GRIT REAL ESTATE INCOME GROUP LIMITED
(Registered by continuation in the Republic of Mauritius)
(Registration number: C128881 C1/GBL)
LSE share code: GR1T
SEM share code: DEL.N0000
ISIN: MU0473N00036
("**Grit**" or the "**Company**" or the "**Group**")

FULL YEAR AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2020

Grit Real Estate Income Group Limited, a leading pan-African real estate company focused on investing in and actively managing a diversified portfolio of assets underpinned by predominantly US$ and Euro denominated long-term leases with high quality multi-national tenants, today announces its audited results for the financial year ended 30 June 2020.

Financial highlights

	30 June 2020	30 June 2019	Increase/ Decrease
Distributable earnings per share[1]	US$9.58 cps	US$12.20 cps	(21.5%)
Dividend per share	US$5.25 cps	US$12.20 cps	(57.0%)
EPRA NAV per share[2]	US$118.6 cps	US$147.1 cps	(19.4%)
Adjusted EPRA earnings per share[3]	US$9.02 cps	US$9.92 cps	(9.1%)
Property income (net)	US$38.0m	US$32.3m	17.6%
(Loss) / profit for the year before taxation	(US$53.9m)	US$39.5m	(236.4%)
EPRA cost ratio (including associates)[4]	14.6%	17.0%	(2.4ppt)
Total Income Producing Assets[5]	US$823.5m	US$825.2m	(0.2%)
WALE[6]	5.0 yrs.	6.3 yrs.	(1.3 yrs.)
EPRA portfolio occupancy rate[7]	94.1%	97.1%	(3.0ppt)
Group LTV	50.2%	43.1%	7.1ppt
Property LTV	46.5%	40.6%	5.9ppt

- EPRA net asset value ("**NAV**") per share contracted to US$1.186 (2019: US$1.471). The 19.4% reduction was principally as a result of the decrease in the value of the Group's retail and hospitality assets, the impacts of movements in currencies against the US$, mark to market adjustments on interest rate swaps and increased impairment charges.
- Group LTV increased to 50.2% (2019: 43.1%) predominantly as a result of the decrease in the value of the Group's property portfolio. All debt covenants have and continue to be met but as a precautionary measure the Group has successfully lifted its lowest applied LTV debt covenants to 55% and secured additional liquidity facilities. The Board remains committed to reducing LTV levels through capital recycling initiatives, issuance of quasi equity instruments and selected NAV accretive acquisitions only upon secured funding.
- Dividends per share declared for the year ended 30 June 2020 of US$5.25cps (2019: US$12.20cps), comprising the interim dividend declared in February 2020. The Board has decided against declaring a final dividend for the year ended 30 June 2020, but expects to resume payments in the current financial year ending 30 June 2021.
- The portfolio was independently valued at 30 June 2020, with total income producing assets valued at US$823.5m (2019: US$825.2m), including acquisitions and capex additions amounting to US$70.4m and like-for-like property valuations decreasing 7.9% for the year to 30 June 2020.
- Net property income (including associates and joint ventures) increased 17.6% as a result of acquisitive growth over the period and strong portfolio performance in sectors relatively unaffected by COVID-19.

Operational highlights

- Property portfolio now comprises a total of 52 investments, across eight countries and five asset classes.
- 90.2% (2019: 93.6%) of revenue is earned from multinational tenants[8].
- 89.1% (2019: 95.4%) of income is produced in hard currency[9].

- 9.0% of total contracted rentals for the four months to 30 June 2020, predominantly in the retail sector, were permanently written off as rental concessions in response to the COVID-19 pandemic.
- 15.4% of contracted rents for the four months to 30 June 2020 were placed upon agreed payment plans and are predominantly collectible through to 31 December 2021.
- EPRA portfolio occupancy rate of 94.1% as at 30 June 2020 (2019: 97.1%).
- Total Grit proportionately-owned lettable area ("GLA") increased 6.2% in the second half of the financial year to 334,589m^2 (30 June 2019: 260,709 m^2) as a result of acquisitions.
- Weighted average annual rent escalations at 2.8% (2019: 2.8%).
- Weighted average property exit capitalisation rate 8.1% (2019: 7.7%) driven by COVID-19 uncertainty related upward movements that were offset by favourable portfolio mix effects from acquisitions.
- Weighted average cost of debt moved down to 5.9% (2019: 6.4%) as a result of movements in LIBOR over the reporting period and refinancing activity.
- Leases over 96,654 m^2 of GLA (on a 100% basis), representing 18.0% of total Group GLA, expired in the year, of which c.89% has successfully been re-let to the same or new tenants.
- Successful leasing activity with Bollore, Shoprite, Game and Tsebo over the period.

Post balance sheet activity

- On 29 July 2020, Grit delisted off the Main Board of the Johannesburg Stock Exchange and introduced two strong African institutional shareholders.
- On 3 August 2020 the trading of Grit's shares on the Main Board of the LSE converted from a US$ quotation to a Sterling quotation.
- On 17 August 2020 the Group secured a short term facility of 1 year from Nedbank South Africa to the value of US$7.0m and it bears interest at Libor plus 7.5%. On 10 November 2020 the facility was amended to extend US$5m by a further 12 months to improve the Group's liquidity position at an increased interest rate of 8.4%.
- On 18 September 2020 the Company entered into a binding agreement for the disposal of a 39.50% interest in AnfaPlace Mall in Morocco, which has subsequently settled and completed.
- On 16 October 2020 the Company entered into a binding agreement for the disposal of a 26.35% interest in Acacia Estate with proceeds from the sale having settled on 4 December 2020.
- The Group has additionally obtained a commitment for the issuance of ordinary shares up to the value of US$10m from an existing shareholder to be satisfied prior to 28 December 2020.

Notes

[1] Refer to note 12 (unaudited).
[2] Explanations of how European Public Real Estate Association ("EPRA") figures are derived from IFRS are shown in note 11 (unaudited).
[3] Adjustments to make earnings better representative of what the Directors believe is the underlying company performance and includes adjustments for unrealised foreign exchange movements, straight-line leasing and amortisation of lease premiums, amortisation of right of use land, impairment of loan and deferred tax adjustments – refer to note 11 (unaudited) for further details on adjustments made.
[4] Based on EPRA cost to income ratio calculation methodology which includes the proportionately consolidated effects of LLR and other associates.
[5] Includes properties, investments and property loan receivables – Refer to Chief Financial Officer's Statement for reconciliation and analysis.
[6] Weighted average lease expiry ("WALE").
[7] Property occupancy rate based on EPRA calculation methodology - Includes associates.
[8] Forbes 2000, Other Global and pan African tenants.
[9] Hard (US$ and EUR) or pegged currency rental income.

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

"COVID-19 has created a challenging backdrop, which has impacted Grit's business over the past six months, but we are continuing to take actions to ensure Grit remains financially robust with sufficient financial headroom and further strengthen its position to successfully navigate this period of economic uncertainty.

In line with the UK's Financial Conduct Authority temporary extended reporting timeframes allowing companies to fully assess the impact of COVID-19 on their businesses, Grit today publishes its delayed audited results for the year ended 30 June 2020. The robust July, August, September and October rent collection, which has averaged c.90%, leaves the Board increasingly confident in the Group's outlook. The Group continues, post balance sheet date, to make positive strides in its asset recycling initiatives and financing arrangements to ensure sufficient liquidity going forward and has further increased its covenant headroom through recent lifting of its lowest enforced debt covenants to 55%.

The Group continues to focus on delivering its investment strategy and growth opportunities that underpin the Company delivering attractive, secure and sustainable income and capital growth to our shareholders from our high-quality portfolio over the short and longer term."

FOR FURTHER INFORMATION, PLEASE CONTACT:

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The Company's LEI is: 21380084LCGHJRS8CN05

NOTES:

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

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

The Company currently holds a primary listing on the Main Market of the London Stock Exchange (LSE: GR1T), while its listing on the Official Market of the Stock Exchange of Mauritius Ltd is termed as a secondary listing (SEM: DEL.N0000).

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

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

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

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

Company secretary: Intercontinental Fund Services Limited

Registered office address: c/o Intercontinental Fund Services Limited, Level 5, Alexander House, 35 Cybercity, Ebène 72201, Mauritius

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

Sponsoring broker: Capital Markets Brokers Ltd

SEM authorised representative and sponsor: Perigeum Capital Ltd

UK Transfer secretary: Link Assets Services Limited

This notice is issued pursuant to the LSE Listing Rules, Article 19 of MAR, SEM Listing Rule 12.14 and Rule 5(1) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007. The Board accepts full responsibility for the accuracy of the information contained in this communication.

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

The Company will host a live webcast and conference call for investors and analysts on Tuesday 15 December 2020 at 13:00 Mauritius / 09:00am UK. The webcast and conference call require registration through contacting IR@grit.group to confirm attendance and can also be accessed directly at the following link: https://zoom.us/j/92639044803

CHAIRMAN'S STATEMENT

In a very challenging market, our Board and management team took decisive, proactive action to defend and grow our position and safeguard the business for the short and long term. People and economies across the world are coming to grips with the impact of COVID-19, and while the pandemic continues to test the resilience of the portfolio, the high and strengthening rent collection performance will continue to underpin the Group's focus on improving its financial strength.

The Board remains committed to reducing LTV levels over the medium-term to between 35%-40%, but now additionally has a near term focus of reducing its LTV to below 45%.

In conjunction, the health, safety and wellbeing of Grit's staff and their families, our tenants, communities, and wider stakeholders remains our top priority while the Group worked hard to contain and mitigate the effects of the pandemic.

The Group's high-quality assets have a weighted average lease expiry of 5.0 years, a weighted average contracted lease escalation of 2.8% per annum and are underpinned by a wide range of blue-chip multi-national tenants, across a variety of sectors, who account for over 90% (2019: 93.6%) of our contracted revenue. Grit's property portfolio comprises a total of 48 operating assets (including 24 properties held in Letlole La Rona ("**LLR**")) with rentals predominantly collected monthly, of which 89.1% are collected in US$, Euro or pegged currencies as well as 4 development assets (including land held for development, and 3 development assets held within our 19.98% investment in a property development company, Gateway Real Estate Africa).

The Group's portfolio, excluding the hospitality and retail sector assets, which now collectively represent approximately 51% of Grit's total proportionate share of investment property, to date remained largely unaffected by the pandemic.

In light of the effects of COVID-19, the Group will be ever prudent in its approach to new investment opportunities. The Company has extended the target execution dates on all of its announced pipeline opportunities and is assessing each one of these in the context of market conditions, funding options and return profiles whilst concurrently engaging with Development Funding Institutions who have expressed interest in funding certain of the Group's pipeline investments.

Grit's investment strategy is clearly defined, and even more so in today's terms, the Company will be selective in its approach to further growing the portfolio. The Company will focus on the asset classes that have proven to be resilient, and in particular, is excited about the prospects in the light industrial and logistics space, as well as sectors such as healthcare in Africa. Growth in target jurisdictions and select asset classes, on the strength of single tenanted, triple net hard currency leases, and backed by parent company and/or A-rated supporting guarantees will continue to be the Group's core focus.

The pandemic has, however, accelerated structural challenges in the retail sector. Although convenience centres, which typically have a higher proportion of rental income from grocery anchor tenants and essential services offering, have continued to trade well, the larger enclosed malls are under pressure and have experienced rising vacancies and tenant stress. We are now actively reducing our exposure to retail, which will include the recycling of assets and/or re-purposing or redeveloping these assets, where there are opportunities to do so.

In September 2020, the Group announced the partial disposal of AnfaPlace Mall, which now brings our retail exposures in line with our self-imposed medium term 25% sector exposure limit.

The Board remains confident of the credit quality of our hospitality tenant operators and the financial strength of their conglomerate owners and support from various governments' COVID-19 programmes. The Group does not assume any direct hospitality operating cost exposure as a result of our triple net lease structures with our hospitality operators and expects to collect 100% of the rents outstanding over the lease term.

Real estate investment trust ("**REIT**") promulgation across the African continent is expected to contribute to deepening the real estate markets in Grit's countries of operation. During the year under review, Grit announced its intention to establish an OPCI/REIT vehicle in Morocco and continues to investigate opportunities in Mauritius, Kenya and Ghana. These vehicles provide dedicated investment in real estate within a tax efficient structure, and with a deepening of local capital markets, are expected to attract more funds to the sector by providing both strong income generation access for local investors and also the potential for multi-year capitalisation rates compression in the sector. The Board remains very positive on the medium-term impacts of such regulation, and especially on Grit's ability to recycle its own assets and strengthen its position for future growth.

As the portfolio has reached a level of maturity, the Group's focus is increasingly shifting to acquisitions with expansion or redevelopment opportunities. We expect that the Group's risk mitigated pre-funding model will provide meaningful NAV growth over the medium term. We continue to evaluate the introduction of co-investment partners to projects while also advancing a number of alternate funding strategies.

In our endeavours to optimise the Company's access to capital markets and to save costs, the Company successfully delisted from the JSE in July 2020, migrating an overwhelming majority of its shareholders on the South African register to either the London Stock Exchange ("**LSE**") or the Stock Exchange of Mauritius Ltd ("**SEM**") (where the Company's listing is termed as a secondary listing), with the Company also converting to a Sterling quotation on the LSE. The Company aspires to the highest level of corporate governance and shortly expects to announce its intention to step up to the Premium listing segment of the Main Market of the LSE. The Board is seeking eligibility for FTSE All Share index series and a final element is redomiciling its corporate seat to Guernsey, which is expected to happen in early 2021 assuming the requisite shareholders' approvals are obtained at the forthcoming Annual General Meeting of shareholders.

Financial results

These are challenging and uncertain times, as demonstrated by the valuation declines across the property portfolio, which now comprises total income producing assets, inclusive of new acquisitions, of US$823.5m (FY19: US$825.2m) and a total return of -15.8%. Global Listed real estate funds with exposure to retail and hospitality have seen significant valuation write-downs, and Grit is no exception. NAV per share reduced by 19.4%, mainly as a result of the decrease in the value of the Group's retail and hospitality property assets, the impacts of movements in currencies against the US$, mark to market adjustments for interest rate swap contracts, and increased impairment charges.

The reduction in NAV has increased the Group's LTV to a level of 50.2%. As a precautionary measure, Grit continues to engage with all of its lenders on extending LTV and interest covenants as well as interest holidays on loans attached to properties impacted by the pandemic. The lowest applied Group LTV covenant has been lifted to 55%, providing further headroom.

Protection of the balance sheet and debt reduction have become a strong focus for the Group and will continue for the near term. The capital recycling programme is performing in line with expectations; the Group has disposed of minority interests in AnfaPlace and Acacia Estate and we are currently in advanced discussions on the sale of other non-core assets. The Board remains committed to reducing LTV levels through a combination of continued asset recycling, quasi-equity instruments issuance to Development Financial Institutions and various government support programmes, selected NAV accretive acquisitions (subject to market conditions and pre-approval of funding) and some respite from valuation uncertainties, predominantly across our hospitality and retail sector assets. Cost saving measures aimed at permanently eliminating US$3m of identified annual costs have been implemented over the last six months. The Board and executive management also waived a portion of their salaries in the financial year and staff across the organisation accepted a temporary 10% cut to compensation. Grit continues to pursue a medium-term LTV target of between 35%-40%, but now additionally has a near term focus to reduce LTV to below 45%.

The directors' have modelled both a 'base case' and a 'severe but plausible downside' of the Group's expected liquidity and covenant position for a going concern period of at least twelve months from the date of signing the annual report. While modelling in a number of the scenarios shows that the Group has adequate financing facilities and maintains its covenants throughout the going concern period, the inherent uncertainty in future property valuations is such that in the event that property valuations across the portfolio decrease more severely or quickly than anticipated as a result of the COVID-19 pandemic, then the Group may breach some individual property and, or, Group wide covenants. Further detail on the downside scenarios are reflected in the CFO's report, and although management have a number of mitigating actions available to them, an emphasis of matter relating to going concern is referenced in the external auditors' Independent Audit Opinion.

In light of recent events the Board has deliberated, at length, the current year dividend and considered the needs of its income and yield investors against the long-term protection of the Group's balance sheet. The Board has decided against recommending a final dividend for the financial year ended 30 June 2020 but is encouraged by current rent collection levels and cash trends and anticipates that dividend payments will resume in the financial year ending 30 June 2021.

Despite a number of these ongoing challenges, there are positive trends which are expected to position Grit favourably in the short and medium term.

- The strength of our contracts and transparent tenant relationships were underlined by the resumption of payments by the Group's Mauritian hospitality partners from August and September 2020.
- Footfall in our retail assets has shown steady improvement, and arrears balances have now stabilised and have started to improve.

Changes to the Board

It is with great sadness that we learned of the passing of a longstanding colleague and Senior Independent Non-Executive Director, Ian Macleod. On behalf of the Board, I extend our deepest condolences and sympathies to Ian's family and friends. We remain grateful for his significant and highly valued contribution to the Company over the past five years.

Post the reporting period, on 24 July 2020 Catherine McIlraith, an Independent Non-Executive Director ("**INED**"), was appointed as a member of the Nomination Committee. On 4 August 2020, she was also appointed as Chairman of the Remuneration Committee. She remains Chairman of the Audit, Risk and Social & Ethics Committees.

On 4 August 2020, David Love was appointed as Senior Independent Director and was also appointed as a member of the Investment Committee. David remains as a member of the Audit, Risk and Social & Ethics Committees.

On 17 September 2020, the Board appointed Mr Jonathan Crichton as an Independent Non-Executive Director and he was also appointed as a member of the Audit and Risk Committees. Mr Crichton has a wealth of global risk management experience acquired during a long and distinguished career with the HSBC Group in both Asia and Europe.

Following these appointments, the Board is satisfied with the composition of the various sub committees and the Board as a whole.

Climate change and sustainability

Natural events are demonstrating increasingly higher evidence of climate change. Buildings and their construction together account for 36% of global energy use and 39% of energy-related carbon dioxide emissions annually, according to the United Nations Environment Program.

With Africa rapidly urbanising, we are cognisant of our role in transforming the design of buildings and developments for long-term sustainability. I am therefore proud to report on the great strides made on sustainability initiatives, disclosure and the meaningful response within our businesses. Our sustainability efforts, under the guidance of the Eco Grit team, focus on energy efficiency and carbon reduction and the Group has committed to a five year target of a 25% reduction in carbon emissions and a 25% improvement in our building efficiency.

In addition to environmental responsibility, we pride ourselves on achieving in excess of 40% of women in leadership positions at Grit, and more than 65% localised employees, adding to the Group’s diversity.

Looking to the future

The Group has established a team of people who behave responsibly, work hard and are motivated by what they do. We invested time in our ‘Futureproof Grit’ programme and also recently conducted our annual staff survey. I am pleased to report the latter continues to show high levels of satisfaction with 96% of respondents saying they are proud to work for the Group. I would like to thank all our staff for a year of strong progress despite the numerous obstacles and for the tenacity they have collectively shown in the face of adversity. I would also like to extend our gratitude to the Johannesburg Stock Exchange for the years we were successfully listed there and to our investors and financiers who have continued to show strong support over a challenging past six moths

In addition to further reducing our debt and preserving liquidity, the Company will actively pursue listing on the Premium segment of the Main Market of the London Stock Exchange as well as redomiciling its corporate seat to Guernsey, which are expected to facilitate the Group's eligibility for inclusion in the FTSE UK Index Series. This is anticipated to significantly improve the liquidity in the Company's shares and further diversify the Company's shareholder base.

The pandemic continues to create a challenging backdrop especially for the retail and hospitality sectors, and the long-term impacts of COVID-19 are only just beginning to be felt. The Group is well positioned for a recovery in the economies where we operate and continues to focus on delivering its investment strategy and accretive growth opportunities that will help to further support the Company delivering attractive, secure and sustainable income and capital growth to our shareholders from our high-quality portfolio over the short and longer term.

Peter Todd
Chairman

CHIEF EXECUTIVE’S STATEMENT

Introduction

Against a challenging backdrop created by COVID-19, we remain focused on preserving the resilience and financial strength of the Group and continuing to further improve the high and strengthening rent collection performance, in order to weather the storm effectively and take advantage of future opportunities for the short and long term interests of our shareholders and wider stakeholders.

The health, safety and wellbeing of Grit's people and their families, our tenants and wider communities remains our top priority while we continue to work tirelessly to contain and mitigate the effects of the pandemic.

Our office, light industrial and corporate accommodation sector assets have remained relatively unaffected by the pandemic, and with Group rent collection continuing to improve, including robust July, August, September and October rent collection that has averaged c.90%, the Group is increasingly confident in its outlook. This increasing confidence is further reinforced by the recovery of the Euro post year-end, footfall showing steady improvement in our retail assets and arrears balances starting to improve. We continue to make positive strides in our asset recycling initiatives, and we have further increased our headroom through the recent lifting of the Group's lowest enforced debt covenants to 55%.

Impact of COVID-19

COVID-19 has resulted in a reassessment of many aspects of life including the way business is conducted across the globe. A redefinition of "normal" is at the forefront of business, and management teams have had to proactively embrace the ever-changing world and the opportunities that will present themselves.

Key to assessing COVID-19 impacts on the Group is to understand each specific area of operation and how the pandemic has impacted business practices, financial stability and direct operational activities within each one. Grit's geographic footprint has been far less affected by direct COVID-19 caseloads; and the broader African continent has a significantly lower death rates than Europe, Asia and North America. The continent has nevertheless borne the economic impacts felt worldwide and remains vulnerable to broader global economic developments associated with the pandemic.

Region	Total Cases	Total Deaths	Active cases	Cases per 1M	Deaths per 1M	Population
North America	16,210,177	409,274	5,858,932	27,427	692	591,026,612
Europe	17,317,424	396,067	9,530,638	23,157	530	747,819,967
Africa	2,188,089	52,096	282,218	1616	38	1,353,721,574
Grit's Countries of operation	**552,340**	**8,503**	**77,872**	**2,855**	**44**	**193,463,391**
As % of North America	3.4%	2.1%	1.3%	10.4%	6.3%	32.7%
As % of Europe	3.2%	2.1%	0.8%	12.3%	8.3%	25.9%

(source: https://www.worldometers.info/coronavirus/ … 1 December 2020)

Changing real estate trends as a result of the pandemic are not necessarily uniformly comparable across the globe. As "work from home" becomes the "new normal" in the developed markets, questions have been raised on the long-term impacts on specifically the demand for office space. Although influenced by the global trends, Africa has other contributing factors such as limited access to quality internet connection, security of corporate data and company assets which often influence real estate demands to a far greater extent. The "work from home" concept has neither been viable nor practical in many developing countries, which has been demonstrated by staff employed by our tenants in the Grit portfolio returning to their normal place of work post the government imposed lockdowns.

Challenges and opportunities

I am greatly encouraged by the response of my team across all levels, who delivered many significant achievements despite considerable challenges, including successfully adapting to working from home practices necessitated by lockdown protocols as well as managing a pan-African portfolio remotely.

With enforced lockdowns across the world, the core team has worked to further strengthen Grit for the long term, including the identification of further areas of growth that are attractive and defensive across the African continent.

Grit achieved notable success in rent and arrear balance collection, and in a challenging environment, reported notable new lettings activity up to 30 June 2020. In the year, leases over 96,654m^2 of GLA (representing 18.0% of total Group GLA) expired, of which c.89% has successfully been relet to the same or new tenants.

A summary of notable leases concluded during the financial year (presented on a 100% basis)

Property	Type	Tenant	Sector	Area m^2	Lease Term
Mukuba Mall	Renewal	Game	Retail	5,060	4.9
5th Avenue	Renewal	GC NET	Office	2,700	5.0
Vale Housing Estate	Replacement	Tsebo	Corporate Accom	3,600	3.0
Botswana LLR (1)	Renewal	Various	Botswana LLR	29,700	5.0
Commodity House Phase 2	New Deal	Exxon	Office	1,294	4.6
Mukuba Mall	Renewal	Pick and Pay	Retail	2,240	4.9

Mukuba Mall	Renewal	Shoprite	Retail	4,262	4.9
Anfa Place Shopping Mall	New Deal	Alpha 55	Retail	2,145	6.5
Bollore Logistics	Renewal	Bollore	Light Industrial	2,511	5.0
Mukuba Mall	Renewal	Mr Price	Retail	984	4.9
Total				**54,496**	**4.9**

The weighted average Group EPRA vacancy rate increased to 5.9% at 30 June 2020 (2019: 2.9%) and was mainly impacted by near term disruptions to the Group's retail assets, specifically in AnfaPlace Mall, where country wide Moroccan lockdowns resulted in delays to start dates of previously agreed tenancies and led to the termination of a number of existing leases. The vacancy rate at Anfa, which stood at 21.5% as at 30 June 2020, has continued to rise with the recent termination of a lease of 1,800 m^2 by H&M. The leasing team has made significant progress on filling vacant space and is currently concluding leases which are expected to bring the Mall's vacancies to under 20% by December 2020.

On 18 September 2020, the Company entered into a binding agreement, which has subsequently completed, for the disposal of a 39.5% interest in AnfaPlace Mall and has thereby reduced its retail sector exposure in-line with its self-imposed sector exposure limit target of 25%.

Mukuba Mall, which marked its five-year anniversary in March 2020, had lease expiries over 25,212m^2 of its total 28,236 m^2 GLA, inclusive of 1,510m^2 for Edcon group, which was terminated early. COVID-19 related challenges inclusive of travel restrictions have also resulted in renewal delays. As at 31 October 2020, 93.4% of expiring leases have been renewed or re-let and offers are in place for a further 3,497m^2 which will result in a vacancy rate in the Mall of under 1% by January 2021 should these be successfully concluded.

Collections have remained strong

Rent collections across the Group have remained strong since the onset of the pandemic and, despite the economic headwinds, collection trends have continued to improve in recent months with August, September and October collection rates averaging c.90% of contracted rental revenue.

Short term concessions, primarily in the retail segment, were agreed and have resulted in lost revenue of c.3.0% in the financial year end to 30 June 2020. Short-term payment deferrals of a further c.5.2% of Grit full year attributable contracted revenue were agreed driven primarily by the hospitality sector assets in Mauritius. These balances are predominantly now due over the period to 31 December 2021.

Successfully completed a number of acquisitions

During the year under review the Company concluded a number of significant transactions.

- In November 2019 the Group increased its stake in Letlole La Rona Limited (LLR) from 6.25% to 30.0% for an effective acquisition value of US$ 13.8m, providing Grit with increased exposure to predominantly industrial single tenanted assets in the strong and politically sound investment grade country of Botswana. The deal also unlocked a strategic partnership with the BDC as an institutional investor in Grit, as well as a potential strategic co-investor alongside Grit into direct real estate opportunities in the future.
- In December 2019, Grit completed the handover of corporate accommodation units in the Vale Housing Estate, Mozambique. The transaction is the Group's first example of a pre-funded development arrangement whereby, on the strength of a new 5-year US$ based lease to Vale, the Group participated in the economic value creation delivered by the turnkey development project.
- In January 2020, the Group completed the acquisition of the 4-trident Cap Skirring hotel from Club Med in Senegal, and in the process entered its eighth African jurisdiction. Club Med entered into a fixed 12-year Euro lease with Grit on the Cap Skirring transaction, strengthened by a parent company guarantee from the Club Med group in Paris.

Governance

The Group continues to implement a strong framework that allows it to uphold the highest levels of governance across the platform and various operations on the continent. Strong oversight and continuous training from both our Human Resources and Compliance departments equip our people with the requisite skills to deliver attractive, secure and sustainable income and capital growth over the short and longer term.

In April 2020, the CEO and Property Manager of LLR, the Botswana listed company in which Grit now owns a 30% interest, submitted claims under an LTIP scheme that had been implemented prior to Grit assuming its board seat. The LLR Board instigated an investigation which resulted in a disciplinary hearing, and ultimately led to the dismissal of the former LLR CEO on the 18th of September 2020. These actions were supported by Grit by virtue of its representation on the LLR Board.

Cost of debt further reduced

Total Interest-bearing borrowings increased by US$46.9m in the financial year to 30 June 2020, comprising funding for the Club Med Senegal asset, the additional VDE units and additional drawdown of working capital facilities. Cost of debt further reduced from a weighted average rate of 6.4% in the comparative year to 5.9% for the year under review. Several refinancing negotiations were successfully concluded, including replacing a number of the Mozambique loans with a cross-collateralisation programme with Standard Bank South Africa. The new US$140m facility resulted in a c.100bp drop in interest rates versus the replaced facilities. More recently, the Group has extended a US$15m bullet payment on an Investec Bank facility to February 2022, has extended maturities on several Group facilities and has secured an additional US$7m revolving credit facility from Nedbank. Further detailed commentary is contained in the CFO statement.

Seeking to improve liquidity in the Company's shares and to further diversify Grit's investor base

As reported on in the prior period, Grit is seeking eligibility to the UK FTSE Index series. The already implemented conversion to a Sterling quotation on the LSE and the recently published Annual General Meeting resolution seeking shareholder approval to redomicile its corporate seat to Guernsey are key elements of eligibility. Additionally, we expect to announce our intention to step up to the Premium listing segment of the Main Market of the LSE in due course.

These actions are expected to enable UK-oriented investors better access to Grit's shares, to support the Group's eligibility for inclusion in the FTSE UK Index Series, to significantly improve liquidity in the Company's shares and to further diversify Grit's investor base, all positioning the Group for growth in 2021.

Dividends will continue to be declared in US Dollars and the default currency for dividend payments will remain US Dollars. However, shareholders on the LSE will continue to have option of receiving dividend payments in GBP Sterling by making a dividend currency election.

We are thankful for the platform that the JSE has provided us during the past six years and are encouraged by the overwhelmingly positive vote of support from eligible shareholders for the delisting, with 99.81% voting in favour. Moreover, the vast majority of these shareholders have opted to retain their shares and move their holdings to either the London Stock Exchange or the Stock Exchange of Mauritius Limited.

The delisting was partially underwritten by Botswana Development Corporation and ZEP-RE (a regional African reinsurance company established by an agreement of the heads of state and governments of the Common Market for Eastern and Southern Africa "**COMESA**"), introducing new strong strategic shareholders to Grit.

COVID-19 Relief Fund and support

We remain cognisant of the plight of many staff families and local communities impacted by the COVID-19 pandemic and lockdowns. The pandemic has affected many of the poorer communities in Mauritius and Africa.

Grit created the Covid Relief Fund and through donations to the amount of approximately US$10,000 from Grit employees, partners, families and friends, distributed 600 food packs to families in need on the island.

Grit also made additional monetary donations of US$20,000 and US$73,000 for hand sanitisers and masks respectively to public servants and front-line service workers.

Post the reporting period, Grit along with preferred development partner Gateway Real Estate Africa, donated 55,000 masks to the Mauritius Diabetes Association. Mauritius currently ranks 7th in the world with 22% of the population being affected by Diabetes, therefore making those affected extremely vulnerable amidst COVID-19.

Prospects

The operating environment during the review period remained challenging, however, Grit's strategy of high-quality assets leased to very strong tenant covenants helped to ensure that Grit was resilient. We continue to concentrate on preserving the resilience and financial strength of the Company for the short and longer term with significant strategic progress made during the period.

Whilst we are maintaining an appropriately cautious stance in light of potential longer-term effects from COVID-19 on our tenants and the wider economy, we remain confident of our strategy to unlock superior total returns for investors in the medium to longer term.

With our expertise in African real estate, and our team's experience, knowledge, skill sets and relationships in various regions, we will continue to optimise assets and create value through proactive asset management and risk-mitigated pre-funding models to support NAV growth. In addition, we will continue to selectively pursue high-quality, diversified and yield accretive acquisition pipeline, supported by a strong tenant base and possible co-investment opportunities.

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

Bronwyn Corbett
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S STATEMENT

Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). In common with best practice in the sector, alternative performance measures have also been provided to supplement IFRS based on the recommendations of the European Public Real Estate Association ("**EPRA**"). EPRA Best Practice and Policy Recommendations ("**BPR**") have been adopted widely throughout this report and are used within the business when considering our operational performance. Full reconciliations between IFRS and EPRA figures are provided in note 11 below.

A challenging backdrop

As we continue to navigate the ever-changing environment, the Company is carefully monitoring the impact of COVID-19 on current operations and being watchful for future implications. The Group's geographical and sectoral diversification have provided a mitigated set of results, with the pandemic impacting the Retail and Hospitality sectors significantly, while the remaining sectors (Office, Corporate Accommodation and Light Industrial) experienced limited impacts on cashflows and valuations. The Group's cash collections as a percentage of contracted lease income have remained strong and have improved post year end in July, August and September to c.90% collection rate.

Although the portfolio has performed with a good level of resilience, the broader economic climate and high levels of uncertainty, particularly around property valuations, have resulted in significant charges to the comprehensive income during the year, primarily in fair value adjustments in investment property.

Key movements in Comprehensive Income (six months to 30 June 2020)

	US$ 'm
Property valuations	62.1
Impairment of financial assets and provisions	3.5
Mark to Market charges on interest rate swap contracts	4.2
TOTAL NON-CASH ITEMS	**69.8**
Rental Concessions	2.0
TOTAL	**71.8**

Property valuation

Inclusive of both direct property values and properties held in associates and joint ventures, the combined impact on valuation by sector is listed below:

Sector	**Loss on translation of functional currency**	**Fair value adjustments on Investment Property**	**Fair value adjustment included in Share of Profits from Associates**	**Like for Like Valuation Movements between 31 December 2019 and 30 June 2020**	
	US$ 'm	**US$ 'm**	**US$ 'm**	**US$ 'm**	**%**
Retail	(3.7)	(36.3)	(6.0)	(46.0)	(17.6%)
Hospitality	1.1	(5.4)	(3.9)	(8.1)	(4.8%)
Office	(1.4)	(0.3)	(2.1)	(3.7)	(1.8%)
Corporate Accommodation	-	(2.1)	-	(2.1)	(1.5%)
LLR	(2.1)	-	0.8	(1.3)	(5.3%)
Light Industrial	-	(0.9)	-	(0.9)	(3.3%)
	(6.0)	**(45.0)**	**(11.1)**	**(62.1)**	**(7.5%)**

Disclosed in:					
Fair value adjustments	-	(45.0)	-	(45.0)	(7.3%)
Share of profits in associates	-	-	(11.1)	(11.1)	(5.3%)
Loss on translation of functional Currency	(6.0)	-	-	(6.0)	(1.8%)
	(6.0)	**(45.0)**	**(11.1)**	**(62.1)**	**(7.5%)**

Impairment of financial assets and provisions

Consistent with COVID-19 related uncertainty being priced into the share prices of the listed real estate peer group, Grit's share price has been heavily impacted, and has traded to unprecedented levels of discount to Net Asset Value. As a result of the movement in the share price, the Group has made increased provisions against potential future losses in the financial year resulting in a reported provision balance of US$4.5m at 30 June 2020 for the Drive in Trading CRO (the guaranteed loan is underpinned by Grit's shares).

Mark to Market charges on interest rate swap contracts

As the global economy reacted to the challenges presented by COVID-19, governments across the world provided support to their respective economies by significantly dropping interest rates. As a result, Grit has seen US$ Libor rates decrease from c.2.48% at 30 June 2019, to 0.31% at 30 June 2020. Although this reduced cost of funding is positive to the group's cashflows, it has resulted in a material non-cash charge to comprehensive income as a result of the fair value adjustments of the interest rate swap contracts. The total charge for the year amounted to US$4.0m.

Rental Concessions and deferments

With the onset of COVID-19, and the resultant lockdowns, the Group was forced to make concessions to tenants. Although some of the concessions provided were as a result of local laws, the Group also provided support to tenants where necessary to protect the long-term viability of the tenants, specifically in the retail sector.

- Morocco
  The Moroccan Government instituted a state of emergency and nationwide lock down from 18 March 2020 to 25 June 2020. As a result, Grit was prohibited from charging rentals to tenants who were unable to trade over the period. The total rental concessions provided amounted to US$1.6m and rental of US$0.5m was deferred until such time as concession agreements had been signed.

  The predominant challenge faced in Anfa Place Shopping Mall (the Group's only Moroccan asset) was the ability to let the 21.8% vacancies which were created following the reopening of the Mall late in 2019. Although there has been significant interest in the available space, tenants are reluctant to commit to leases without clear line of sight of the recovery from the difficult trading conditions posed by the pandemic. However, the promising footfall and trading density statistics achieved despite COVID-19 challenges are expected to allow the leasing team to conclude new leasing transactions in the near future. The Group has reforecast the vacancy take up to be over an 18 month period, from the previous expectation of 6 to 9 months.

- Zambia
  Although the lockdown in Zambia was less severe than those experienced in the rest of the world, retailers faced significant headwinds over and above the limitation to trading. Significant delays in the import of goods (due to closure of the borders) as well as the 28% devaluation in the local Kwacha (from 14.15:$1 in January 2020 to 18.16:$1 in June 2020) resulted in difficult trading conditions. In addition, Mukuba Mall marked its 5th year of trading on 31 March 2020, which also marked the expiry of a 25,212m^2 of GLA (out of 28,236m^2 of total GLA). The leasing team has successfully renegotiated leases of 23,728m^2 to date.

  The single biggest impact suffered by the Zambian portfolio was the failure of the Edcon Group during the COVID-19 period. In total, Grit's proportionate exposure to the Edcon Group in Zambia amounted to 3,979m^2 of GLA. The ability to replace Edcon's tenancies has been severely impacted by the pandemic, and although there is significant interest in the vacant GLA, prospective tenants are awaiting better visibility of the COVID-19 pandemic, while other new prospective tenants have been unable to visit the sites due to COVID-19 travel restrictions.

  Total rental concessions provided over the period amounted to US$128k.

- Senegal
  The closure of the Senegal borders and restrictions on air traffic has resulted in Grit providing Club Med with a rental deferment from 1 April to 31 December 2020. The planned expansion of the resort has been delayed, with only the initial phase amounting to construction spend of EUR2.2m going ahead in the near term.

  Total rental deferments provided over the period amounted to US$309k.

- Mauritius

The proactive approach to COVID-19 by the Mauritian government has provided a balanced level of risk for tenants and landlords. Although the virus has been successfully contained, the 100% drop in tourist arrivals from March 2020 has placed significant pressure on the tourism sector over the COVID-19 period.

The Mauritian government has provided significant support to the local economy, and specifically the tourism sector, through namely:

- Covid Bill: The Covid Bill provided tenants with the ability to defer all rental payments to landlords from April 2020 to August 2020, while at the same time ensuring that tenants would not cancel leases due to inability to service rentals. The tenants are bound by law to repay any rental deferments by no later than 31 December 2021;
- Wage Subsidy Scheme: The Mauritian government instituted a wage subsidy to assist operators in paying their work force. All salaries up to MUR25,000 per month in the Tourism Sector are paid for by government until the end of the December 2020. The full amount is to be repaid to government only to the extent that the operators have taxable income in the next financial year;
- Waiver of land leases: As all hotels are on leasehold properties, the Government of Mauritius has waived all the land lease charges for 12 to 24 months;
- Cashflow support through the Mauritius Investment Corporation ("**MIC**"): In May 2020, the Government of Mauritius announced a support program for an amount of US$1.5bn. The support program is run under the control of the central bank in a new vehicle called the Mauritius Investment Corporation. The cashflow support is provided to qualifying companies by means of a bond over a period of up to 8 years at preferential interest rates. The bonds are convertible to equity at the end of the term should they not be redeemed. Key terms of the MIC program include the requirement to make (inter alia) rental payments and not to alter the terms of material contracts, thus providing significant comfort to landlords of the successful applicants.

At the time of writing, Lux Island Resorts have announced their successful application to the MIC and are awaiting shareholder approval for the transaction. New Mauritius Hotels (the owner/operator of the Beachcomber brand) are awaiting final approval for their application.

For the period, Grit has provided rental deferments amounting to US$2.2m to the Mauritian tenants and has not provided any rental concessions.

- Mozambique

Mozambique COVID-19 cases are relatively low and there has been no nationwide lockdown imposed. Closure of the borders has, however, provided challenges for the multitude of foreign nationals living and working in Mozambique in support of the Oil and Gas exploration and construction projects. The long-term leases and underlying strength of lease counterparts has resulted in limited impact to the cash collection and leasing activities in Mozambique. Outside the two retail assets in Mozambique, the portfolio has performed well.

The exposure to the Edcon Group in Mozambique was limited to 917m^2 of GLA, which has subsequently been relet.

Total lease concessions amounting to US$45k have been provided to tenants in Mozambique, while rental deferments of US$69k have been provided.

- Kenya

With only a small exposure to retail in Kenya and the predominant asset being the Imperial Health Services warehouse in Nairobi, there has been minimal impact from COVID-19 from the Kenyan portfolio.

Total lease concessions amounting to US$17k have been provided to tenants in Kenya, while rental deferments of US$118k have been provided.

- Ghana

Grit's only asset class in Ghana is the Office segment. The Group provided concessions to Tullow Oil in order to reduce their operating costs by providing a discount of US$109k on their annual lease payment which was made 12 months in advance.

The ability to fill vacancies in the Office sector will remain difficult post the COVID-19 period.

Treasury

Net debt

The Group raised net debt of US$45.4m in 2020 through refinancing and settling of existing facilities and new debt acquired. As financing is integral to our business model, the Group has continued to develop strong relationships with financiers. The multi-bank approach adopted by Grit has continued, with the main banking partners being Standard Bank, Bank of China and State Bank of Mauritius ("**SBM**"). Post the year ending 30 June 2020, the Group added a new banking partner in Nedbank from South Africa to its list of financiers.

The total capital exposure to debt providers (net of interest accrued and unamortised loan issue costs) is as follows:

	as at 30 June 2020		as at 30 June 2019	
Lender	**US$'000**	**%**	**US$'000**	**%**
Standard Bank Group	169,730	43%	127,928	37%
Bank of China	84,960	22%	98,260	28%
State Bank of Mauritius	60,483	15%	50,337	14%
Investec Group	46,127	12%	45,483	13%
ABSA Group	16,081	4%	16,174	5%
ABC Banking Corporation	8,500	2%	-	0%
Maubank	6,876	2%	7,724	2%
Bank Unico	-	0%	2,658	1%
TOTAL BANK DEBT	**392,757**	**100%**	**348,564**	**100%**

The total movement in debt for the year comprised:

Finance institution	**Borrower**	**Facility Amount**	**US$'000**
Total loans in issue as at 1 July 2019			**348,564**
Debt settled during the year			
Standard Bank Mozambique	S&C Immobiliaria Limitada	US$10.4m	(10,451)
Standard Bank South Africa	Sal Investments Holdings Limited	US$12.0m	(12,000)
Standard Bank South Africa	Commotor Limitada	US$38.0m	(38,000)
Standard Bank South Africa	Cognis 1 Limitada	US$28.0m	(27,239)
Standard Bank (Mauritius) Limited	Transformers Holdings Limited	US$11.7m	(10,110)
Bank of China	Gerania Limited	US$13.3m	(13,300)
State Bank of Mauritius	Grit Real Estate Income Group Limited	RCF $20.0m	(11,115)
Investec Mauritius	Grit Real Estate Income Group Limited	US$0.5m	(47)
Bank Unico of Mozambique	Zimpeto Immobiliaria Limitada	MZN182.7m	(2,658)
Total Debt settled during the period			**(124,920)**
New debt facilities during the period			
State Bank of Mauritius	Grit Real Estate Income Group Limited	Equity Bridge US$20.0m	20,000
State Bank of Mauritius	Grit Real Estate Income Group Limited	RCF Mur 72m	1,778
Standard Bank South Africa	Commotor Limitada	US$140.0m	140,000
ABC Banking Corporation	Grit Services Limited	Equity bridge US$ 8.5m	8,500
Total new facilities obtained during the period			**170,278**
Foreign currency translation differences			**(1,165)**
Total loans in issue as at 30 June 2020			**392,757**

The Group's loan-to-value ("**LTV**") has increased to 50.2% at 30 June 2020 (2019: 43.1%). Cost of debt further reduced from a weighted average rate of 6.4% in the comparative year to 5.9% for the year under review.

The Group currently has fixed interest rates equivalent to 44.5% of the total underlying debt as at 30 June 2020 (2019: 9.5%).

The mark to market adjustments in interest rate swap and collar interest hedging contracts are as follows:

Derivative	**Swap Rate**	**Floor Rate**	**Cap Rate**	**Effective date**	**Expiry Date**	**Libor at Inception**	**Mark to Market as at 31 December 2019 US$'000**	**Mark to Market as at 30 June 2020 US$'000**
SWAP	1.58%	-	-	16-Oct-19	16-Oct-23	2.01%	65	(907)

Collar 1	-	1.50%	1.75%	25-Oct-19	16-Oct-23	1.94%	26	(1,706)
Collar 2	-	1.30%	1.85%	25-Nov-19	16-Oct-23	1.91%	36	(1,430)
							127	**(4,043)**

The debt expiry profile at 30 June 2020 has been rescheduled as a result of the post balance sheet movements described below:

Financial Period	as at 30 June 2020 US$'000	as at 31 October 2020 US$'000	Movement US$'000
Sep-20	11	-	(11)
Oct-20	17,482	-	(17,482)
Dec-20	11	2,517	2,506
Mar-21	30,953	1,226	(29,727)
May-21	348	348	-
Jun-21	1,225	1,226	1
HY1 - 2022	23,861	3,853	(20,008)
HY2 - 2022	138,620	183,349	44,729
HY1 - 2023	24,631	44,343	19,712
HY2 - 2023	7,489	7,776	287
HY1 - 2024	148,126	148,119	(7)
Total	**392,757**	**392,757**	**-**

Post year end, the following debt transactions occurred:

- The Group LTV covenant imposed by Standard Bank South Africa and Absa Bank South Africa has been increased from 53% to 55% for a period 18 months to provide additional headroom during the COVID-19 period.
- The Group secured a revolving credit facility from Nedbank South Africa to the value of US$7.0m and it bears interest at Libor plus 7.5%, the facility amount will reduce to US$5.0m in August 2021 and expiries in August 2022. On 10 November 2020 the facility was amended to extend US$5m by a further 12 months to improve the Group's liquidity position at an increased interest rate of 8.4%.
- The Group secured an extension of a capital payment of US$15.0m from October 2020 to February 2022.
- The MUR72m SBM facility has been extended from October to 31 December 2020.
- The US$20m SBM facility has been extended from 31 October 2021 by a further 12 months to 31 October 2022.
- The EUR26.5m RCF held with Standard Bank South Africa have also been extended from the current maturity date to 30 June 2022.

Share issue

Post year end, the Group has additionally obtained a commitment for the issuance of ordinary shares up to the value of US$10m from an existing shareholder to be satisfied prior to 28 December 2020.

FINANCE REVIEW

Net asset value

EPRA NAV per share decreased by 19.4% from US$147.1 cps to US$118.6 cps. The reduction was mainly driven by the decrease in the value of the Group's property assets, specifically in the retail and hospitality sectors, the impacts of movements in currencies against the US$, mark to market adjustments for interest rate swap contracts, increased impairment charges and provisions associated with the Drive-In-Trading ("**DIT**") facility guarantee.

Property portfolio

Inclusive of both direct property values and properties held in associates and joint ventures, the portfolio experienced a 7.9% like-for-like drop in values over the course of the financial year to 30 June 2020, with the largest impact being experienced in the second half of the financial year and predominantly impacted by net operating income movement and upward risk adjustments in discount and capitalisation rates. This fall in portfolio value was substantially offset by a number of acquisitions and capex projects completed during the financial year, which most notably included the

AnfaPlace Mall redevelopment, the increased VDE units, the LLR acquisition and the Club Med Cap Skirring acquisition in Senegal.

The value of our property portfolio increased to US$780.6m as at 30 June 2020 from US$769.1m in 2019.

COMPOSITION OF INCOME PRODUCING ASSETS	**2020 US$'m**	**2019 US$'m**
Investment properties	577.2	576.9
Deposits paid on investment properties	4.5	8.5
Investment property included within 'Investment in associates'	193.9	183.8
Properties under development within 'Investment in associates'	5.0	-
	780.6	**769.1**
Other investments, PPE, Intangibles & related party loans	42.9	56.1
TOTAL INCOME PRODUCING ASSETS	**823.5**	**825.2**

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

Reduced property valuations were predominantly impacted by net operating income movement and upward movement in discount and capitalisation rates in the hospitality and retail sectors. The balance of the portfolio, consisting of corporate offices, corporate accommodation and light industrial assets performed well, highlighting the continued importance of a diversified portfolio, both in terms of geography and asset class.

A summary of the portfolio valuations is presented below:

Investment Properties summary

		Audited for the year ended 30 June 2020	**for the year ended 30 June 2020**		**Audited for the year ended 30 June 2019**		
		Closing Balance US$'000	**Balance net of revaluation movements and excluding additions US$'000**	**Acquisitions & Capex additions US$'000**	**Closing Balance US$'000**	**Like for Like**	**Total**
Accommodation	Mozambique	138,194	121,518	16,676	115,700	5.0%	19.4%
Accommodation	Botswana	1,221	(69)	1,290	-	(5.3%)	100.0%
Accommodation		*139,415*	*121,449*	*17,966*	*115,700*	*5.0%*	*20.5%*
Hospitality	Mauritius	144,800	144,800	-	152,836	(5.3%)	(5.3%)
Hospitality	Senegal	17,479	(1,420)	18,899	-	(7.5%)	100.0%
Hospitality	Botswana	193	(11)	204	-	(5.3%)	100.0%
Hospitality		*162,472*	*143,370*	*19,102*	*152,836*	*(6.2%)*	*6.3%*
Light industrial	Kenya	24,440	24,440	-	23,450	4.2%	4.2%
Light industrial	Botswana	15,536	(875)	16,411	-	(5.3%)	100.0%
Light industrial	Mozambique	5,795	5,683	112	6,800	(16.4%)	(14.8%)
Light industrial		*45,771*	*29,248*	*16,523*	*30,250*	*(3.3%)*	*51.3%*
Office	Mozambique	138,213	137,623	590	132,337	4.0%	4.4%
Office	Ghana	47,340	47,484	(144)	51,824	(8.4%)	(8.7%)
Office	Mauritius	13,825	13,776	49	14,312	(3.7%)	(3.4%)
Office	Botswana	1,316	(74)	1,390	-	(5.3%)	100.0%
Office		*200,694*	*198,809*	*1,885*	*198,473*	*0.2%*	*1.1%*
Retail	Zambia	96,163	96,163	-	118,750	(19.0%)	(19.0%)

Retail	Morocco	89,363	80,314	9,049	106,145	(24.3%)	(15.8%)
Retail	Mozambique	25,839	25,192	647	33,032	(23.7%)	(21.8%)
Retail	Kenya	6,395	6,395	-	5,449	17.4%	17.4%
Retail	Botswana	4,957	(279)	5,236	-	(5.3%)	100.0%
Retail		*222,717*	*207,785*	*14,932*	*263,376*	*(21.1%)*	*(15.4%)*
TOTAL		**771,069**	**700,660**	**70,409**	**760,635**	**(7.9%)**	**1.4%**
Properties held in Subsidiaries		577,222	531,344	45,878[1]	576,856	(7.9%)	0.1%
Properties held in Joint Ventures and Associates		193,847	169,316	24,531	183,779	(7.9%)	5.5%

[1] Includes US$18,848 acquisition of investment properties and US$27,030 other capital expenditure and construction contained in note 2

Further notes on significant acquisitions and additions contained above:

- Retail: US$9.0m capital expenditure was spent on Anfa Place Mall. The reduction in the fair value of Anfa Place Mall was driven by an increased discount rate and capitalisation rate for the ongoing vacancies and risk provision made on the retail sector coupled with lower cashflows due to COVID-19 concessions made as well as foreign currency translation differences.

- Accommodation: The capital expenditure spent on Vale Housing Compound was US$16.7m with the remainder being an increase in fair value.

- Hospitality: Club Med Cap Skirring in Senegal, through the acquisition of 100% of the equity of Société Immobiliére et de Gestion Hôteliére du cap Skirring for EUR16.2m in total.

Dividend

Dividends per share declared for the year ended 30 June 2020 amounted to US$5.25cps (2019: US$12.20 cps), comprising the interim dividend declared in February 2020. The Board has decided against declaring a final dividend for the year ended 30 June 2020 but expects to resume dividend payments in the current financial year once it has greater clarity on the economic outlook and impact from the pandemic on the Group's LTV movements.

Income statement

Notwithstanding rental concessions granted, gross rental income increased to US$48.0m from US$43.6m in 2019. This increase is as a result of annual contractual lease escalations and as a result of asset acquisitions in the period.

	Audited for the year ended 30 June 2020 US$'000	**Audited for the year ended 30 June 2019 US$'000**	
Contractual rental income	38,798	36,921	5.1%
Retail parking income	1,567	1,532	2.3%
Other rental income (lease incentives)	2,240	-	100.0%
Recoverable property expenses	5,349	5,105	4.8%
Gross rental income	**47,954**	**43,558**	**10.1%**

Short term concessions, primarily in the retail segment, were agreed and have resulted in lost revenue of c.3.0% in the financial year end to 30 June 2020. Short-term payment deferrals of a further c.5.2% of Grit full year attributable contracted revenue were agreed driven primarily by the hospitality sector assets in Mauritius. These balances are predominantly now due over the period to 31 December 2021. Although the Group has provided for additional concessions, it is not expected to be as severe an impact to revenue in the financial year to June 2021.

Property operating costs have remained broadly flat year over year at US$10.5m (2019: US$10.4m), which including a significant increase in provision for bad debts of US$1.2m (2019: US$0.5m) which has been compensated by the impacts of the Group's identified cost control programme which came have been initiated from March 2020. Property operating costs as a percentage of revenue has dropped to 21.7% from 24.4% in 2019 which, along with the impact of acquisitions, contributed to the strong 27.0% growth in profit from operations.

Group administrative expenses increased to US$20.1m from US$15.3m in 2019, the additional costs are mainly attributable to corporate structuring and acquisition costs of US$3.9m compared to US$1.3m in 2019 (including delisting from the JSE and preparation costs for the step up to Premium listing on the LSE). The Group is committed to proactively managing the cost base and over the last six months implemented permanent elimination of US$3m of identified annual costs.

Share of profits from associates was reduced from US$20.6m in 2019 to US$6.7m in the current financial year. The decrease was attributable to the fair value loss in investment properties held within associates and joint ventures of US$7.0m (2019: fair value gain of US$6.9m).

The Group's profit for the period was heavily impacted by the decrease in valuations of the properties, impairments and provisions of US$15.1m (2019: US$1.6m) and mark to market adjustments of the interest rate swap contracts of US$4.0m (2019: nil) which resulted in a loss attributable to shareholders of US$63.1m as compared to a profit of US$28.0m in 2019.

Adjusted EPRA earnings for 2020, which removes the impact of non-cash items such as fair value movements, deferred tax, straight lining of leases and unrealised foreign currency translation impacts from the loss for the year attributable to shareholders, equated to US$27.3m, which is a 5.0% decrease from US$28.7m in 2019.

EPRA EARNINGS	**Unaudited 30 June 2020 US$'000**	**Unaudited 30 June 2019 US$'000**
Basic (losses)/earnings per above	(67,248)	26,070
Add Back:		
Fair value adjustment on investment properties	44,523	(15,637)
Fair value adjustments included under income from associates	6,962	(6,921)
ECL Provision	3,090	5
Fair value adjustment on other investments	(644)	795
Fair value adjustment on other financial asset	4,224	516
Fair value adjustment on derivative financial instruments	3,961	6
Deferred tax in relation to the above	8,624	14,636
Acquisition costs not capitalised	3,905	1,328
Non-controlling interest included in basic earnings	4,133	1,965
EPRA EARNINGS	**11,530**	**22,763**
EPRA EARNINGS PER SHARE (DILUTED) (cents per share)	**3.82**	**7.87**
Company specific adjustments		
Unrealised foreign exchange gains or losses (non-cash)	4,983	5,162
Straight-line leasing (non-cash rental)	1,709	824
Amortisation of Right of use of land (non-cash)	32	29
Impairment of loan	6,893	1,051
Deferred tax in relation to the above	2,110	(1,136)
Total Company Specific adjustments	**15,727**	**5,930**
ADJUSTED EPRA EARNINGS	**27,257**	**28,693**

Total distributable earnings decreased 17.1% to US$28.7m compared to US$34.7m in 2019.

Drive in Trading guarantee update

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

The PIC's Investment Committee has recently approved, subject to documentation, a formalisation of a revised US$ lending facility to DIT on the following terms:

- Duration: Initial two-year facility with an option to extend for a further three years
- Interest rate: 9% per annum (increased from the current 5.85%)
- A requirement for Grit to fully guarantee / remedy any shortfall in interest payment obligations
- Guarantee agreement between Grit and the PIC to remain in place for the duration of the loan.

The Board and PIC continue to engage on this aspect and expect to finalise details on this shortly.

Should the transaction be concluded, it would be subject to an independent fairness opinion and considered under Grit's related party policy as a result of PIC's shareholding in Grit of 26.75%. The DIT guarantee provision is currently accounted for under "Other Financial liabilities", and at 30 June 2020 had a fair value of US$4.5m (31 December 2019: US$1.1m).

Contingent liability of associate - Letlole La Rona Limited ("LLR")

On 11 December 2019, the LLR Board signed a five year executive Long Term Incentive Plan ("**LTIP**") for three beneficiaries, being the former LLR Chief Executive Officer ("**CEO**"), The LLR Chief Financial Officer ("**CFO**") and the LLR Property Manager.

On 28 April 2020, the LLR CEO and the LLR Property Manager submitted a claim for the sum of 14,948,368.29 Botswana Pula and 7,474,184 Botswana Pula respectively to the LLR Board claiming that the LTIP had vested.

The LLR Board instigated an investigation which resulted in a disciplinary hearing and ultimately led to the dismissal of the former LLR CEO on 18 September 2020 and fraud charges being laid against the former LLR CEO. The matter is currently with the Courts, and the attorneys of LLR are confident in defending the case.

The Grit Group's 30% holding in the claim is US$0.4m and US$0.2m respectively.

Going Concern

The directors are required to consider an assessment of the Company's and Group's ability to continue as a going concern when producing the financial statements. As such they have modelled a 'base case' and a 'severe but plausible downside' of the Company's and Group's expected liquidity and covenant position for a going concern period of at least twelve months from the date of signing the annual report. The process involved a thorough review of the Company's and Group's risk register, an analysis of the trading information both pre and post year end, extensive discussions with the independent property valuers, a review of the operational indicators within the Group and economic data available in the countries of operations. In addition, the Company have conducted a number of reverse stress tests on property valuations to determine levels at which financial covenants could come under pressure and have assessed the likelihood of the underlying break point assumptions being triggered. All of this has been done in the context of what has occurred through the COVID-19 pandemic, previous experience of African real estate valuations and best estimates of expectations in the future.

The base case reflects management's best expectations of the position going forward. It was modelled on board approved forecasts over the relevant period and assumes the execution of a legally enforceable contract permitting Grit to issue shares of a value up to US$10m to an existing shareholder to be satisfied prior to 28 December 2020. The base case scenario also includes the Company's financial projections including:

1. Modelling of the Company's contractual lease contracts, which at 30 June 2020 had a weighted average lease expiry of 5.0 years, and associated contractual lease escalations which equate to 2.8% per annum on a weighted average across the portfolio. The Group's revenue was adjusted for tenant support already provided as a result of COVID-19.
2. Expected take up of vacant space through the ordinary letting activities of the Group and current leasing negotiations.
3. Contractual maturity of debt facilities, which at 30 June 2020 had a weighted average maturity profile of 2.4 years and associated weighted average cost of debt of 5.9%; and
4. Drive in Trading – Assumed that the CRO guarantee is called up immediately, followed by a 12-month period of the security being executed.

Notwithstanding the material uncertainty detailed below, taking into account the results of the analysis and the various mitigating action available to the Company and the Group, the Board has concluded that it is appropriate to prepare the financial statements on the going concern basis.

Two scenarios of the severe but plausible downside were modelled.

A summary of the key assumptions made in the first severe but plausible scenario, which the Directors consider a reasonable worst-case scenario, are as follows:

1. Reduced revenue as a result of potential rental concessions provided to a range of tenants, particularly in the retail and hospitality sectors, and extended assumptions on vacancy take up:
    - A delay in vacancy take up of 12 months for all vacant space;
    - Additional rental concessions of 30% on all non-essential services tenants in the retail sector; and

- Average rental concessions and deferments of approximately 35% across the hospitality sector.

2. Cumulative decline in property valuations of:
   - 30% peak to trough (December 2019 to June 2022) declines on all retail assets;
   - 30% Peak to trough (December 2019 to June 2022) valuation declines on hospitality assets in Mauritius where government support is pending, and declines of 15% on hospitality assets in Mauritius where government support has been obtained and on the hospitality assets in Senegal; and
   - 5% decline in valuations of light industrial assets from June 2020 to June 2022,
   - 5% decline in valuations of corporate accommodation assets from June 2020 to June 2022,
   - Weighted average decline of 6.7% in valuations of office sector assets from June 2020 to June 2022

3. Exchange Rates:
   - A 10% weakening of the Euro against the US Dollar over the next 12 months; and
   - A weakening of local African currencies against the US Dollar ranging from 12% (in the case of the Mauritian Rupee) to 47% (in the case of the Zambian Kwacha) over the analysis period.

4. Facilities and Finance costs:
   - All non-committed debt facilities (i.e. overdraft facilities or other facilities where the financier has the right to unilaterally amend the terms of the agreement) are assumed to be repaid with 1 months' notice.
   - An increased cost of funding ranging from 0.25% (in the case of all Mauritian financiers) up to 4% (in the case of Kenyan financiers).

5. Dividends:
   - Cash dividends are significantly reduced / stopped over the going concern period to maintain liquidity as a result of the assumptions above

The Company's and Group's external valuers inserted a COVID-19 material uncertainty clause which has introduced further inherent uncertainty to future property valuations. As a result, the Directors have modelled an even more severe but plausible downside taking account of this additional COVID-19 uncertainty. Specifically, this scenario increased the cumulative decline in property valuations by an additional 10% over the first severe but plausible scenario from the peak to trough over the going concern period and result in cumulative decline in property valuations of:

- Peak to trough (December 2019 to June 2022) declines of 38% on all retail assets;
- Peak to trough (December 2019 to June 2022) valuation declines of between 23% to 37% on hospitality assets, dependent on the level of government support obtained by the respective tenants; and
- 12% - 14% decline in valuations of light industrial assets, corporate accommodation and office sector assets from June 2020 to June 2022.

Under these severe but plausible assumptions, and even after taking mitigating actions such as stopping cash dividends, the Company and Group may be in breach of some individual property and, or, Group wide covenants and would require the Directors to negotiate a waiver with its lenders and, or, pay down debt through either existing or new currently uncommitted facilities to avoid borrowings becoming payable immediately.

While the base case and first severe but plausible models show that the Company and Group have adequate financing facilities and maintains its covenants throughout the going concern period, the inherent uncertainty in future property valuations as a result of the COVID-19 pandemic are such that, in the event that property valuations across the portfolio decrease more severely or quickly than expected, as in the second scenario, then it may indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and are referenced in the external auditors' Independent Audit Opinion. The Company and Group financial statements do not include the adjustments that would result if they were unable to continue as a going concern

Leon van de Moortele
Chief Financial Officer

14 December 2020

PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal risks of the business are set out in the 2020 Annual Report alongside their potential impact and related mitigations. These risks fall into the following categories: strategy\external; information technology; people and culture and operational.

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

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable IFRSs as issued by the IASB have been followed, subject to any material departures disclosed and explained in the financial statements; and
- making judgements and accounting estimates that are reasonable and prudent.

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

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

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

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

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

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

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

The annual financial statements of the Company have been approved by the Board on 14 December 2020. Each of the Directors confirms that to the best of their knowledge that the Group financial statements, which have been prepared in accordance with IFRSs, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

On behalf of the Board

Bronwyn Corbett
Chief Executive Officer

Leon van de Moortele
Chief Financial Officer

ABRIDGED CONSOLIDATED STATEMENT OF INCOME

	Audited for the year ended 30 June 2020	Audited for the year ended 30 June 2019

	Notes	US$'000	US$'000
Gross rental income		47,954	43,558
Straight-line rental income accrual		580	(824)
Revenue		**48,534**	**42,734**
Property operating expenses		(10,533)	(10,416)
Net property income		**38,001**	**32,318**
Other income		4,132	274
Administrative expenses (including corporate structuring costs)		(20,131)	(15,271)
Profit from operations		**22,002**	**17,321**
Fair value adjustment on investment properties		(44,523)	15,637
Contractual receipts from vendors of investment properties	2	3,305	5,726
Total fair value adjustment on investment properties		(41,218)	21,363
Fair value adjustment on other investments		591	(795)
Fair value adjustment on other financial liability		(4,224)	(516)
Fair value adjustment on derivative financial instruments		(3,961)	(6)
Share-based payment expense		(109)	(156)
Share of profits from associates and joint ventures	3	6,698	20,553
Impairment of loans and other receivables		(6,883)	(1,051)
Net impairment on financial assets		(3,085)	(5)
Gain from bargain purchase on associates		178	-
Foreign currency losses		(2,933)	(1,395)
(Loss) / profit before interest and taxation		**(32,944)**	**55,313**
Interest income		4,752	7,896
Finance costs		(25,674)	(23,722)
(Loss) / profit for the year before taxation		**(53,866)**	**39,487**
Taxation	7	(13,382)	(13,417)
(Loss) / profit for the year after taxation		**(67,248)**	**26,070**
(Loss) / profit attributable to:			
Equity shareholders		(63,115)	28,035
Non-controlling interests		(4,133)	(1,965)
		(67,248)	**26,070**
Basic and diluted (losses) / earnings per ordinary share (cents)	**10**	**(20.85)**	**9.68**

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited for the year ended 30 June 2020 US$'000	Audited for the year ended 30 June 2019 US$'000
(Loss) / profit for the year	(67,248)	26,070
Retirement benefit obligation (net of taxation)	209	(1)
Loss on translation of functional currency (net of taxation)	(4,036)	(1,816)
Other comprehensive expense that will not be reclassified to profit or loss	**(3,827)**	**(1,817)**
Total comprehensive (loss)/income relating to the year	**(71,075)**	**24,253**
Attributable to:		
Equity shareholders	(66,942)	26,218
Non-controlling interests	(4,133)	(1,965)
	(71,075)	**24,253**

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Audited as at 30 June 2020 US$'000	Audited as at 30 June 2019 US$'000
Assets			
Non-current assets			
Investment properties	2	572,086	573,664
Deposits paid on investment properties	2	4,500	8,500
Property, plant and equipment		3,363	2,158
Intangible assets		568	581
Investments in associates and joint ventures	3	161,301	150,605
Other investments	4	1	3,024

Related party loans receivable		3	25,320
Other loans receivable	5	39,575	29,226
Trade and other receivables		2,858	-
Deferred tax		24,471	20,484
Total non-current assets		**808,726**	**813,562**
Current assets			
Trade and other receivables		29,673	34,293
Current tax refundable		697	693
Related party loans receivable		138	166
Other loans receivable	5	2,846	-
Derivative financial instruments		39	-
Cash and cash equivalents		3,578	15,164
Total current assets		**36,971**	**50,316**
Total assets		**845,697**	**863,878**
Equity and liabilities			
Total equity attributable to ordinary shareholders			
Ordinary share capital		454,145	443,259
Treasury shares reserve		(18,406)	(18,406)
Foreign currency translation reserve		(4,072)	(36)
Accumulated losses		(133,784)	(34,868)
Equity attributable to owners of the Company		**297,883**	**389,949**
Non-Controlling interests		**(614)**	**4,581**
Total equity		**297,269**	**394,530**
Liabilities			
Non-current liabilities			
Redeemable preference shares		12,840	12,840
Proportional shareholder loans		9,615	9,615
Interest-bearing borrowings	6	337,620	163,738
Obligations under leases		905	126
Related party loans payable		3,918	-
Deferred tax liability		57,419	44,410
Total non-current liabilities		**422,317**	**230,729**
Current liabilities			
Interest-bearing borrowings	6	50,030	182,359
Interest-bearing borrowings - Accrued interest	6	5,349	-
Obligations under leases		254	46
Trade and other payables		23,220	31,606
Current tax payable		2,002	924
Derivative financial instruments		4,043	43
Related party loans payable		27,138	14,507
Other financial liability		4,868	644
Bank overdrafts		9,207	8,490
Total current liabilities		**126,111**	**238,619**
Total liabilities		**548,428**	**469,348**
Total equity and liabilities		**845,697**	**863,878**

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Audited as at 30 June 2020 US$'000	Audited as at 30 June 2019 US$'000
Cash generated from operations		**22,777**	**19,460**
Changes to working capital			
Movement in trade and other receivables		(7,094)	(4,916)
Movement on deposits paid on investment properties		4,000	2,617
Movement in trade and other payables		(4,742)	5,994
Cash generated from operations		**14,941**	**23,155**
Taxation paid		(3,280)	(897)
Net cash generated from operating activities		**11,661**	**22,258**

Acquisition of, and additions to, investment properties	(42,573)	(107,587)
Additions to property, plant and equipment	(213)	(666)
Additions to intangible assets	(518)	(230)
Additions other investments	(1)	-
Acquisition of associates and joint ventures	(2,335)	(14,053)
Dividends and interest received from associates and joint ventures	7,756	8,732
Interest received	4,635	5,415
Proceeds from disposal of property, plant and equipment	1	-
Related party loan receivables	-	(19,855)
Other loans repayment received	10,241	-
Related party loan payables	16,221	14,416
Proportional shareholder loans received	1,614	423
Other loans advanced	(278)	-
Net cash utilised in investing activities	**(5,450)**	**(113,405)**
Proceeds from the issue of ordinary shares	-	126,124
Purchase of own shares	-	(3,595)
Share issue expenses	(406)	(4,678)
Dividends paid to non-controlling shareholders	(1,062)	-
Ordinary dividends paid	(36,479)	(33,147)
Proceeds from interest bearing borrowings	170,278	147,275
Settlement of interest-bearing borrowings	(124,920)	(104,908)
Finance costs and debt initiation costs paid	(25,019)	(23,674)
Payments of leases	(338)	(3)
Net cash (utilised) / generated from financing activities	**(17,946)**	**103,394**
Net movement in cash and cash equivalents	**(11,735)**	**12,247**
Cash at the beginning of the year	6,674	(5,812)
Effect of foreign exchange rates	(568)	239
Total cash and cash equivalents (including overdrafts) at the end of the year	**(5,629)**	**6,674**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital US$'000	Treasury shares US$'000	Foreign currency translation reserve US$'000	Antecedent dividend reserve US$'000	Accumulated losses US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance as at 1 July 2018	**328,394**	**(14,811)**	**1,780**	**-**	**(36,396)**	**(3,940)**	**275,027**
Profit / (loss) for the year	-	-	-	-	28,035	(1,965)	26,070
Other comprehensive expense	-	-	(1,816)	-	(1)	-	(1,817)
Total comprehensive income/(expense)	**-**	**-**	**(1,816)**	**-**	**28,034**	**(1,965)**	**24,253**
Share based payments	-	-	-	-	156	-	156
Ordinary dividends paid	-	-	-	(6,581)	(26,662)	-	(33,243)
Treasury shares	-	(3,595)	-	-	-	-	(3,595)
Antecedent dividend reserve	(6,581)	-	-	6,581	-	-	-
Ordinary shares issued	132,095	-	-	-	-	-	132,095
Share issue expenses	(10,649)	-	-	-	-	-	(10,649)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	10,486	10,486
Balance as at 30 June 2019	**443,259**	**(18,406)**	**(36)**	**-**	**(34,868)**	**4,581**	**394,530**
Balance as at 1 July 2019	443,259	(18,406)	(36)	-	(34,868)	4,581	394,530
Adoption of IFRS 16	-	-	-	-	(154)	-	(154)
Restated total equity at the beginning of the financial year	**443,259**	**(18,406)**	**(36)**	**-**	**(35,022)**	**4,581**	**394,376**

Loss for the year	-	-	-	-	(63,115)	(4,133)	(67,248)
Other comprehensive expense for the year	-	-	(4,036)	-	209	-	(3,827)
Total comprehensive expense	**-**	**-**	**(4,036)**	**-**	**(62,906)**	**(4,133)**	**(71,075)**
Share based payments	-	-	-	-	109	-	109
Ordinary dividends paid	-	-	-	-	(35,965)	-	(35,965)
Ordinary shares issued	11,292	-	-	-	-	-	11,292
Share issue expenses	(406)	-	-	-	-	-	(406)
Dividends paid to non-controlling shareholders	-	-	-	-	-	(1,062)	(1,062)
Balance as at 30 June 2020	**454,145**	**(18,406)**	**(4,072)**	**-**	**(133,784)**	**(614)**	**297,269**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

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

1.1 Basis of preparation

The abridged consolidated financial statements for the year ended 30 June 2020 ("**financial statements**") have been prepared on a going concern basis and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, International Financial Reporting Standards (**IFRS**) as issued by the IASB, the LSE Listing Rules and SEM Listing Rules; the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Mauritian Companies Act 2001.

Going Concern

The directors are required to consider an assessment of the Company's and Group's ability to continue as a going concern when producing the financial statements. As such they have modelled a 'base case' and a 'severe but plausible downside' of the Company's and Group's expected liquidity and covenant position for a going concern period of at least twelve months from the date of signing the annual report. The process involved a thorough review of the Company's and Group's risk register, an analysis of the trading information both pre and post year end, extensive discussions with the independent property valuers, a review of the operational indicators within the Group and economic data available in the countries of operations. In addition, the Company have conducted a number of reverse stress tests on property valuations to determine levels at which financial covenants could come under pressure and have assessed the likelihood of the underlying break point assumptions being triggered. All of this has been done in the context of what has occurred through the COVID-19 pandemic, previous experience of African real estate valuations and best estimates of expectations in the future.

The base case reflects management's best expectations of the position going forward. It was modelled on board approved forecasts over the relevant period and assumes the execution of a legally enforceable contract permitting Grit to issue shares of a value up to US$10m to an existing shareholder to be satisfied prior to 28 December 2020. The base case scenario also includes the Company's financial projections including:

1. Modelling of the Company's contractual lease contracts, which at 30 June 2020 had a weighted average lease expiry of 5.0 years, and associated contractual lease escalations which equate to 2.8% per annum on a weighted average across the portfolio. The Group's revenue was adjusted for tenant support already provided as a result of COVID-19;
2. Expected take up of vacant space through the ordinary letting activities of the Group and current leasing negotiations;
3. Contractual maturity of debt facilities, which at 30 June 2020 had a weighted average maturity profile of 2.4 years and associated weighted average cost of debt of 5.9%; and
4. Drive in Trading

   Assumption that the CRO guarantee is called up immediately, followed by a 12-month period of the security being executed.

Notwithstanding the material uncertainty detailed below, taking into account the results of the analysis and the various mitigating action available to the Company and Group, the Board has concluded that it is appropriate to prepare the financial statements on the going concern basis.

Two scenarios of the severe but plausible downside were modelled.

A summary of the key assumptions made in the first severe but plausible scenario, which the Directors consider a reasonable worst-case scenario, are as follows:

1. Reduced revenue as a result of potential rental concessions provided to a range of tenants, particularly in the retail and hospitality sectors, and extended assumptions on vacancy take up:
   - A delay in vacancy take up of 12 months for all vacant space;
   - Additional rental concessions of 30% on all non-essential services tenants in the retail sector; and
   - Average rental concessions and deferments of approximately 35% across the hospitality sector.

2. Cumulative decline in property valuations of:

   30% peak to trough (December 2019 to June 2022) declines on all retail assets;
   - 30% Peak to trough (December 2019 to June 2022) valuation declines on hospitality assets in Mauritius where government support is pending, and declines of 15% on hospitality assets in Mauritius where government support has been obtained and on the hospitality assets in Senegal; and
   - 5% decline in valuations of light industrial assets from June 2020 to June 2022,
   - 5% decline in valuations of corporate accommodation from June 2020 to June 2022.
   - Weighted average decline of 6.7% in valuations of office sector assets from June 2020 to June 2022

3. Exchange Rates:
   - A 10% weakening of the Euro against the US Dollar over the next 12 months; and
   - A weakening of local African currencies against the US Dollar ranging from 12% (in the case of the Mauritian Rupee) to 47% (in the case of the Zambian Kwacha) over the analysis period.

4. Facilities and Finance costs:
   - All non-committed debt facilities (i.e. overdraft facilities or other facilities where the financier has the right to unilaterally amend the terms of the agreement) are assumed to be repaid with 1 months' notice.
   - An increased cost of funding ranging from 0.25% (in the case of all Mauritian financiers) up to 4% (in the case of Kenyan financiers).

5. Dividends
   - Cash dividends are significantly reduced / stopped over the going concern period to maintain liquidity as a result of the assumptions above

The Company's and Group's external valuers inserted a COVID-19 material uncertainty clause which has introduced further inherent uncertainty to future property valuations. As a result, the Directors have modelled an even more severe but plausible downside taking account of this additional COVID-19 uncertainty. Specifically, this scenario increased the cumulative decline in property valuations by an additional 10% over the first severe but plausible scenario from the peak to trough over the going concern period and result in cumulative decline in property valuations of:

- Peak to trough (December 2019 to June 2022) declines of 38% on all retail assets;
- Peak to trough (December 2019 to June 2022) valuation declines of between 23% to 37% on hospitality assets, dependent on the level of government support obtained by the respective tenants; and
- 12% - 14% decline in valuations of light industrial assets, corporate accommodation and office sector assets from June 2020 to June 2022.

Under these severe but plausible assumptions, and even after taking mitigating actions such as stopping cash dividends, the Company and Group may be in breach of some individual property and, or, Group wide covenants and would require the Directors to negotiate a waiver with its lenders and, or, pay down debt through either existing or new currently uncommitted facilities to avoid borrowings becoming payable immediately.

While the base case and first severe but plausible models show that the Group has adequate financing facilities and maintains its covenants throughout the going concern period, the inherent uncertainty in future property valuations as a result of the COVID-19 pandemic are such that, in the event that property valuations across the portfolio decrease more severely or quickly than expected, as in the second scenario, then it may indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and are referenced in the external auditors' Independent Audit Opinion. The Company and Group financial statements do not include the adjustments that would result if they were unable to continue as a going concern.

Functional and presentation currency

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

Presentation of alternative performance measures

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

1.2 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is a person or group that is responsible for allocating resources and assessing performance of the operating segments. The Group has determined the board as its chief operating decision-maker as it is the board that makes the Group's strategic decisions. Each operating entity has its own Segmental and Geographical allocation, and it is not allocated to more than one sector.

1.3 Critical Judgements and estimates

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

Judgements

The principle areas where such judgement has been applied was:

Unconsolidated structured entity

Drive in Trading (**DiT**), a B-BBEE consortium, secured a facility of US$33.4 million from the Bank of America N.A (UK Branch) (“**BoAML**”) to finance its investment in Grit. The BoAML facility was granted to DiT after South Africa’s Government Employees Pension Fund (**GEPF**), represented by Public Investment Corporation SOC Limited (“**PIC**”), provided a guarantee to BoAML in the form of a Contingent Repurchase Obligation (“**CRO**”) for up to US$35 million. The terms of the CRO obligate PIC to acquire the loan granted to DiT should DiT default under the BoAML facility.

In order to facilitate the above, the Group agreed to de-risk 50% of PIC’s US$35 million exposure to the CRO, by granting PIC a guarantee whereby should BoAML enforce the CRO, the Group would indemnify PIC for up to 50% of the losses, capped at US$17.5 million, following the sale of the underlying securities, being the shares held by DiT in Grit.

Given the unusual structure of the transaction, the Group has determined that DiT has limited and predetermined activities and can be considered a "structured entity" under IFRS 10 as the "design and purpose" of DiT was to fund Grit rights issue and at the same time enable Grit to obtain B-BBEE credentials.

As the Group does not have both, power to direct the activities of DiT and an exposure to variable returns, the Group has exercised judgement on not to consolidate DiT but disclose it as an unconsolidated structured entity due to DiT being a related party.

Acquisition of Letlole La Rona Limited

On 20 November 2019 Grit announced the acquisition of an additional 23.75% interest in Botswana Stock Exchange listed LLR from the Botswana Development Corporation (“**BDC**”).

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

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

The transaction for the 9,839,511 shares was recorded at the ruling share price of the day of US$1.19, resulting in the acquisition being recorded at US$11.3m.

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

Freedom Asset Management (FAM) as a subsidiary

The Group has considered Freedom Asset Management (**FAM**) to be its subsidiary for consolidation purposes due to the Group's implied control of FAM, as the Group has ability to control the variability of returns of FAM. The Group does not own any interest in FAM and does not benefit from any profits of FAM nor is it liable for any losses incurred by FAM.

Grit Executive Share Trust (GEST) as a subsidiary

The Group has considered Grit Executive Share Trust (**GEST**) to be its subsidiary for consolidation purposes due to the Group's implied control of GEST, as the Group's ability to appoint the majority of the trustees and to control the variability of returns of GEST. The Group does not own any interest in GEST but is exposed to the credit risk and losses of (**GEST**) as the Group shall bear any losses sustained by GEST and shall be entitled to receive and be paid any profits made in respect of the purchase, acquisition, sale or disposal of unawarded shares in the instance where shares revert back to GEST. No non-controlling interest has been accounted for in the current year.

Gateway Real Estate Africa Ltd (GREA) as an associate

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

Acquisition of investment properties

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

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

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

Investments, associates and joint ventures

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

Estimates

The principal areas where such estimations have been made are:

Fair value of investment properties

The fair value of investment properties is determined using a combination of the discounted cash flows method and the income capitalisation valuation method, using assumptions that are based on market conditions existing at the end of the relevant reporting year. Material valuation uncertainty due to Novel Corona virus ("**COVID-19**"):

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. The market activity is impacted in all sectors. As at valuation date, the valuers have considered to attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that an unprecedented set of circumstances are faced on which to base a judgement. The valuation is therefore reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty and a higher degree of caution should be attached to our valuation than would normally be the case, given the unknown future impact that COVID-19 might have on the real estate market. For the avoidance of doubt the material valuation uncertainty declaration does not mean that the valuation cannot be relied on as it only serves as a precaution and does not invalidate the valuation. There has been no change in the valuation methodology used for investment property as a result of COVID-19. Further details of the valuation method, judgements and assumptions made.

Fair value of financial instruments

The Group have estimated the value of its obligation arising from its guarantee to de-risk 50% of PIC's exposure to the BoAML CRO. The Group's obligation is based on the occurrence or non-occurrence of uncertain future events (the probability of DiT defaulting on the BoAML facility). Therefore, the fair value of the obligation was based on the probability of DiT defaulting on the facility (management has assessed the risk of default as low for the years endings 30 June 2020 and 30 June 2019.)

Taxation

Judgements and estimates are required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax inspection issues in the jurisdictions in which it operates based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each relevant jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting year could be impacted.

COVID-19

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

2. INVESTMENT PROPERTIES

	Audited as at 30 June 2020 US$'000	**Audited as at 30 June 2019 US$'000**
Net carrying value of properties	**572,086**	**573,664**
Movement for the year excluding straight-line rental income accrual		
Investment property at the beginning of the year	567,731	376,723
Acquisitions of investment properties[1]	18,848	94,254
Transfer from joint venture[2]	-	75,400
Transfer to right of use asset	(88)	-
Other capital expenditure and construction	27,030	8,484

Foreign currency translation differences	(3,225)	(2,767)
Revaluation of properties at end of year	(41,218)	21,363
Contractual receipts from vendors of investment properties (reduction in purchase price)	(3,305)	(5,726)
As at 30 June	**565,773**	**567,731**
Reconciliation to consolidated statement of financial position and valuations		
Investment properties carrying amount per above	565,773	567,731
Straight-line rental income accrual	6,313	5,933
Investment properties	**572,086**	**573,664**
Reconciliation to property valuation		
Investment property (disclosed on balance sheet)	572,086	573,664
Lease incentives (disclosed under current assets)	4,680	2,505
Right of use of land (disclosed under property, plant and equipment (2019: intangible assets))	456	478
Furniture and fittings (disclosed under property, plant and equipment)	-	209
Total valuation of investment properties directly held by the Group	**577,222**	**576,856**

1. Acquisitions of investment properties

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

2. Consolidation of Mukuba Mall Limited

   As at December 2018, the Group concluded an agreement with the shareholders of Paxton Investments Limited that held 25.00% of Mukuba Mall Limited (a company the group previously held an effective 50.00% interest in Mukuba Mall Limited). The company concluded an offer to purchase an additional 25.00% stake in Mukuba Mall Limited. As part of the agreement, the vendor was prohibited in making any decisions or utilising their voting rights between the date of offer and the date of the sale without the approval of the group. It was determined that this conferred control of the entity to the group and was therefore consolidated from 31 December 2018. There was no profit or loss on the date of consolidation as the transfer of control was based on net asset value.

Investment property pledged as security

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

- Mozambican investment properties with a market value of US$308.0m are mortgaged to Standard Bank of South Africa to secure debt facilities amounting to US$140.0m (2019: Mozambican investment properties with a market value of US$287.9m were mortgaged to Standard Bank of Mozambique to secure debt facilities amounting to US$10.5m, Standard Bank of South Africa to secure debt facilities amounting to US$77.2m, Standard Bank Mauritius US$10.1m and Banco Unico of Mozambique to secure debt facilities amounting to US$2.7m and Bank of China to secure debt facilities amounting to US$13.3m).
- Moroccan investment properties with a market value of US$89.4m (2019: US$106.1m) are mortgaged to Investec Bank South Africa to secure debt facilities amounting to US$45.7m (2019: US$45.1m).
- Mauritian investment properties with a market value of US$63.6m (2019: US$68.4m) are mortgaged to ABSA Bank Mauritius to secure debt facilities amounting to US$7.1m (2019: US$7.2m) and State Bank of Mauritius to secure debt facilities amounting to US$25.0m (2019: US$25.4m).
- Kenyan investment properties with a market value of US$24.4m (2019: US$23.5m) are mortgaged to Bank of China to secure debt facilities amounting to US$8.6m (2019: US$8.5m).
- Zambian investment properties with a market value of US$55.1m (2019: US$69.1m) are mortgaged to Bank of China to secure debt facilities amounting to US$29.0m (2019: US$29.0m).
- Ghanaian investment properties with a market value of US$19.2m (2019: US$21.9m) are mortgaged to Barclays Bank Ghana Limited to secure debt facilities amounting to US$9.0m (2019: US$9.0m).

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

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

In respect of the majority of the Mozambican investment properties, independent valuations were performed at 30 June 2020 by REC Chartered Surveyors (2019: Knight Frank Chartered Surveyors and REC Chartered Surveyors) using the discounted cash flow method (2019: discounted cash flow method).

The Moroccan investment property was independently valued at 30 June 2020 by Knight Frank Chartered Surveyors (2019: Knight Frank Chartered Surveyors), using the discounted cash flow method.

The Zambian investment properties held by joint ventures were independently valued at 30 June 2020 by Knight Frank Chartered Surveyors (2019: Knight Frank Chartered Surveyors), using the discounted cash flow method.

The Kenyan investment properties held by the Group and its associates were independently valued at 30 June 2020 by Knight Frank Chartered Surveyors (2019: Knight Frank Chartered Surveyors), using the discounted cash flow method.

The Mauritian investment properties held by the Group and its associates were independently valued at 30 June 2020 by Knight Frank Chartered Surveyors (2019: Knight Frank Chartered Surveyors), using the discounted cash flow method.

The Ghanaian investment properties held by the Group, its associate and joint venture were independently valued at 30 June 2020 by Knight Frank Chartered Surveyors (2019: Knight Frank Chartered Surveyors), using the discounted cash flow method.

The Senegalese investment property was independently valued at 30 June 2020 by Knight Frank Chartered Surveyors using the discounted cash flow method.

The Botswanan investment properties held by associates were independently valued at 30 June 2020 by Knight Frank Chartered Surveyors using the discounted cash flow method.

Material valuation uncertainty due to Novel Coronavirus (“**COVID-19**”): The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. The market activity is impacted in all sectors. As at valuation date, the valuers have considered to attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that an unprecedented set of circumstances are faced on which to base a judgement. The valuation is therefore reported on the basis of ‘material valuation uncertainty’ per VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty and a higher degree of caution should be attached to our valuation than would normally be the case, given the unknown future impact that COVID-19 might have on the real estate market. For the avoidance of doubt the material valuation uncertainty declaration does not mean that the valuation cannot be relied on as it only serves as a precaution and does not invalidate the valuation. There has been no change in the valuation methodology used for investment property as a result of COVID-19.

Summary of valuations by reporting date	**Most recent independent valuation date**	**Valuer (for the most recent valuation)**	**Sector**	**Country**	**Audited as at 30 June 2020 US$'000**	**Audited as at 30 June 2019 US$'000**
Commodity House Phase I building	30-Jun-20	REC	Office	Mozambique	48,095	46,236
Commodity House Phase II building	30-Jun-20	REC	Office	Mozambique	19,348	17,200
Hollard Building	30-Jun-20	REC	Office	Mozambique	21,332	20,800
Vodacom Building	30-Jun-20	REC	Office	Mozambique	49,438	48,101
Zimpeto Square	30-Jun-20	REC	Retail	Mozambique	5,848	7,616
Bollore Warehouse	30-Jun-20	REC	Light industrial	Mozambique	5,795	6,800
ABSA House	30-Jun-20	Knight Frank	Office	Mauritius	13,825	14,312
Anfa Place Mall	30-Jun-20	Knight Frank	Retail	Morocco	89,363	106,145
Tamassa Resort	30-Jun-20	Knight Frank	Hospitality	Mauritius	49,734	54,100
Vale Housing Compound	30-Jun-20	REC	Accommodation	Mozambique	70,654	49,900
Imperial Distribution Centre	30-Jun-20	Knight Frank	Light industrial	Kenya	21,370	20,200
Mara Viwandani	30-Jun-20	Knight Frank	Light industrial	Kenya	3,070	3,250

Mall de Tete	30-Jun-20	REC	Retail	Mozambique	19,991	25,416
Acacia Estate	30-Jun-20	REC	Accommodation	Mozambique	67,540	65,800
5th Avenue Building	30-Jun-20	Knight Frank	Office	Ghana	19,210	21,880
Mukuba Mall[4]	30-Jun-20	Knight Frank	Retail	Zambia	55,130	69,100
Club Med Cap Skirring Resort	30-Jun-20	Knight Frank	Hospitality	Senegal	17,479	-
Total valuation of investment properties directly held by the Group					**577,222**	**576,856**
Deposits paid on Imperial Distribution Centre Phase 2					1,500	5,500
Deposits paid on Capital Place Limited					3,000	3,000
Total deposits paid on investment properties					**4,500**	**8,500**
Total carrying value of investment properties including deposits paid					**581,722**	**585,356**
Investment properties held within associates and joint ventures - Group share						
Buffalo Mall - Buffalo Mall Naivasha Limited (50%)	30-Jun-20	Knight Frank	Retail	Kenya	6,395	5,449
Kafubu Mall - Kafubu Mall Limited (50%)	30-Jun-20	Knight Frank	Retail	Zambia	9,658	12,300
CADS II Building - CADS Developers Limited (50%)	30-Jun-20	Knight Frank	Office	Ghana	16,920	18,230
Cosmopolitan Shopping Centre - Cosmopolitan Shopping Centre Limited (50%)	30-Jun-20	Knight Frank	Retail	Zambia	31,375	37,350
Canonniers, Mauricia and Victoria Resorts and Spas - Beachcomber Hospitality (44.42%)	30-Jun-20	Knight Frank	Hospitality	Mauritius	95,066	98,736
Capital Place - Capital Place Limited (50%)	30-Jun-20	Knight Frank	Office	Ghana	11,210	11,714
Letlole La Rona Limited (30%) - 19 Investment properties	30-Jun-20	Knight Frank	Light industrial	Botswana	15,536	-
Letlole La Rona Limited (30%) - 1 Investment property	30-Jun-20	Knight Frank	Hospitality	Botswana	193	-
Letlole La Rona Limited (30%) - 2 Investment properties	30-Jun-20	Knight Frank	Retail	Botswana	4,957	-
Letlole La Rona Limited (30%) - 1 Investment property	30-Jun-20	Knight Frank	Office	Botswana	1,316	-
Letlole La Rona Limited (30%) - 1 Investment property	30-Jun-20	Knight Frank	Accommodation	Botswana	1,221	-
Gateway Real Estate Africa Ltd (19.98%)	30-Jun-20	Directors Valuation	Other Investments	Mauritius	5,009	-
Total of investment properties acquired through associates and joint ventures					**198,856**	**183,779**
Total portfolio					**780,578**	**769,135**

Further notes in relation to investment properties:

1. During the current year ABSA House changed its name from Barclays House.
2. The capital expenditure spent on Anfa Place Mall was US$9.0m. The reduction in the fair value of Anfa Place Mall was driven by an increased discount rate and capitalisation rate for the ongoing vacancies and risk provision made on the retail sector coupled with lower cashflows due to COVID concessions made as well as foreign currency translation differences.
3. The capital expenditure spent on Vale Housing Compound was US$16.7m with the remainder being an increase in fair value.

4. The indirect shareholding in Mukuba Mall increased to 75.00% in the prior year and has been treated as a subsidiary. The reduction in the fair value of Mukuba Mall was driven by an increased discount rate and capitalisation rate for the ongoing vacancies and risk provision made on the retail sector coupled with lower cashflows due to COVID concessions made.

As indicated above, all of the valuations were performed using the discounted cash flow method. These methodologies are based on open market values with consideration given to the future earnings potential and applying an appropriate capitalisation rate and/or discount rate to the property and country. The capitalisation rates (equivalent yield) applied to the Group's valuations of investment properties at 30 June 2020 ranged between 8.35% and 16.00%. The discount rates applied to the Group valuations that were performed at 30 June 2019 using the discounted cash flow method ranged between 7.00% and 10.00%. Other significant inputs factored into account in the valuations were: vacancy rates based on current and expected future market conditions; terminal value taking into account rental, maintenance projections and vacancy expectations; and additional inputs, where applicable.

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

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

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

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

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

3. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES[2]

			Audited as at 30 June 2020 US$'000	Audited as at 30 June 2019 US$'000
The following entities have been accounted for using the equity method:				
Name of joint venture	**Country of incorporation and operation**	**% held**		
Kafubu Mall Limited[3]	Zambia	50.00%	9,552	12,089
Cosmopolitan Shopping Centre Limited[3]	Zambia	50.00%	31,495	37,301
CADS Developers Limited[3]	Ghana	50.00%	9,504	11,366
Carrying value of joint ventures			**50,551**	**60,756**
Name of associate	**Country of incorporation and operation**	**% held**		
Letlole La Rona Limited[4]	Botswana	30.00%	19,676	-
Buffalo Mall Naivasha Limited[3]	Kenya	50.00%	4,612	3,610
Gateway Real Estate Africa Ltd[3,6]	Mauritius	19.98%	11,404	6,925
Capital Place Limited[5]	Ghana	50.00%	8,038	8,687
Beachcomber Hospitality Investments[1,3] Limited	Mauritius	44.42%	67,020	70,627
Carrying value of associates			**110,750**	**89,849**
Joint ventures			50,551	60,756
Associates			110,750	89,849
Total carrying value of associates and joint ventures			**161,301**	**150,605**

1 The carrying value of Beachcomber Hospitality Investments at 30 June 2020 includes an unsecured loan of US$42.1m (2019: US$46.6m), from the Group to the associate, which bears interest at 6.25% (2019: 6.25%).

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

3 The percentage of ownership interest for 2019 did not change.

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

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

6 During the 2020 financial year Gateway Delta Development Holdings Limited changed its name to Gateway Real Estate Africa Ltd.

Secured investments:

Zambian investment properties held by associates or joint ventures have a market value of US$82.1m as at 30 June 2020 (2019: US$90.3m). The properties in the investee entities are fully mortgaged to Bank of China to secure debt facilities amounting to US$48.5m as at that date (2019: US$47.4m).

Mauritian investment properties held by an associate have a market value of US$214.0m as at 30 June 2020 (2019: US$222.2m). The property in the investee entity is mortgaged in equal proportions to SBM Bank (Mauritius) Limited, Investec Bank (Mauritius) Limited and the Mauritius Commercial Bank Limited to secure debt facilities amounting to US$56.1m (2019: US$56.8m).

Kenyan investment property held by an associate has a market value of US$12.8m as at 30 June 2020 (2019: US$10.9m). The property in the investee entity is fully mortgaged to HFCK Bank Limited to secure debt facilities amounting to US$4.2m (2019: US$4.4m).

Ghanaian investment property held by an associate has a market value of US$33.8m as at 30 June 2020 (2019: US$36.5m). The property in the investee entity is fully mortgaged to ABSA Bank Ghana Limited to secure debt facilities amounting to US$14.6m (2019: US$15.1m).

Ghanaian investment property held by an associate has a market value of US$22.4m as at 30 June 2020 (2019: US$24.6m). The property in the investee entity is fully mortgaged to RMB Holdings Limited to secure debt facilities amounting to US$6.2m (2019: US$7.2m).

Botswana investment property held by an associate has a market value of US$77.9m as at 30 June 2020 (2019: US$nil). The properties in the investee entity is mortgaged to Bank Gaborone Limited and First National Bank of Botswana Limited to secure debt facilities amounting to US$19.9m (2019: US$nil).

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

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

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

	Letlole La Rona Limited US$'000	**Kafubu Mall Limited US$'000**	**Beachcomber Hospitality Investments Limited US$'000**	**Capital Place Limited US$'000**	**Gateway Real Estate Africa Ltd US$'000**	**CADS Developers Limited US$'000**	**Cosmopolitan Shopping Centre Limited US$'000**	**Buffalo Mall Naivasha Limited US$'000**	**Total US$'000**
As at 30 June 2020 Statement of financial position									
Non-current assets	78,246	19,316	214,002	22,426	67,370	33,840	62,763	12,795	510,758
Current assets	15,202	227	3,758	758	32,664	2,963	622	816	57,010
	93,448	**19,543**	**217,760**	**23,184**	**100,034**	**36,803**	**63,385**	**13,611**	**567,768**
Non-current liabilities	24,046	262	59,074	7,057	7,852	14,605	-	4,235	117,131

Current liabilities	3,815	177	7,818	51	35,107	3,191	394	152	50,705
	27,861	**439**	**66,892**	**7,108**	**42,959**	**17,796**	**394**	**4,387**	**167,836**
Net asset value	**65,587**	**19,104**	**150,868**	**16,076**	**57,075**	**19,007**	**62,991**	**9,224**	**399,932**
Percentage held by Group	30.00%	50.00%	44.42%	50.00%	19.98%	50.00%	50.00%	50.00%	
Net Asset Value attributable to the Group	**19,676**	**9,552**	**67,020**	**8,038**	**11,404**	**9,504**	**31,495**	**4,612**	**161,301**
For the year to 30 June 2020 Total comprehensive income									
Revenue	1,315	1,011	6,740	1,154	199	1,517	2,974	483	15,393
Fair value movement in investment properties	757	834	(2,580)	(1,415)	1,638	(1,167)	(5,975)	946	(6,962)
Profit/(loss) for the year	7,143	(421)	2,413	(1,106)	2,295	(905)	(3,723)	1,002	6,698
Total comprehensive income / (expense)	5,562	(1,880)	1,498	(1,106)	2,306	(905)	(3,723)	1,002	2,754
Dividends received from associates and joint ventures	939	-	2,470	-	-	-	2,083	-	5,492

Reconciliation to carrying value in associates and joint ventures

	Letlole La Rona Limited US$'000	**Kafubu Mall Limited US$'000**	**Beachcomber Hospitality Investments Limited US$'000**	**Capital Place Limited US$'000**	**Gateway Real Estate Africa Ltd US$'000**	**CADS Developers Limited US$'000**	**Cosmopolitan Shopping Centre Limited US$'000**	**Buffalo Mall Naivasha Limited US$'000**	**Total US$'000**
Opening Balance 1 July 2019	-	12,089	70,627	8,687	6,925	11,366	37,301	3,610	150,605
Acquired during the period	15,323	-	-	457	1,878	-	-	-	17,658
Profit / (losses) from associates and joint ventures	**7,143**	**(421)**	**2,413**	**(1,106)**	**2,295**	**(905)**	**(3,723)**	**1,002**	**6,698**
- Revenue	1,315	1,011	6,740	1,154	199	1,517	2,974	483	15,393

- Property operating expenses	(184)	(240)	-	(160)	-	(74)	(634)	(185)	(1,477)
- Admin expenses and recoveries	(145)	(14)	(26)	(357)	1,788	(124)	49	(11)	1,160
- Net impairment charge on financial assets	(5)	-	-	-	-	-	-	-	(5)
- Fair value adjustment on other investments	-	-	-	-	53	-	-	-	53
- Unrealised foreign exchange gains/(losses)	8	(1,963)	17	7	-	2	(130)	(16)	(2,075)
- Realisation of profits on acquisition	2,066	-	-	-	-	-	-	-	2,066
- Investment at fair value	3,650	-	-	-	(5)	-	-	-	3,645
- Impairments	-	-	-	-	-	-	(10)	-	(10)
- Interest Income / (costs)	122	1	-	-	-	(48)	3	-	78
- Finance charges	(254)	(7)	(1,075)	(335)	(180)	(1,011)	-	(215)	(3,077)
- Fair value movement on investment property	757	834	(2,580)	(1,415)	1,638	(1,167)	(5,975)	946	(6,962)
- Movement in fair value of share price	-	-	-	-	-	-	-	-	-
- Current tax	(187)	(43)	(164)	-	9	-	-	-	(385)
- Deferred tax	-	-	(499)	-	(1,207)	-	-	-	(1,706)
Dividends and interest paid to Group	(1,209)	-	(5,105)	-	-	-	(2,083)	-	(8,397)
Repayment of proportionate shareholders loan	-	(657)	-	-	-	(957)	-	-	(1,614)
Anfa profit in Gateway Real Estate Africa Ltd	-	-	-	-	295	-	-	-	295

Foreign currency translation differences	(1,581)	(1,459)	(915)	-	11	-	-	-	(3,944)
Carrying value of associates and joint ventures	**19,676**	**9,552**	**67,020**	**8,038**	**11,404**	**9,504**	**31,495**	**4,612**	**161,301**

Investment in the year ended 30 June 2020

On 20 November 2019 Grit announced the acquisition of an additional 23.75% interest in Botswana Stock Exchange listed Letlole La Rona Limited (**LLR**) from the Botswana Development Corporation ("**BDC**").

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

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

The transaction for the 9,839,511 shares was recorded at the ruling share price of the day of US$1.19, resulting in the acquisition being recorded at US$11.3m.

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

4. OTHER INVESTMENTS

	Audited as at 30 June 2020 US$'000	**Audited as at 30 June 2019 US$'000**
Balance at the beginning of the year	3,024	4,154
Additions	1	-
Reclassification to Investments in associates and joint ventures	(3,615)	(335)
Fair value adjustments recognised in profit or loss	591	(795)
As at 30 June	**1**	**3,024**

Fair value hierarchy at 30 June 2019	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Investment in Letlole La Rona	**3,024**	**-**	**-**	**3,024**
Fair value hierarchy at 30 June 2020				
Investment in Gateway EMT. Limitada	**-**	**-**	**1**	**1**

Level 1 investment comprise of listed equity investment valued at market prices. If all significant inputs required to fair value an investment are observable, the investment is included in level 2. If one or more of the significant inputs are not based on observable market data, the investment is included in level 3.

Listed investments

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

Unlisted investments

In the prior year this investment in Gateway Real Estate Africa Ltd has been reclassified to an associate for consolidation purposes due to the Group's significant influence of the investment, as the Group has a direct and indirect ability to appoint some members to the board. The Group owns 19.98% of the investment and do benefit from profits of the investment.

5. OTHER LOANS RECEIVABLE

	Audited as at 30 June 2020 US$'000	Audited as at 30 June 2019 US$'000
Ndola Investments Limited	5,073	5,073
Paxton Investments Limited	-	25
Kitwe Copperbelt Limited	5,577	5,577
Syngenta Limited	18,690	18,690
Healthcare Assets	303	-
Drift (Mauritius) Limited	12,846	-
IFRS 9 – Impairment on financial assets (ECL)	(68)	(139)
As at 30 June	**42,421**	**29,226**

Classification of other loans:

Non-current assets	**39,575**	29,226
Current assets	**2,846**	-
	42,421	29,226

6. INTEREST-BEARING BORROWINGS

	Audited as at 30 June 2020 US$'000	Audited as at 30 June 2019 US$'000
Non-current liabilities		
Capital portion	337,620	163,738
Current liabilities		
Capital portion	50,030	182,359
Accrued interest	5,349	-
	392,999	**346,097**
Currency of the interest-bearing borrowings (stated gross of unamortised loan issue costs)		
United States Dollars	271,560	214,345
Euros	119,419	131,561
Mauritian Rupees	1,778	-
Mozambican Meticais	-	2,658
	392,757	348,564
Interest accrued	5,348	-
Unamortised loan issue costs	(5,106)	(2,467)
As at 30 June	**392,999**	**346,097**
Movement for the year		
Balance at the beginning of the year	346,097	306,144
Proceeds of interest bearing-borrowings	170,278	147,275
Loan issue costs incurred	(4,639)	(2,670)
Amortisation of loan issue costs	1,999	1,785
Foreign currency translation differences	(1,165)	(1,529)
Interest accrued	5,349	-
Debt settled during the year	(124,920)	(104,908)
As at 30 June	**392,999**	**346,097**

Analysis of facilities and loans in issue

Lender	Borrower	Initial facility	Audited as at 30 June 2020 US$'000	Audited as at 30 June 2019 US$'000
Standard Bank Mozambique	S&C Immobiliaria Limitada	US$10.4m	-	10,451

Standard Bank South Africa	Sal Investments Holdings Limited	US$12.0m	-	12,000
Standard Bank South Africa	Commotor Limitada	US$38.0m	-	38,000
Standard Bank South Africa	Commotor Limitada	US$140.0m	140,000	-
Standard Bank South Africa	Cognis 1 Limitada	US$28.0m	-	27,239
Standard Bank South Africa	Grit Services Limited	RCF - €26.5m	29,730	30,128
Standard Bank (Mauritius) Limited	Transformers Holdings Limited	US$11.7m	-	10,110
Total Standard Bank Group			**169,730**	**127,928**
Bank of China	Warehously Limited	US$8.5m	8,555	8,555
Bank of China	Gerania Limited	US$13.3m	-	13,300
Bank of China	Zambian Property Holdings Limited	US$77.0m	76,405	76,405
Total Bank of China			**84,960**	**98,260**
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€9.0m	10,097	10,395
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€3.2m	3,590	3,474
State Bank of Mauritius	Mara Delta Properties Mauritius Limited	€22.3m	25,018	25,353
State Bank of Mauritius	Grit Real Estate Income Group Limited	Equity Bridge US$20.0m	20,000	-
State Bank of Mauritius	Grit Real Estate Income Group Limited	RCF Mur 72m	1,778	-
State Bank of Mauritius	Grit Real Estate Income Group Limited	RCF US$20.0m	-	11,115
Total State Bank of Mauritius			**60,483**	**50,337**
Investec South Africa	Freedom Property Fund SARL	€36.0m	37,027	36,198
Investec South Africa	Freedom Property Fund SARL	US$15.7m	8,722	8,860
Investec Mauritius	Grit Real Estate Income Group Limited	US$0.5m	378	425
Total Investec Group			**46,127**	**45,483**
ABSA Bank Mauritius	BH Property Investment Limited	€7.4m	7,081	7,174
ABSA Bank Ghana Limited	Grit Accra Limited	US$9.0m	9,000	9,000
Total ABSA Group			**16,081**	**16,174**
Maubank Mauritius	Grit Real Estate Income Group Limited	€3.2m	3,642	3,691
Maubank Mauritius	Freedom Asset Management	€4.0m	3,234	4,033
Total Maubank			**6,876**	**7,724**
ABC Banking Corporation	Grit Services Limited	Equity bridge US$8.5m	8,500	-
Total ABC Banking Corporation			**8,500**	**-**
Bank Unico of Mozambique	Zimpeto Immobiliaria Limitada	MZN182.7m	-	2,658
Total Bank Unico			**-**	**2,658**
Total loans in issue			**392,757**	**348,564**
plus: interest accrued			**5,349**	**-**
less: unamortised loan issue costs			(5,107)	(2,467)
As at year end			**392,999**	**346,097**

7. TAXATION

	Audited as at 30 June 2020 US$'000	Audited as at 30 June 2019 US$'000
Major components of the taxation expense		
Current taxation	**4,354**	**(159)**
Deferred taxation	**9,028**	**13,576**
	13,382	**13,417**
Reconciliation of the taxation expense		
(Loss) / profit before tax	**(53,866)**	39,487
Statutory taxation (credit) / expense at 15% (all years)	**(8,080)**	5,923
Tax effect of adjustments to taxable income:		
Non-taxable income	**(3,299)**	(3,837)

Non-deductible expenditure	**14,066**	3,799
Under provision in the previous year	**(768)**	132
Withholding tax	**192**	
Foreign tax credit	**(6,319)**	(1,346)
Deferred tax asset not provided for	**10,924**	(1,233)
Investment tax credit	**(119)**	(3,011)
Minimum tax	**216**	91
Effect of different tax rates and consolidation adjustments	**6,569**	12,899
Effective taxation expense at -24.42% (2019: 33.98%)	**13,382**	13,417

8. SEGMENTAL INFORMATION

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

In US$'000

Geographical location 30 June 2020	**Botswana**	**Senegal**	***Morocco***	***Mozambique***	**Zambia**	**Kenya**	**Ghana**	**Mauritius**	**Total**
Reportable segment profit and loss									
Gross rental income	-	629	7,493	26,266	5,275	1,830	2,066	4,395	47,954
Straight-line rental income accrual	-	-	268	(239)	-	300	47	204	580
Revenue	**-**	**629**	**7,761**	**26,027**	**5,275**	**2,130**	**2,113**	**4,599**	**48,534**
Property operating expenses	-	-	(4,733)	(4,328)	(881)	(48)	(422)	(121)	(10,533)
Net property income	**-**	**629**	**3,028**	**21,699**	**4,394**	**2,082**	**1,691**	**4,478**	**38,001**
Other income	-	-	737	655	42	-	-	2,698	4,132
Administrative expenses (including corporate structuring costs)	-	(32)	(1,107)	(1,785)	(50)	(64)	(472)	(16,621)	(20,131)
Profit / (loss) from operations	**-**	**597**	**2,658**	**20,569**	**4,386**	**2,018**	**1,219**	**(9,445)**	**22,002**
Fair value adjustment on investment properties	-	(1,705)	(26,255)	3,498	(13,970)	690	(2,735)	(741)	(41,218)
Fair value adjustment on other investments	591	-	-	-	-	-	-	-	591
Fair value adjustment on other financial liability	-	-	-	-	-	-	-	(4,224)	(4,224)
Fair value adjustment on derivatives financial instruments	-	-	-	-	-	-	-	(3,961)	(3,961)
Share based payment expense	-	-	-	-	-	-	-	(109)	(109)
Share of profits / (losses) from associates and joint ventures	7,143	-	-	-	(4,144)	1,002	(2,011)	4,708	6,698
Impairment of loans and other receivables	-	-	-	-	-	-	-	(6,883)	(6,883)
Net impairment (charge) / credit on financial assets	-	(6)	(1,276)	(25)	-	-	-	(1,778)	(3,085)
Gain from bargain purchase on associates	-	-	-	-	-	-	114	64	178
Foreign currency gains / (losses)	8	8	(307)	(486)	35	(88)	(76)	(2,027)	(2,933)
Profit / (loss) before interest and taxation	**7,742**	**(1,106)**	**(25,180)**	**23,556**	**(13,693)**	**3,622**	**(3,489)**	**(24,396)**	**(32,944)**
Interest income	-	-	635	72	6	7	7	4,025	4,752
Finance costs	-	-	(2,738)	(8,850)	-	(613)	(750)	(12,723)	(25,674)
Profit / (loss) for the year before taxation	**7,742**	**(1,106)**	**(27,283)**	**14,778**	**(13,687)**	**3,016**	**(4,232)**	**(33,094)**	**(53,866)**
Taxation	-	(1)	(213)	(9,509)	-	(49)	345	(3,955)	(13,382)
Profit / (loss) for the year after taxation	**7,742**	**(1,107)**	**(27,496)**	**5,269**	**(13,687)**	**2,967**	**(3,887)**	**(37,049)**	**(67,248)**
Reportable segment assets and liabilities									
Non-current assets									
Investment properties	-	17,479	85,823	307,175	55,130	24,440	18,963	63,076	572,086

Deposits paid on investment properties	-	-	-	-	-	-	-	4,500	4,500
Property, plant and equipment	-	46	37	308	-	-	28	2,944	3,363
Intangible assets	-	-	8	-	-	-	-	560	568
Other investments	-	-	-	1	-	-	-	-	1
Investment in associates and joint ventures	19,676	-	-	-	41,047	4,612	17,542	78,424	161,301
Related party loans receivable	-	-	-	-	-	-	-	3	3
Other loans receivable	-	-	-	-	-	-	-	39,575	39,575
Trade and other receivables	-	-	2,858	-	-	-	-	-	2,858
Deferred tax	-	-	7,243	14,364	-	376	821	1,667	24,471
Total non-current assets	**19,676**	**17,525**	**95,969**	**321,848**	**96,177**	**29,428**	**37,354**	**190,749**	**808,726**
Current assets									
Trade and other receivables	-	732	8,891	6,520	289	2,496	771	9,974	29,673
Current tax refundable	-	-	-	697	-	-	-	-	697
Related party loans receivable	-	-	-	-	-	-	-	138	138
Derivative financial instruments	-	-	-	-	-	-	-	39	39
Cash and cash equivalents	-	35	400	1,479	162	3	27	1,472	3,578
Total assets	**19,676**	**18,292**	**105,260**	**330,544**	**96,628**	**31,927**	**38,152**	**205,218**	**845,697**
Liabilities									
Total liabilities	-	1,172	100,785	217,970	84,361	10,574	10,694	122,872	548,428
Net assets	**19,676**	**17,120**	**4,475**	**112,574**	**12,267**	**21,353**	**27,458**	**82,346**	**297,269**

In US$'000

Type of property 30 June 2020	**Other investments**	**Hospitality**	**Retail**	**Office**	**Light industrial**	**Accommodation**	**Corporate**	**Total**
Reportable segment profit and loss								
Gross rental income	-	3,914	15,164	14,742	2,212	11,922	-	47,954
Straight-line rental income accrual	-	-	279	(474)	300	475	-	580
Revenue	**-**	**3,914**	**15,443**	**14,268**	**2,512**	**12,397**	**-**	**48,534**
Property operating expenses	-	-	(6,860)	(2,222)	(84)	(1,952)	585	(10,533)
Net property income	**-**	**3,914**	**8,583**	**12,046**	**2,428**	**10,445**	**585**	**38,001**
Other income	-	-	779	-	-	-	3,353	4,132
Administrative expenses (including corporate structuring costs)	-	(339)	(1,400)	(1,088)	(125)	(1,448)	(15,731)	(20,131)
Profit / (loss) from operations	**-**	**3,575**	**7,962**	**10,958**	**2,303**	**8,997**	**(11,793)**	**22,002**
Fair value adjustment on investment properties	-	(5,356)	(46,674)	3,926	(427)	5,430	1,883	(41,218)
Fair value adjustment on other investments	591	-	-	-	-	-	-	591
Fair value adjustment on other financial liability	-	(2)	-	-	-	-	(4,222)	(4,224)
Fair value adjustment on derivatives financial instruments	-	-	-	82	-	-	(4,043)	(3,961)
Share based payment expense	-	-	-	-	-	-	(109)	(109)
Share of profits / (losses) from associates and joint ventures	2,294	2,472	(1,617)	(1,606)	4,779	376	-	6,698
Impairment of loans and other receivables	-	-	-	-	-	-	(6,883)	(6,883)
Net impairment (charge) / credit on financial assets	-	(6)	(1,292)	(4)	(6)	(1)	(1,776)	(3,085)
Gain from bargain purchase on associates	-	-	-	114	-	-	64	178
Foreign currency gains / (losses)	8	(689)	(186)	(1,260)	(251)	(386)	(169)	(2,933)
Profit / (loss) before interest and taxation	**2,893**	**(6)**	**(41,807)**	**12,210**	**6,398**	**14,416**	**(27,048)**	**(32,944)**
Interest income	-	6	656	66	7	-	4,017	4,752
Finance costs	-	(2,612)	(2,908)	(9,096)	(613)	(669)	(9,776)	(25,674)
Profit / (loss) for the year before taxation	**2,893**	**(2,612)**	**(44,059)**	**3,180**	**5,792**	**13,747**	**(32,807)**	**(53,866)**

Taxation	-	(186)	(389)	(3,190)	(59)	(5,781)	(3,777)	(13,382)
Profit / (loss) for the year after taxation	**2,893**	**(2,798)**	**(44,448)**	**(10)**	**5,733**	**7,966**	**(36,584)**	**(67,248)**
Reportable segment assets and liabilities								
Non-current assets								
Investment properties	-	67,213	166,771	169,993	30,235	137,874	-	572,086
Deposits paid on investment properties	-	-	-	-	-	-	4,500	4,500
Property, plant and equipment	-	46	36	501	-	202	2,578	3,363
Intangible assets	-	-	8	-	-	-	560	568
Other investments	-	-	-	1	-	-	-	1
Investment in associates and joint ventures	11,404	67,184	49,859	18,657	13,163	1,034	-	161,301
Related party loans receivable	-	-	-	-	-	-	3	3
Other loans receivable	-	-	-	-	-	-	39,575	39,575
Trade and other receivables	-	-	2,858	-	-	-	-	2,858
Deferred tax	-	1,283	10,045	7,756	466	4,932	(11)	24,471
Total non-current assets	11,404	**135,726**	**229,577**	**196,908**	**43,864**	**144,042**	**47,205**	**808,726**
Current assets								
Trade and other receivables	-	1,583	9,411	3,044	2,612	3,939	9,084	29,673
Current tax refundable	-	-	26	491	115	37	28	697
Related party loans receivable	-	-	-	-	-	-	138	138
Other loans receivable	-	-	-	-	-	-	2,846	2,846
Derivative financial instruments	-	-	-	39	-	-	-	39
Cash and cash equivalents	-	260	735	1,113	86	80	1,304	3,578
Total assets	**11,404**	**137,569**	**239,749**	**201,595**	**46,677**	**148,098**	**60,605**	**845,697**
Liabilities								
Total liabilities	-	63,425	192,111	143,088	14,620	76,043	59,141	548,428
Net assets	**11,404**	**74,144**	**47,638**	**58,507**	**32,057**	**72,055**	**1,464**	**297,269**

Major customers

Rental income stemming from Beachcomber represented approximately 10.6% Group's total contractual rental income for the year and Vale 9.5%, Total 8.8%, Vodacom Mozambique 7.1% and Tamassa Resort 5.3% of the Group's total contractual rental income for the year.

9.SUBSEQUENT EVENTS

Subsequent events

Since 30 June 2020, the following significant transactions have taken place.

Delisting

Subsequent to year-end the Company has delisted on the Main Board of the Johannesburg Stock Exchange (**JSE**) on 29 July 2020.

New Debt

On 17 August 2020 the Group secured a short term facility of 1 year from Nedbank South Africa to the value of US$7.0m and it bears interest at Libor plus 7.5%. On 10 November 2020 the facility was amended to extend US$5m by a further 12 months to improve the Group’s liquidity position at an increased interest rate of 8.4%.

Existing Debt Extensions

The Group have successfully extended the following corporate facilities to bolster its liquidity position.

Currently there is an amount shown as due on the 31 October 2020 of US$15m on the Investec South Africa facility over Anfa Place Shopping Centre. Subsequent this reporting date it has been extended to 28 February 2022 along with the remaining outstanding capital balance.

The MUR72m SBM facility which is currently due on the 31 October 2020 have been extended to 31 December 2020.

The US$20m SBM facility which is currently due on the 31 October 2021 have been extended by a further 12 months to 31 October 2022.

The EUR26.5m RCF held with Standard Bank South Africa have also been extended from the current maturity date of 14 August 2021 to 30 June 2022.

The Group LTV covenant imposed by Standard Bank South Africa and Absa Bank South Africa has been increased from 53% to 55% for a period 18 months to provide additional headroom during the COVID-19 period.

Share issue

The Group has additionally obtained a commitment for the issuance of ordinary shares up to the value of US$10m from an existing shareholder to be satisfied prior to 28 December 2020.

Disposals

The Group disposed of a 39.15% indirect interest in AnfaPlace Mall to Gateway Real Estate Africa Ltd ("**GREA**"), an associate of the Group. A 39.55% interest in Delta International Bahrain SPC ("**DIB**"), the beneficial owner of AnfaPlace Mall ("**Anfa**") for a total transaction value of US$25,488,440. The transaction, with an effective date of 1 July 2020, is to be executed through the issuance and subscription of shares in DIB, which owns a 99% interest in Freedom Property Fund. GREA will subscribe for class B preference shares in DIF1, for a value of US$25,481,240 and Grit's shareholder loan in DIF1 will be converted to class C preference shares, thus matching the preference shares proportionately to the new effective shareholding in AnfaPlace Mall. Both classes of preference share will earn a coupon at a rate of 8% per annum, but the Class B preference shares held by GREA shall rank in priority to the Class C preference shares held by Grit Services Limited ("**GSL**") and to the remaining GSL shareholder loan. The final effective shareholding to be taken up by GREA in Anfa is subject to an adjustment account (to be based upon audited 30 June 2020 accounts), which has subsequently settled and completed.

On 16 October 2020 it was announced that the Group entered into a binding agreement to reduce its interest in Acacia Estate, a 76 residential units condominium property located in Maputo, Mozambique ("**Acacia**" or the "**Property**"), from 80% to a combined direct and indirect interest of 62.65%, at an implied property valuation of US$67,540,000 which is equivalent to Grit's carrying value at 30 June 2020, with proceeds from the sale having settled on 4 December 2020.

Acacia is owned by a Mozambican property SPV Cognis 1 Limitada ("**Cognis**") in which Grit Services Limited has an effective shareholding of 80.0% through its subsidiaries. The balance of the equity interest in Cognis (20%) is held by external third parties.

Gateway Real Estate Africa ("**GREA**"), a private real estate development company in which Grit has a 19.98% shareholding, is strategically increasing its exposure to assets with embassy and multinational tenant profiles, and has acquired the 19.9% interest in Acacia from the external third parties. Grit has additionally agreed to sell 26.65% of its stake in Acacia, reducing its direct interest to 53.35%. GREA's ownership in the Property will move to 46.6%

By virtue of Grit's 19.98% ownership interest in GREA, the Group's combined direct and indirect interest in Acacia will only reduce to 62.65%. GREA is regarded as a related party as a result of common shareholding by the Public Investment Corporation of South Africa which owns 48.5% of GREA and 27% of Grit. Upon completion, Grit Services Limited will realise US$11,812,908 in cash from the part disposal of its share in the property which will be used to replenish its working capital reserves in the short term and for redeployment into Grit's yield accretive pipeline over the medium term.

Contingent repurchase obligation (“CRO”) - Drive in Trading Proprietary Limited (“DiT”)

Enforcement of CRO

On 14 August 2020, DiT failed to remedy a payment default under the terms of the loan, which has resulted in Bank of America N.A (UK Branch) (“**BoAML**”) enforcing its rights under the terms of the CRO on 17 August 2020. On 24 August 2020, PIC acquired the Loan from BoAML for US$33.8m, and effectively stepped into BoAML’s role as lender to DiT.

Long term structure

On 19 August 2020, PIC’s Investment Committee (“**IC**”) approved a 5-year loan to DiT to allow sufficient time for Grit’s share price to recover prior to winding up the structure. As part of this approval, PIC have confirmed it does not intend to enforce its rights under the Guarantee Agreement. Management expect to receive written confirmation following the release of the IC minutes.

10. EARNINGS PER SHARE – UNAUDITED

	Audited as at 30 June 2020	Audited as at 30 June 2019

	US$'000	US$'000
Basic and diluted (losses) / earnings	(63,115)	28,035

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

	30 June 2020 Shares '000	30 June 2019 Shares '000
Ordinary shares in issue at start of year	306,396	214,023
Unvested treasury shares at start of year	(10,114)	(7,997)
Total shares issue at start of year	296,282	206,026
Effect of shares issued in the year	5,834	84,549
Effect of treasury shares acquired in the year	-	(878)
Effect of treasury shares surrendered in the year	-	(84)
Effect of treasury shares vested or allocated in the year	573	-
Weighted average number of shares at end of year - basic	302,689	289,613
Dilutive effect of share options	-	-
Weighted average number of shares at end of year - diluted	302,689	289,613
Basic and diluted earnings per share (cents)	(20.85)	9.68

11 EPRA FINANCIAL METRICS - UNAUDITED

NON-IFRS MEASURES

Basis of Preparation

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

The Directors have chosen to disclose:

- EPRA earnings in order to assist in comparisons with similar businesses in the real estate sector. EPRA earnings is a definition of earnings as set out by the European Public Real Estate Association. EPRA earnings represents earnings after adjusting for fair value adjustments on investment properties, gain from bargain purchase on associates, fair value adjustments included under income from associates, ECL provisions, fair value adjustments on other investments, fair value adjustments on other financial assets, fair value adjustments on derivative financial instruments, and non-controlling interest included in basic earnings (collectively the "EPRA earnings adjustments") and deferred tax in respect of these EPRA earnings adjustments. The reconciliation between basic and diluted earnings and EPRA earnings is detailed in the table below;
- EPRA net asset value in order to assist in comparisons with similar businesses in the real estate sector. EPRA net asset value is a definition of net asset value as set out by the European Public Real Estate Association. EPRA net asset value represents net asset value after adjusting for net impairment on financial assets (**ECL**), fair value of financial instruments, and deferred tax relating to revaluation of properties (collectively the "EPRA net asset value adjustments"). The reconciliation for EPRA net asset value is detailed in the table below;
- adjusted EPRA earnings in order to provide an alternative indication of GRIT and its subsidiaries' (the "Group") underlying business performance. Accordingly, it excludes the effect of non-cash items such as unrealised foreign exchange gains or losses, straight-line leasing adjustments, amortisation of right of use land, impairment of loans and deferred tax relating to the aforementioned adjustments. The reconciliation for adjusted EPRA earnings is detailed in the table below; and
- total distributable earnings in order to assist in comparisons with similar businesses and to facilitate the Group's dividend policy which is derived from total distributable earnings. Accordingly, it excludes VAT credit utilised on rentals, interest related to Anfa Shopping Centre’s areas under construction, Listing and set-up costs, depreciation and amortisation, share based payments, antecedent dividends, operating costs relating to Anfa Shopping Centre’s refurbishment costs, rental concessions for capital projects/ amortisation of lease premiums and profits withheld/released. The reconciliation for total distributable earnings is detailed in the table below.

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

	Unaudited 30 June 2020	Unaudited 30 June 2019

EPRA EARNINGS	Notes	US$'000	US$'000
Basic (losses)/earnings per above		(67,248)	26,070
Add Back:			
Fair value adjustment on investment properties		44,523	(15,637)
Fair value adjustments included under income from associates		6,962	(6,921)
ECL Provision		3,090	5
Fair value adjustment on other investments		(644)	795
Fair value adjustment on other financial asset		4,224	516
Fair value adjustment on derivative financial instruments		3,961	6
Deferred tax in relation to the above		8,624	14,636
Acquisition costs not capitalised		3,905	1,328
Non-controlling interest included in basic earnings		4,133	1,965
EPRA EARNINGS		**11,530**	**22,763**
EPRA EARNINGS PER SHARE (DILUTED) (cents per share)		**3.82**	**7.87**
Company specific adjustments			
Unrealised foreign exchange gains or losses (non-cash)	1	4,983	5,162
Straight-line leasing and amortisation of lease premiums (non-cash rental)	2	1,709	824
Amortisation of right of use of land (non-cash)	3	32	29
Impairment of loan		6,893	1,051
Deferred tax in relation to the above	4	2,110	(1,136)
Total Company specific adjustments		**15,727**	**5,930**
ADJUSTED EPRA EARNINGS		**27,257**	**28,693**
ADJUSTED EPRA EARNINGS PER SHARE (DILUTED) (cents per share)		**9.02**	**9.92**

	Shares '000	Shares '000
Weighted average shares in issue	312,230	298,572
Less: Weighted average treasury shares for the year	(12,546)	(11,321)
Add: Weighted average share awards and vested shares in long term incentive scheme	2,432	1,859
EPRA SHARES	**302,116**	**289,110**

EPRA NAV		
NET ASSET VALUE OF THE GROUP	297,883	389,949
ADD BACK:		
Net impairment on financial assets (ECL)	3,634	548
Fair value of financial instruments	4,004	43
Deferred tax from revaluation of properties	57,419	44,410
EPRA NAV	**362,940**	**434,950**
EPRA NAV PER SHARE (cents per share)	**118.6**	**147.1**

	Shares '000	Shares '000
Total shares in issue	316,236	306,396
Less: Treasury shares for the year	(12,546)	(12,546)
Add: Share awards and vested shares in long term incentive scheme	2,432	1,859
EPRA SHARES	**306,122**	**295,709**

COMPANY SPECIFIC ADJUSTMENTS TO EPRA EARNINGS

1. *Unrealised foreign exchange gains or losses*
   The foreign currency revaluation of assets and liabilities in subsidiaries gives rise to non-cash gains and losses that are non-cash in nature. These adjustments (similar to those adjustments that are recorded to the foreign currency translation reserve) are added back to provide a true reflection of the operating results of the Group.

2. *Straight-line leasing (non-cash rental)*
   Straight-line leasing adjustment under IFRS relate to non-cash rentals over the period of the lease. This inclusion of such rental does not provide a true reflection of the operational performance of the underlying property and are therefore removed from earnings.

3. *Amortisation of intangible asset (right of use of land)*
Where a value is attached to the right of use of land for leasehold properties, the amount is amortised over the period of the leasehold rights. This represents a non-cash item and is adjusted to earnings.

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

12. COMPANY DISTRIBUTION CALCULATION - UNAUDITED

	Notes	Unaudited 30 June 2020 US$'000	Unaudited 30 June 2019 US$'000
Adjusted EPRA Earnings		27,257	28,693
Company specific distribution adjustments			
VAT credits utilised on rentals	1	1,523	1,652
Interest related to AnfaPlace Mall areas under construction	2	53	429
Listing and set up costs under administrative expenses	3	59	65
Depreciation and amortisation	4	531	311
Share based payments	5	109	156
Antecedent dividend	6	418	927
Retirement fund & PRGF		157	-
LLR initial day one gain		(2,066)	-
Amortisation of capital funded debt structure fees		402	-
Operating costs related to AnfaPlace Mall refurbishment costs	7	271	1,267
Rental concessions for capital projects/amortisation of lease premiums	8	-	503
Profits released		-	650
Total Company Specific distribution adjustments		**1,457**	**5,960**
TOTAL DISTRIBUTABLE EARNINGS (BEFORE PROFITS WITHHELD)		**28,714**	**34,653**
DISTRIBUTABLE INCOME PER SHARE (DILUTED) (cents per share)		**9.58**	**12.20**
- Profits withheld		**(12,979)**	**-**
TOTAL DISTRIBUTABLE EARNINGS TO GRIT SHAREHOLDERS		**15,735**	**34,653**
DIVIDEND PER SHARE (cents)		**5.25**	**12.20**
Reconciliation to amount payable			
Total distributable earnings to Grit shareholders before profits withheld (cents)		9.58	12.20
Profits withheld (cents)		(4.33)	**-**
Interim dividends already paid (cents)		(5.25)	(5.25)
FINAL DIVIDEND PROPOSED (cents)		**0.00**	**6.95**

	Shares '000	Shares '000
Weighted average shares in issue	312,230	298,572
Less: Weighted average treasury shares for the year	(12,546)	(11,321)
Add: Weighted average shares vested in long term incentive scheme	2,432	1,859
EPRA SHARES	**302,116**	**289,110**
Less: Non-entitled shares	-	(3,174)
Less: Vested shares in consolidated entities	(2,432)	(1,859)
DISTRIBUTION SHARES	**299,684**	**284,077**

COMPANY DISTRIBUTION NOTES IN TERMS OF THE DISTRIBUTION POLICY

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

2. *Interest related to AnfaPlace Mall areas under construction*

The interest costs associated with the relevant sections of the AnfaPlace Mall is of a capital nature and is added back as part of the distribution calculation.

3. *Listing and set-up costs under administrative expenses*
Costs associated with the new listing of shares, setup on new companies and structures are capital in nature and is added back for distribution purposes.

4. *Depreciation and amortisation*
Non-cash items added back to determine the distributable income.

5. *Share based payments*
Non-cash items added back to determine the distributable income.

6. *Antecedent dividend*
Where shares are issued during a dividend period, a portion of the subscription price is withheld as an antecedent dividend in order to ensure existing shareholders' dividends per share are not diluted through the issue of shares during a dividend cycle.

7. *Operating costs related to AnfaPlace Mall refurbishment costs*
Fixed costs associated with the various sections of the AnfaPlace Mall that have been closed off during the refurbishment process are deemed non-operational costs and added back to distributable earnings.

8. *Rental concessions for capital projects / amortisation of lease premiums*
Any rental concessions provided to tenants, either as an incentive to attract new tenants or to maintain existing tenants, are treated as lease incentives and such cost is capitalised and amortised over the period of the lease. The amortisation of such lease incentives are non-cash in nature and are added back to determine distributable income.

OTHER NOTES

The audited consolidated financial statements for the year ended 30 June 2020 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 and the requirements of the Mauritian Companies Act 2001. The accounting policies are consistent with those of the previous annual financial statements with the exception of the change in accounting policy and the significant judgment disclosed in note 1.

The Group is required to publish financial results for the year ended 30 June 2020 in terms of Listing Rule 12.14 of the SEM and the LSE Listing Rules. The Directors are not aware of any matters or circumstances arising subsequent to the year ended 30 June 2020 that require any additional disclosure or adjustment to the financial statements. These audited consolidated financial statements were approved by the Board on 14 December 2020.

PricewaterhouseCoopers have issued their unqualified audit opinion on the Group's financial statements for the year ended 30 June 2020. Copies of the audited consolidated financial statements for the year ended 30 June 2020, and the statement of direct and indirect interests of each officer of the Company pursuant to rule 8(2)(m) of the Mauritian Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available free of charge, upon request at the Company's registered address. Contact Person: Smitha Algoo-Bissonauth.

Forward-looking statements

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

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

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

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