable to equity shareholders** | **(2,925)** |

**13. SUBSEQUENT EVENTS**

- -Subsequent to the year-end, the Group signed a Sale and Purchase Agreement (SPA) for the disposal of its interest in St Helene Clinic Co Ltd. Management expects the sale to be completed within the next 12 months, subject to certain conditions outlined in the SPA. St Helene Clinic Co Ltd, reported within the Healthcare segment, primarily consists of a private healthcare facility intended to meet the demand for quality medical care.
- -On the 30th of July 2024, the Group received a formal offer to purchase letter for the sale of the Tamassa resort and a binding heads of terms agreement was signed on 11 October 2024. The finalisation of due diligence and signing of the share purchase agreement is targeted for November 2024, with the transaction expected to be completed by the long stop date of 31 March 2025.
- Post balance sheet date the Group received formal condonements from its lenders for some of the facilities where targeted ratios were not achieved at balance sheet date. As referred to under note 9 post receipt of these condonements the liabilities classified as current liabilities in the statement of financial position on 30 June 2024 reverts to being classified as non-current.
- As referred to under note 1.1, Going concern, the Group has committed to planned debt reductions which are due on or before 8 November 2024. On the 29th of October 2024, the Group partially settled its commitment amounting to US$7.5 million with a further US$7.5 million expected to be paid by 8 November 2024.
- As detailed in note 22, in the Integrated Annual Report the Group and the PIC each took ownership of their proportionate share of DiT's 23.25 million Grit Ordinary Shares (Security Shares) with the Guarantee Agreement to be discharged upon a payment of US$17.5 million by the Company to the GEPF/PIC. Terms after year end have now been agreed with the PIC for the payment of this outstanding balance, which has been termed out to a 3-year maturity at an interest rate of 3M SOFR plus a spread of 5.28%, the transaction agreements are expected to be concluded imminently.
- As further detailed in Note 12b, on 3 August 2024, Diplomatic Holdings Africa Ltd ("DH Africa") and Verdant Property Holdings Ltd ("VPH") entered into a Framework Agreement to combine their diplomatic housing businesses into a single scalable entity, DH Africa. This agreement outlines a series of interdependent transactions, each contingent upon specific conditions. As of the signing date of these financial statements, several conditions have been fulfilled, with the remaining conditions anticipated to be met shortly. Once all conditions are satisfied, the venture will advance into its implementation phase, which includes specific steps required to complete the transactions. Both parties expect that the outstanding conditions and essential implementation steps will be completed within the agreed extended timeline. As of 30 June 2024, the Framework Agreement and the proposed venture represent non-adjusting events under IAS 10, as the conditions were not fully met by the reporting date. Therefore, no adjustments are required to the financial statements for the year ended 30 June 2024.
- Following a capital call by GREA on 28 June 2024, the regulatory approval and release of the PIC's US48.5 million recapitalisation investment into GREA was delayed as a result of South Africa's recent regulatory directive, restricting state-owned entities from investing in low-tax jurisdictions or using these as conduits for offshore investments.

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

## 14. 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 2024 US$'000** | **Unaudited 30 June 2024 Per Share (Diluted) (Cents Per Share)** | **Unaudited 30 June 2023 US$'000** | **Unaudited 30 June 2023 Per Share (Diluted) (Cents Per Share)** |
|---|---|---|---|---|
| EPRA Earnings | (8,465) | (1.76) | (4,656) | (0.97) |

| | | | | |
|---|---|---|---|---|
| Total Company Specific Adjustments | 221 | 0.04 | 8,092 | 1.69 |
| **Adjusted EPRA Earnings** | **(8,244)** | **(1.72)** | 3,436 | 0.72 |
| Total company specific distribution adjustments | 9,429 | 1.97 | 17,149 | 3.57 |
| **Total distributable earnings** | **1,185** | **0.25** | 20,585 | 4.29 |
| | | | | |
| EPRA NRV | 279,006 | 57.85 | 349,656 | 72.80 |
| EPRA NTA | 271,862 | 56.37 | 335,918 | 69.94 |
| EPRA NDV | 211,938 | 43.94 | 300,650 | 62.60 |

***Distribution shares***

| | |
|---|---|
| Weighted average shares in issue | 495,093 |
| Less: Weighted average treasury shares for the year | (15,479) |
| Add: Weighted average shares vested in long term incentive scheme | 2,682 |
| **EPRA SHARES** | **482,296** |
| Less Vested shares in consolidated entities | (2,682) |
| **DISTRIBUTION SHARES** | **479,614** |

| | | **Unaudited 30 June 2024** |
|---|---|---|
| **EPRA EARNINGS** | **Notes** | **US$'000** |
| Basic loss attributable to the owners of the parent | | (82,678) |
| Add Back: | | |
| Fair value adjustment on investment properties | | 27,930 |
| Fair value adjustment on investment properties under income from associates | | 2,067 |
| Fair value adjustment on other financial assets and liabilities | | 3,700 |
| Fair value adjustment on derivative financial instruments | | 2,475 |
| Fair value loss on revaluation of previously held equity instruments | | 23,874 |
| Loss arising from dilution in equity interest | | 12,492 |
| Changes in fair value of financial instruments and associated close-out costs | | (1) |
| Goodwill written off | | 285 |
| Deferred tax in relation to the above | | (3,146) |
| Acquisition costs not capitalised | | 9,051 |
| Non-controlling interest above | | (4,514) |
| **EPRA EARNINGS** | | **(8,465)** |
| **EPRA EARNINGS PER SHARE (DILUTED) (cents per share)** | | **(1.76)** |
| Company specific adjustments | | |
| Unrealised foreign exchange gains or losses (non-cash) | 1 | (2,943) |
| Straight-line leasing and amortisation of lease premiums (non-cash rental) | 2 | (890) |
| Amortisation of right of use of land (non-cash) | 3 | 69 |
| Impairment of loan and other receivables | 4 | 5,209 |
| Profit on sale of property, plant, and equipment | 5 | (17) |
| Non-controlling interest included above | 6 | (2,127) |
| Deferred tax in relation to the above | 7 | 920 |
| **Total Company specific adjustments** | | **221** |
| **ADJUSTED EPRA EARNINGS** | | **(8,244)** |
| **ADJUSTED EPRA EARNINGS PER SHARE (DILUTED) (cents per share)** | | **(1.72)** |

**Company specific adjustments to EPRA earnings**

1. *Unrealised foreign exchange gains or losses*
   The foreign currency revaluation of assets and liabilities in subsidiaries gives rise to non-cash gains and losses that are non-cash in nature. These adjustments (similar to those adjustments that are recorded to the foreign currency translation reserve) are added back to provide a true reflection of the operating results of the Group.
2. *Straight-line leasing (non-cash rental)*
   Straight-line leasing adjustment and amortised lease incentives under IFRS relate to non-cash rentals over the period of the lease. This inclusion of such rental does not provide a true reflection of the operational performance of the underlying property and are therefore removed from earnings.
3. *Amortisation of intangible asset (right of use of land)*
   Where a value is attached to the right of use of land for leasehold properties, the amount is amortised over the period of the leasehold rights. This represents a non-cash item and is adjusted to earnings.

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

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

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

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

**15. COMPANY DISTRIBUTION CALCULATION - UNAUDITED**

| | Notes | Unaudited 30 June 2024 US$'000 |
|---|---|---|
| Adjusted EPRA Earnings | | (8,244) |
| Company specific distribution adjustments: | | |
| VAT credits utilised on rentals | 1 | 2,197 |
| Listing and set up costs under administrative expenses | 2 | 5 |
| Depreciation and amortisation | 3 | 1,203 |
| Share based payments | 4 | 90 |
| Dividends (not consolidated out) | | (205) |
| Right of use imputed leases | | 317 |
| Amortisation of capital funded debt structure fees | | 6,755 |
| Deferred tax in relation to the above | | (1,651) |
| Non-controlling interest non distributable | | 718 |
| **Total Company Specific distribution adjustments** | | **9,429** |
| **TOTAL DISTRIBUTABLE EARNINGS (BEFORE PROFITS WITHHELD)** | | **1,185** |
| **DISTRIBUTABLE INCOME PER SHARE (DILUTED) (cents per share)** | | **0.25** |
| **FULL YEAR DIVIDEND PER SHARE (cents)** | | **0.00** |

| **Reconciliation to amount payable** | **US$ cents per share** |
|---|---|
| Total distributable earnings to Grit shareholders before profits withheld (cents) | 0.25 |
| Total distributable earnings brought forward from prior year not distributed and attributable to Grit shareholders before profits withheld (cents) | 2.29 |
| Profits withheld (cents) | (1.04) |

| | |
|---|---:|
| Interim dividends already paid (cents) | (1.50) |
| **FINAL DIVIDEND PROPOSED (cents)** | **0.00** |

**Company 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.

## 16. 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 2024 US$'000** | **EPRA NTA Unaudited 30 Jun 2024 US$'000** | **EPRA NDV Unaudited 30 Jun 2024 US$'000** |
|---|---:|---:|---:|
| IFRS Equity attributable to shareholders | 211,938 | 211,938 | 211,938 |
| i) Hybrid instruments | | | |
| Preference shares | | | |
| **Diluted NAV** | **211,938** | **211,938** | **211,938** |

| | | | |
|---|---|---|---|
| Add | | | |
| Revaluation of IP (if IAS 40 cost option is used) | | | |
| Revaluation of IPUC (if IAS 40 cost option is used) | | | |
| Revaluation of other non-current investments | | | |
| Revaluation of tenant leases held as leases | | | |
| Revaluation of trading properties | | | |
| **Diluted NAV at fair value** | **211,938** | **211,938** | **211,938** |
| **Exclude*:** | | | |
| Deferred tax in relation to fair value gains of Investment properties | 40,326 | 33,150 | - |
| Fair value of financial instruments | 26,742 | 26,742 | - |
| Goodwill as a result of deferred tax | - | - | - |
| Goodwill as per the IFRS balance sheet | - | 32 | - |
| Intangibles as per the IFRS balance sheet | | | |
| **Include*:** | | | |
| Fair value of fixed interest rate debt | | | |
| Revaluation of intangibles to fair value | | | |
| Real estate transfer tax | | | |
| **NAV** | **279,006** | **271,862** | **211,938** |
| Fully diluted number of shares | 482,296 | 482,296 | 482,296 |
| **NAV per share (cents per share)** | **57.85** | **56.37** | **43.94** |
| | **Shares '000** | **Shares '000** | **Shares '000** |
| Total shares in issue | 495,093 | 495,093 | 495,093 |
| Less: Treasury shares for the period | (15,479) | (15,479) | (15,479) |
| Add: Share awards and shares vested shares in long term incentive scheme | 2,682 | 2,682 | 2,682 |
| **EPRA SHARES** | **482,296** | **482,296** | **482,296** |

## EPRA Vacancy rate

| **EPRA Vacancy Rate** | | **UNAUDITED 30 June 2024 US$'000** | **UNAUDITED 30 June 2023 US$'000** |
|---|---|---|---|
| Estimated rental value of vacant space | **A** | 646 | 324 |
| Estimated rental value of the whole portfolio | **B** | 6,321 | 5,048 |
| **EPRA Vacancy Rate** | **A/B** | **10.2%** | 6.4% |

## OTHER NOTES

The audited consolidated financial statements for the year ended 30 June 2024 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, International Financial Reporting Standards ("**IFRS**"), the LSE and SEM Listing Rules, the Financial Pronouncements as issued by Financial Reporting Standards Council. The accounting policies are consistent with those of the previous annual financial statements with the exception of the significant judgment disclosed in note 1.

The Group is required to publish financial results for the year ended 30 June 2024 in terms of Listing Rule 15.36A 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 2024 that require any additional disclosure or adjustment to the financial statements. These audited consolidated financial statements were approved by the Board on 31st October 2024.

PricewaterhouseCoopers have issued their unqualified audit opinion on the Group's financial statements for the year ended 30 June 2024. Copies of the audited consolidated financial statements for the year ended 30 June 2024, and the statement of direct and indirect interests of each officer of the Company pursuant to rule 8(2)(m) of the Mauritian Securities

(Disclosure Obligations of Reporting Issuers) Rules 2007, are available free of charge, upon request at the Company's registered address. Contact Person: Ali Joomun.

**FORWARD-LOOKING STATEMENTS**

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

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

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

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