

GRIT REAL ESTATE INCOME GROUP LIMITED

(Registered in Guernsey)

(Registration number: 68739)

LSE share code: GR1T

SEM share code: DEL.N0000

ISIN: GG00BMDHST63

LEI: 21380084LCGHJRS8CN05

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

FULL YEAR AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2022

The board of Directors (the "Board") of 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 2022.

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

Grit has weathered the challenges over the Covid-19 period and, despite recent global uncertainty, is producing a robust underlying portfolio performance supported by Grit's family of strong partnerships across the African continent. Grit is increasingly well placed to deliver further positive sustainable value for our shareholders and positive impact for the people of Africa. Our resilient and defensive business and investment potential is backed by our high quality assets, strong cash collection, increasing leasing activity, achieving contractual rent escalations, reducing debt levels and with the potential for progressive dividends and stronger NAV growth going forward.

Furthermore, Grit's targeted acquisition of a controlling interest in Gateway Real Estate Africa is expected to be a key milestone for the Group, reinforcing our solid growth and positive impact strategy with a high-quality team and attractive accretive pipeline of developments, whilst also further reducing Grit's LTV.

Grit has recently delivered its long-term sustainability-linked refinance of existing debt into a single facility, bringing with it a more streamlined and efficient Group loan management process and has made good progress on its asset recycling programme.

The Grit Group is committed to, and passionate about, developing smart business solutions through impact real estate that goes beyond buildings. No matter what the challenges we encounter in Africa, as a team of spirited warriors we always find the way.

Financial & Portfolio highlights as at 30 June 2022¹

	30 June 2022	30 June 2021	Increase/ (Decrease)
IFRS diluted earnings / (loss) per share	US\$2.62 cps	(US\$16.54 cps)	
Adjusted EPRA earnings per share ²	US\$3.13 cps	US\$4.91 cps	(36.3%)
Distributable earnings per share ³	US\$5.08 cps	US\$5.97 cps	(14.9%)
Dividend per share	US\$4.50 cps	US\$1.50 cps	+200%
Contractual rental collected	92.8%	92.5%	+0.3%
EPRA NRV per share ²	US\$79.4 cps	US\$102.4 cps	(22.5%)
Total Income Producing Assets ⁴	US\$856.7m	US\$801.9m	+6.8%
Group LTV	46.7%	53.1%	(6.4%)
Weighted average cost of debt	7.1%	5.7%	+1.4%
Portfolio highlights at 30 June 2022			
Property portfolio net operating income ⁵	US\$57.3m	US\$55.3m	+3.5%
EPRA cost ratio (including associates) ⁶	13.0%	13.2%	(0.2%)

EPRA portfolio occupancy rate ⁷	95.3%	94.7%	+0.6%
WALE ⁸	4.8 yrs.	4.8 yrs.	0.0%
Revenue earned from multinational tenants ⁹	85.6%	90.9%	(5.3%)
Income in hard currency ¹⁰	91.5%	92.7%	(1.2%)
Grit proportionately owned lettable area (" GLA ")	366,926m ²	342,281m ²	+7.2%
Weighted average annual contracted rent escalations	5.4%	3.8%	+1.5%

Notes

- ¹ Various alternative performance measures (APMs) are used by management and investors, including a number of European Public Real Estate Association ("EPRA") metrics, Distributable Earnings, Total Income Producing Assets and Property portfolio net operating income. APMs are not a substitute, and not necessarily a better for measuring performance than statutory IFRS results and where used, full reconciliations are provided.
- ² Explanations of how EPRA figures are derived from IFRS are shown in notes 7 and 9 (unaudited).
- ³ Distributable earnings per share is an APM derived from IFRS and shown in note 8 (unaudited).
- ⁴ Includes controlled Investment properties with Subsidiaries, Investment Property owned by Associates and Joint Ventures, Deposits paid on Investment properties and other investments, property plant and equipment, intangibles and related party loans – Refer to Chief Financial Officer's Statement for reconciliation.
- ⁵ Property portfolio net operating income ("NOI") is an APM and is derived from IFRS NOI adjusted for the results of associates and joint ventures. A full reconciliation is provided in the Chief Financial Officers Statement
- ⁶ Based on EPRA cost to income ratio calculation methodology shown in note 9.
- ⁷ Property occupancy rate based on EPRA calculation methodology (Includes associates and excludes direct vacancy cost). Please see calculation methodology shown in note 9.
- ⁸ Weighted average lease expiry ("WALE").
- ⁹ Forbes 2000, Other Global and pan African tenants.
- ¹⁰ Hard (US\$ and EUR) or pegged currency rental income.

Summarised results commentary:

- The Group produced a robust underlying portfolio performance, with the 21.6% EPRA net reinstatement value ("**NRV**") per share reduction predominantly relating to the dilutive impacts of the Company's equity issuance in December 2021 and increased impairment charges.
- Total dividends per share declared for the year ended 30 June 2022 total US\$4.50cps (2021: US\$1.50cps), representing an 89.8% pay-out ratio and a 12.67% dividend yield on the current share price. Distributions comprise the interim dividend declared in February 2022 and final dividend declared today of US\$2.00cps. The Board additionally today announces that it is complementing second half distribution with a limited share buyback programme, as it looks to support liquidity in the shares on both LSE and SEM with the share currently presenting compelling inherent value.
- The portfolio was independently valued at 30 June 2022, with like-for-like property valuations increasing 6.9% in functional currencies. Moves in EUR:USD exchange rates have however resulted in 0.3% like for like valuation declines in the reported USD values. Acquisitions and capex additions amounted to US\$59.2m in the period.
- Group LTV meaningfully decreased to 46.7% (2021: 53.1%) in the financial year to 30 June 2022. The Company issued shares worth US\$76.3m in December 2021, the net cash proceeds of which were utilised to decrease overall levels of debt. Additionally, and as a direct result of the equity placement being lower than targeted at that time, the acquisition of a controlling interest in GREA was restructured, settled in cash from revolving debt facilities, and the further direct LTV benefits of financial consolidation delayed. LTV is expected to fall by 3.9% upon consolidation of GREA.

The Board remains committed to reducing LTV levels to below its near-term target of 45% and then to its medium term target of between 35% to 40%. Capital recycling initiatives to support this target in the financial year included the sale of 100% of ABSA house and part sales of the Orbit manufacturing facility and the Group's holdings in LLR.

Corporate highlights

- The Company acquired a 77.95% stake in APDM, the external asset manager over GREA, giving it operational control over GREA by virtue of the management alignment from that date (note that neither APDM or GREA are currently consolidated in these results as the definition of control per IFRS10 has not yet been met). Additionally, a further 6.31% in GREA was acquired taking Grit's stake to 26.29% by the year end 30 June 2022 (and was further increased to 35.01% post year-end).
- GREA notably delivered several completed projects including a US embassy accommodation compound in Ethiopia, a data centre in Nigeria and an office park in Ghana and has made good progress on further projects,

with the Kenyan US embassy accommodation compound completed on 31 August 2022, and two further projects targeted for completion by March 2023.

- The Orbit Africa sale and leaseback transaction was completed in March 2022 at an accretive net acquisition yield of 9.60% under a 25-year US Dollar denominated triple net lease and cash cost of US\$37.7m (inclusive of VAT). An additional redevelopment and expansion of the facility at a contractual development yield of 16.0% is expected to commence in late 2022. The total expected investment across the sale and leaseback and redevelopment and expansion is expected to be US\$53.6m and is funded through US\$25m senior debt financing from the IFC, a division of the World Bank, and a preference note issued to Ethos Mezzanine Partners GP Proprietary Limited and BluePeak Private Capital GP.

Notable Post balance sheet events

- On 18 July 2022, Grit introduced a 30% co-investor (Letlole La Rona (“LLR”)) to the Orbit Africa asset for an investment of US\$7.23m. LLR’s shareholders have approved a “Go-to-Africa” strategy and have aligned with Grit as their recognised specialist real estate partner.
- Upon the completion of phase 2 of the GREA acquisition on 31 August 2022, the Company increased its stake in GREA to 35.01% and has an option to acquire Gateway Partner’s remaining 1% in APDM and 13.61% stake in GREA.
- On 19 October 2022, the Group concluded a syndicated sustainability linked cross-collateralised debt refinancing facility of up to US\$306m, refinancing seven existing debt facilities of US\$279.1m of existing debt facilities across Mozambique, Zambia, Ghana and Senegal, agreed a corporate revolving credit facility, and secured additional funding for the future redevelopment of Club Med, Senegal. The landmark transaction, the largest sustainability-linked real estate largest debt transaction in Sub-Saharan Africa (ex-South Africa) creates for Grit increased diversification and tenor in its debt, with optimal funding costs and a scalable long term debt solution.
- On 20 October 2022, the Group additionally entered into a further US\$100m of notional interest rate hedges, minimising the impact of expected global interest rate movements on the Group’s weighted average cost of debt. The Group now has 26.7% of its USD denominated debt exposed to floating rate exposure.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Grit Real Estate Income Group Limited

Bronwyn Knight, Chief Executive Officer
Darren Veenhuis, Investor Relations

+230 269 7090
+44 779 512 3402

H/Advisors Maitland – Communications Advisor

James Benjamin
Alistair de Kare-Silver

+44 7747 113 930 / +44 20 7379 5151
Grit-maitland@h-advisors.global

finnCap Ltd – UK Financial Adviser

William Marle/Teddy Whiley (Corporate Finance)
Mark Whitfeld/Pauline Tribe (Sales)
Monica Tepes (Research)

+44 20 7220 5000
+44 20 3772 4697
+44 20 3772 4698

Perigeum Capital Ltd – SEM Authorised Representative and Sponsor

Shamin A. Sookia
Kesaven Moothoosamy

+230 402 0894
+230 402 0898

Capital Markets Brokers Ltd – Mauritian Sponsoring Broker

Elodie Lan Hun Kuen

+230 402 0280

NOTES:

Grit Real Estate Income Group Limited is the leading pan-African real estate company focused on investing in, developing and actively managing a diversified portfolio of assets in carefully selected African countries (excluding South Africa). These high-quality assets are underpinned by predominantly US\$ and Euro denominated long-term leases with a wide range of blue-chip 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 holds its primary listing on the Main Market of the London Stock Exchange (LSE: GR1T) and a secondary listing on the Stock Exchange of Mauritius (SEM: DEL.N0000).

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

Directors:

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

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

Company secretary: Intercontinental Fund Services Limited

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

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

SEM authorised representative and sponsor: Perigeum Capital Ltd

UK Transfer secretary: Link Assets Services Limited

Mauritian Sponsoring Broker: Capital Markets Brokers Ltd

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

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

The Company will host a live webcast on Friday, 28 October 2022 at 12:00pm Mauritius / 09:00am UK / 10:00am South Africa. Pre-registration for the Company's live webcast of the full year results is required at the following link: <https://www.investormeetcompany.com/grit-real-estate-income-group-limited/register-investor>

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

CHAIRMAN'S STATEMENT

Grit is a prominent, woman led real estate platform providing property investment and associated real estate services across the African continent. The Group recognises its role in transforming the design of buildings and developments for long-term sustainability, especially with Africa rapidly urbanising, and focuses on impact, energy efficiency and carbon reduction in its activities. In addition to environmental responsibility, the Group prides itself on achieving more than 40% of women in leadership positions at Grit and significant support to the numerous communities in the countries where we operate through extensive CSR and upliftment programmes.

The financial year ended 30 June 2022 provided encouraging signs of recovery in the property sectors worst affected by the Covid-19 pandemic and the lifting of international travel restrictions buoyed an improvement in especially the hospitality and retail asset classes. Global inflationary pressures, exacerbated by the Russia-Ukraine war, have resulted in upward pressures on interest rates and availability of debt funding both globally, but especially in Africa. These financial results have also been impacted by the material corporate actions, the residual effects of the Covid pandemic and more recently, rising interest rates and significant volatility in exchange rates to the US dollar, specifically the Euro.

However, the Group is increasingly well positioned, backed by strong cash collection, increased leasing activity, resilient assets and with the potential for stronger NAV growth going forward. The Group's contractual lease escalations are also predominantly inflation-linked and are helping to offset the impacts of rising interest rates in the portfolio, whilst also helping to underpin our growing dividend.

The Group has seen a growth of 3.5% in Net Operating Income from properties in the financial year to 30 June 2022 and notably has collected 92.8% (FY21: 92.5%) of the value of its contracted revenue in the year. Management's continued focus on counterparty relationships and active tenant and asset management resulted in a higher occupancy rate of 95.3% (FY21: 94.7%) predominantly due to new leases concluded in the corporate offices and retail portfolios. The retail sector across Africa appears to have stabilised and when combined with acquisitions and investments in the period, the reported value of investment properties has increased 6.9% in the financial year.

Decisive, course correcting action taken

During the year under review, the Board implemented a decisive course correcting strategy that enabled Grit to reduce its overall debt exposure to more acceptable levels and place it on a robust growth path. The Company issued new

shares worth US\$76m in December 2021, and in combination with the targeted asset recycling strategy, has positioned the Company well for sustained recovery. During the period, the Group acquired an increased stake in Gateway Real Estate Africa (“GREA”), the leading African focused real estate developer, combined with operational control over GREA’s external asset manager, Africa Property Development Managers (“APDM”) during the period, are expected to contribute meaningfully to Grit’s ability to deliver enhanced profitable growth through GREA’s extensive and attractive pipeline of accretive development opportunities.

Grit has also agreed a pathway to securing a controlling interest in GREA. The potential optimisation of Grit and GREA’s balance sheets upon gaining control, which are expected to deliver further additional value to Grit’s shareholders and reduce the overall LTV for the Group given GREA’s low gearing levels.

In March 2022, Grit concluded the fully funded US\$37.7m (including VAT) acquisition of the Orbit Complex in Kenya. The Orbit transaction is accretive to Grit’s net asset value and earnings from inception, with further redevelopment and expansion opportunities expected to enhance the yield and average lease term. The upgrade is in line with Grit’s strategy to increase its exposure to Kenya and the broader light industrial sector and its proximity to Grit’s Imperial Warehouse logistics facility strengthens the node as a prime supply chain hub. The total expected investment across the sale and leaseback and redevelopment and expansion is expected to be US\$53.6m and is funded through US\$25.0m senior debt financing from the IFC, a division of the World Bank, and a preference note issued to Ethos Mezzanine Partners GP Proprietary Limited and BluePeak Private Capital GP. This transaction is expected to be the first in several strategic collaborations with the IFC across Africa and positions Grit to execute on its focus of increasing its exposure to industrial sector assets through the establishment of an industrial asset platform.

In July 2022, Botswana Stock Exchange listed diversified real estate company, Letlole La Rona Limited (“LLR”) co-invested in the Orbit Complex by way of a US\$7.2m investment and positioned itself as a co-investment partner for further industrial sector investments.

Capital recycling

In the prior financial year, the Board set an asset recycling target of 20% of the value of the property portfolio, equivalent to approximately US\$160m worth of property assets, by 31 December 2023. As at today’s date, we have achieved gross property disposals of US\$28.2m. The Group has continued to make further good progress on its targeted asset disposal strategy post financial year end and will update shareholders in due course.

During the period under review, Grit successfully sold ABSA House in Ebene, Mauritius and sold a 4.9% stake in LLR. Following the year end, the Group sold a 30% stake in the Orbit Complex to the Group’s listed associate LLR.

Proceeds from asset recycling will principally be applied towards Group debt reduction and replenishment of liquidity reserves over the short term, with redeployment into higher-yielding secured strategic pipeline projects over the medium and longer term that are expected to further enhance the resilience of the Group’s portfolio and result in increased distributable income and improved capital value to Grit’s shareholders.

Financial results

The financial results to 30 June 2022 have been impacted by the material corporate actions, the residual effects of the Covid-19 pandemic and more recently, rising interest rates and significant volatility in exchange rates to the US dollar, specifically the Euro. The Group’s contractual lease escalations are predominantly inflation linked and are providing some offset to rising interest rates in the portfolio.

EPRA NRV per share declined 22.5% to US\$79.4cps (versus prior year NRV of US\$102.4cps) predominantly due to the dilutive equity issuance in December 2021 and non-property related impairments.

The Company issued shares worth US\$76.3m in an equity placement in December 2021, which was lower than targeted at that time. As a direct result, the acquisition of a controlling interest in GREA was restructured and the direct LTV benefits of financial consolidation delayed. Grit’s LTV improved from 53.1% in the prior financial year to 46.7%, predominantly as a result of the proceeds raised in the capital raise but also complemented by the improvement in portfolio valuations and improved cash collections. LTV is expected to fall by a further 3.9% upon the consolidation of GREA should the Company successfully conclude the acquisition of a controlling interest in GREA.

Dividends

The Board remains committed to reducing LTV levels to below its near-term target of 45% and then to its medium term target of between 35% to 40% with capital recycling initiatives providing further impetus. Considering the success of the Group’s corrective actions, in particular the reduction of Group LTV to 46.7%, I am pleased to announce that a final dividend of US\$2.0 cents per share has been declared. This brings the total dividend for the year to US\$4.50cps, following the interim dividend of US\$2.50cps declared for the six months ended 31 December 2021. The full year distribution represents an 89.8% pay-out of distributable earnings.

The Board additionally today announces that it is complementing second half distribution with a limited share buyback programme given the current compelling inherent value, as it looks to support liquidity in the shares on both LSE and SEM.

Changes to the Board

Other than formally acknowledging that Cross Kgosiile was no longer an Independent NED, in February 2022, there were no changes to the Board during the year under review.

Climate change, sustainability and diversity

Grit is a leading impact real estate solutions platform providing property investment and associated real estate services across the African continent. Grit recognises the importance of climate change and continues to focus on ensuring that the Group and our portfolio remains resilient. We continue to make significant inroads in reducing our carbon footprint across operations through initiatives to reduce electricity consumption and we are embarking on our journey to define its pathway to net zero carbon based on global best practice.

In addition to recognising its leadership role in environmental responsibility for the long term, the Group prides itself on achieving more than 40% of women in leadership positions at Grit and significant support to the numerous communities in the countries where we operate through extensive CSR and upliftment programmes.

More information on Grit's Environmental, Social and Governance initiatives is available in the Responsible Business Committee's report.

Updated Group strategy

Post the targeted acquisition of a controlling interest in GREA, the Group will continue to deploy its resources within the following principal strategic areas:

1. Owning and managing a diversified portfolio of high-quality real estate assets across the African continent (excluding South Africa) – with strong valuation recovery potential post Covid-19 disruptions.
2. Pursuing limited risk-mitigated real estate developments for existing and target tenants, predominantly focused on the industrial, embassy accommodation and data centres sectors, driving accelerated NAV growth into the future. Development exposure will not exceed more than 20% of Group gross asset value, and upon completion, will be included in the income producing portfolio of the Group thereby underpinning future income growth – leading to an expectation of enhanced yield and income upon completion of the developments.
3. Generation of additional fee income from real estate, facilities and development management services to both internal clients and to third party clients and co-investors – expected to result in an expectation of enhanced income.

Outlook

The decisive course correcting action by the Board and management has yielded encouraging signs of growth, with many of the benefits initiated during the year under review expected to flow through in the current year and sustained over the long term. Notwithstanding these early signs of recovery, the Board recognises the increased global instability, driven by higher interest rates, inflation and shortages of staple foods and fuel, largely due to the Ukraine/Russia conflict.

A higher inflationary environment supports revenue growth as a result of Grit's inflation-linked contractual escalations, although real increases will be done in collaboration with tenants to ensure long-term sustainability. The Group is however well positioned for recovery in a post-pandemic environment, backed by strong cash collection, increased leasing activity, resilient assets and the potential for stronger NAV growth going forward. Upon the expected final completion of the acquisition of a controlling interest in GREA, the Board's total return target will increase from the current 12% to a range of between 13% and 15% per annum.

Management and the Board will continue to focus on ongoing reduction in LTV, the asset recycling programme as well as the expansion of Grit's investment in GREA.

Peter Todd
Chairman

CHIEF EXECUTIVE'S STATEMENT

Grit has evolved into a real estate solutions provider across Africa, from being a property investor. In addition to sound property fundamentals, a significant catalyst for Grit's growth – and evolution – continues to be our focus on people and relationships. From the outset, we built our business on strong, transparent counterparty and stakeholder relationships.

This ability and know-how are what differentiates Grit – no other company delivers what Grit delivers on the African continent through the expertise of its people.

The Grit Group are people-centred pioneers, proudly African and woman led, driven by delivering positive impact through authentic partnerships. We recognise our role in transforming the design of buildings and developments and creating smart business solutions for long-term sustainability, especially with the African landscape rapidly urbanising.

During the Covid-19 period, Grit's management and Board committed to key initiatives to ensure the stabilisation of operations, balance sheet enhancement and improved liquidity. This focus has resulted in the delivery of the following key highlights over the financial period.

- Portfolio valuation recovery;
- Improved retail leasing and valuation recovery;
- Hospitality assets fully trading once again;
- Successful asset recycling and progress towards the Board's 31 December 2023 target;
- Significantly reduced loan to value;
- Robust operational performance including strong cash collections and growth in operational earnings;
- Resumption of dividends; and
- Pursuit of a sustainability linked debt restructure.

Key operational trends

Balance sheet improving

Initiatives during the year that supported a stronger balance sheet include the placing of 146m new ordinary shares in December 2021 (further detail in the Chairman's statement and Financial Review of this report), improved collections and asset recycling initiatives. The issue of US\$31.5m in equity classified perpetual preference notes to BluePeak Capital and Ethos Private Equity on the Orbit acquisition not only provided additional balance sheet headroom but introduced new strategic funding partners to Grit.

Improved liquidity

Strong cash collections of 92.8% (FY21: 92.5%) and minimal rental deferrals and tenant rental assistance supported improved liquidity positions.

Proceeds from the successful disposal of ABSA House in Ebene, Mauritius and the part disposals of Orbit Complex and shares in LLR have been applied towards the Company's revolving credit facilities and debt reduction. The Group has continued to make further progress on its targeted US\$160m asset disposal strategy post financial year end.

Offsetting this improved liquidity position was cash utilised in phase one GREA and APDM acquisitions of US\$21.5m during the financial year, with a further US\$19.4m deployed for phase two in August 2022.

Stabilised operations

Grit's current portfolio consists of 59 assets located across 12 countries and 8 asset classes. The Group's portfolio has a 4.7% EPRA vacancy rate (FY2021: 5.3%) and a weighted average lease expiry (WALE) of 4.8 years (FY2021: 4.8 years). More than 85% (FY2021: 90.9%) of income is underpinned by a wide range of blue-chip multinational tenants across a variety of sectors and has a weighted average contracted lease escalation of 5.4% per annum (FY2021: 3.8% per annum). Most rents are collected monthly, of which 91.5% (FY2021: 92.7%) are collected in USD, Euro or pegged currencies.

Operations have largely stabilised, with hospitality and retail, the two sectors worst affected by Covid-19, showing signs of recovery. Property valuations in these two sectors have also started improving, suggesting valuation growth potential in the medium term.

Office, corporate accommodation, and light industrial assets

Grit's office and corporate accommodation assets continued to perform well with little change in occupation levels and ongoing strong demand. Lack of consistent internet connection and stable power supply have made the global work-from-home phenomenon less relevant in Africa and resulted in limited impact on our office tenants. Office sector valuations in Mozambique remained resilient. The Ghanaian office market is showing signs of additional re-leasing risks and tenant rotations, although Grit has successfully filled vacated space through pleasing new leasing activity in the financial year.

In the corporate accommodation portfolio, the valuation of the VDE Housing Estate in Mozambique stabilised at US\$55.2m as at 30 June 2022 (FY2021: US\$57.7m), following significant devaluations in the preceding two financial years. Grit continues to work with the new owner of Vale's mine in relation to their corporate accommodation needs and expects valuation recovery upon renewal of the current lease, which still has 1.9 years until expiry.

The continent remains undersupplied for good-quality industrial property. Grit's asset values in the sector enjoyed strong year on year increase upon the completion of the Bollore Warehouse upgrade and growth through acquisition.

Grit concluded the acquisition of the Orbit Complex in Nairobi, Kenya in March 2022, which represented a key step forward in geographically and sectorally balancing the portfolio into an undersupplied and futureproof asset class. The strategic unlocking of a long-term partnership with the IFC also brings with it further opportunities for collaboration as the Group continues to see further investment opportunities in this sector. On 18 July 2022 Grit introduced a 30% co-investor, Letlole La Rona ("LLR") to the Orbit asset for an investment of US\$7.23m. LLR's shareholders have approved a "Go-to-Africa" strategy and have aligned with Grit as their recognised real estate specialist partner, positioning them as preferred co-funder for further investment opportunities in the sector.

We remain confident that the supply/demand imbalance for superior logistics assets should lead to rental and capital value growth and we intend to establish an industrial asset platform to capitalise on this in the near future, providing co-investment opportunities to our real estate partners and funders.

Retail assets

The occupancy rates of our retail assets have steadily improved since the height of the pandemic at the end of 2021. Our strategy of focusing mainly on smaller strip malls with non-discretionary food and service retailers supported this positive trend. Vacancies in the retail sector have stabilised with encouraging new tenant activity, including LC Waikiki in Zambia, Colin's in Morocco and Foodplus by Chandarana in Kenya.

Vacancies at AnfaPlace Mall still account for a material portion of the Group's vacancies. The timing of the redevelopment of the AnfaPlace Mall in 2019 left large parts of the mall vacant as the pandemic struck. Improved tenant activity, and our ongoing leasing efforts that saw the introduction of Colin's and ICHTAH, have resulted in reported vacancy rates falling from 19.26% in June 2021 to 18.1% as at 30 June 2022. Grit is currently completing fit out for the Hudson Group which will further reduce vacancy in Q4 2022. The Mall has enjoyed high and rising levels of footfall, significantly surpassing both pre Covid-19 and pre redevelopment levels, which bodes well for the outlook for the predominantly turnover linked leases currently in place. The asset is still being targeted for disposal although formal negotiations with a previously interested buyer have not materialised as expected.

Hospitality assets

Our hospitality portfolio comprises five hotels – four in Mauritius and one recently refurbished scheme in Senegal. Mauritius' borders opened from 1 October 2021, with final travel restrictions being lifted in January 2022. Hospitality operators are experiencing strong forward bookings at Grit owned assets and evidence of robust tourist demand has provided strong support to asset valuations, which rebounded in Euros by 5.3% in the financial year to 30 June 2022.

Grit's hotel tenants are up to date on their tenant obligations and The Lux Group has repaid all amounts owing from 2021 deferred rentals. Beachcomber resorts have fully settled their lease deferrals post year end (Grit had previously granted a 48-month period within which to repay 2021 deferred rents). Club Med Cap Skirring Resort opened on 5 December 2021 and are current on all their rental obligations.

Update on acquisitions and pipeline

As elaborated in the Chairman's Statement, Grit has a clear strategy for delivering attractive, secure and growing income and enhanced and sustainable shareholder returns.

The targeted acquisition of a majority stake in Gateway Real Estate Africa ("GREA") - a company founded by Grit in 2018 – and operational control of its asset manager, Africa Property Development Managers ("APDM") is pivotal to the execution of this strategy, considering Grit's ambitions to diversify its asset base into defensive, high-growth real estate sub-sectors including consular accommodation, data centres, healthcare and industrial assets.

GREA is a private real estate development company specialising in the risk mitigated turnkey construction of real estate in Africa. GREA develops assets on the strength of USD-denominated or USD-linked long-term lease contracts signed with multinational tenants, who are predominantly either current or target clients of Grit. GREA's current approved project pipeline is fully funded, and debt financing is secured and in place.

Acquiring control of GREA will provide Grit with control of its own significant pipeline of accretive developments whilst creating positive and sustainable impacts and value to the local people and communities we serve across Africa.

We further anticipate that Grit will capitalise on new fee income streams through APDM's substantial development and asset management fees and creates synergies with Grit's existing asset management initiatives.

In late 2021 Grit indicated its intentions to raise US\$215m of fresh equity, of which US\$80.6m was to be issued or allocated to sellers of stakes in GREA and APDM, implying a targeted cash equity raise of US\$134.4m. However, as a result in large part of Omicron concerns at the time, the Group only issued shares worth US\$76m at an issue price of US\$52cps in December 2021. Although the equity raised was less than the targeted amount, we consider the process a success notwithstanding the market conditions at that time.

Net proceeds from the capital raise were allocated to reducing overall levels of debt, and the acquisition of a controlling interest in GREA was restructured into three subsequent phases that provided a clear path to achieving a controlling shareholding in GREA.

Phase I saw Grit driving further expansion in its core business via an increased interest in GREA from 19.98% to 26.29% in addition to a newly acquired 77.95% interest in APDM, the external asset manager to GREA. Through the APDM investment Grit currently exercises operational control over all material business activities of GREA (including development of properties, day to day management of the completed assets, leasing activity and operational cost management), governed by the terms of the asset management agreement and the GREA Investment Charter. GREA management remuneration policies have also been aligned with Grit's, and senior management of APDM have now been included in the Grit long term incentive plan, which are specifically linked to value creation at the Grit equity holder level.

Phase II of the GREA acquisition, concluded in August 2022, saw Grit acquiring a further 8.72% interest in GREA for a cash consideration of US\$19.4m, increasing the Group's interest in GREA to 35.01%.

For Grit to obtain a majority at the GREA Board (and thereby control GREA), any of the following events would need to occur in phase three:

- Grit exercises and concludes its option to acquire the remaining 13.61% interest owned by Gateway Partners thereby acquiring all the rights of Gateway Partners under the shareholder agreement; or
- Gateway Partners sell their remaining shares to a third party; or
- GREA makes changes to the shareholders agreement to remove certain protective rights granted to the founding shareholders.

GREA has had a successful 12 months to 30 June 2022, and specifically delivered several key projects that have supported both valuation growth and the outlook for operating income growth in subsequent financial years. On average GREA has developed at a development yield of over 10.5% and its assets, on average, enjoy post completion yield compression to levels of c.8.5%.

Summary of GREA developments and projects

Name	Completion date	Anchor tenant
OBO Ethiopia (embassy accommodation)	November 2021	US embassy
ADC Nigeria (data centre)	November 2021	Liquid Telecom
Adumah Place, Ghana (office)	March 2022	Appolonia City
OBO Kenya (embassy accommodation)	August 2022	US embassy
The Precinct, Mauritius (office)	January 2023	Grit, Dentons, W17
Falcon Hospital, Curepipe, Mauritius	January 2023	Artemis
Eneo, Tatu City, Ghana	December 2023	CCI
Coromandel Hospital, Mauritius	August 2024	Artemis
OBO Mali (embassy accommodation)	Q3 2024	US embassy

Drive-in trading

Ahead of the debt facility maturity in August 2022, both Grit and the Public Investment Corporation ("PIC") assessed a sustainable long-term restructure of the DiT financing but with Grit's share price continuing to trade at a significant discount to its Net Asset Value, such ability was deemed limited.

Consequently, the parties have agreed a collapsing of both Grit's guarantee exposure and the broader DiT structure which will involve Grit cash funding its US\$17.5m guarantee and both parties taking ownership of their respective

security resulting in no overhang of Grit ordinary shares on the market. Upon final implementation, expected in December 2022, Grit's obligations under the Guarantee Agreement to the PIC will be fulfilled and the Guarantee Agreement terminated. Grit's has currently provided US\$14.5m for the DiT facility resolution as at 30 June 2022 balance sheet, being the net exposure less the expected value of security to be received.

Debt levels and maturity

Debt restructuring remained a key focus for the financial year under review. The Group's multi-bank approach continues to be an effective strategy especially given the current global market uncertainty, and I am pleased to report that both during the financial year and after balance sheet date, the Group has successfully refinanced or extended almost all its debt, and has moved weighted average debt expiry up to over 3.7 years as at end October 2022. The US\$306m multi-jurisdictional sustainability linked syndicated debt facility across Mozambique, Zambia, Kenya, Ghana and Senegal in October 2022 was a landmark transaction, the largest of its kind in the real estate sector in Sub Sahara Africa (ex-South Africa), and positions the Group well amidst current financial market volatility. Further details are contained in the Chief Financial Officer's review.

ESG strategy

The Grit Group are people centred pioneers, proudly African and woman led, powered by purposeful impact through authentic partnerships. We recognise our role in transforming the design of buildings and developments and creating smart business solutions for long-term sustainability, prioritising impact driven Real Estate and creating value for local communities. The Group's sustainability efforts focus on community impact, the empowerment of women, energy efficiency and carbon reduction.

The Board remains committed to a five-year target of a 25% reduction in carbon emissions and a 25% improvement in our building efficiency against the 2019 base figures. Grit continues to make significant progress and is ahead of plan in the achievement of these targets and we are embarking on our journey to define its pathway to net zero carbon based on global best practice.

In addition to environmental responsibility, the Group prides itself on achieving more than 40% of women in leadership positions at Grit, more than 65% localised employees and significant support to the numerous communities in the countries where we operate through extensive CSR and upliftment programmes.

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

Prospects

My team's focus will remain on impact investing, sustainably growing dividends and enhancing capital growth for more attractive, sustainable returns. We will continue to focus on key portfolio metrics such as lowering the LTV, vacancy and cost factors whilst improving collections and further strengthening the balance sheet and liquidity through focused asset recycling initiatives.

Considering the global rise in interest rates, the long-term sustainable debt strategy and managing the weighted average cost of debt alongside achieving our contractual lease escalations remains a key focus area, as is the conclusion of the GREA acquisition which is imperative to maintaining the positive momentum gathered during the year under review.

Bronwyn Knight

Chief Executive Officer

CHIEF FINANCIAL OFFICER'S STATEMENT

Presentation of financial statements

The consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. Alternative performance measures (APMs) have also been provided to supplement the IFRS financial statements as the Directors believe that this adds meaningful insight into the operations of the Group and how the Group is managed. European Public Real Estate Association ("EPRA") Best Practice Recommendations have been adopted widely throughout this report and are used within the business when considering the operational performance of our properties. Full reconciliations between IFRS and EPRA figures are provided in notes 7 and 9. Other APMs used are also reconciled below.

"Grit Proportionate Interest" income statement, presented below, is a management measure to assess business performance and is considered meaningful in the interpretation of the financial results. The IFRS statement of comprehensive income is adjusted for the component income statement line items of properties held in joint ventures and associates.

Retail	17,789	15,770	12.8%	(6,358)	(6,341)	(0.27%)	11,431	9,429	21.2%	88.1%
Hospitality	12,435	12,728	(2.3%)	-	-	-	12,435	12,728	(2.3%)	90.6%
Office	16,540	18,408	(10.2%)	(1,913)	(1,835)	(4.3%)	14,627	16,573	(11.7%)	101.1%
Industrial	3,797	2,174	74.7%	(105)	(74)	(41.9%)	3,692	2,100	75.9%	66.7%
Corp	12,277	13,117	(6.4%)	(2,002)	(1,978)	(1.2%)	10,275	11,139	(7.8%)	97.6%
Accommodation										
Data Centre	364	-	100%	(40)	-	-	324	-	-	100%
LLR portfolio	2,788	2,811	(0.8%)	(281)	(335)	16.1%	2,507	2,476	1.3%	n/a
Corporate	1,389	224	520.0%	611	(675)	190.5%	2,000	649	208.2%	n/a
TOTAL	67,379	65,232	3.3%	(10,088)	(9,888)	-2.0%	57,291	55,344	3.5%	92.8%
Subsidiaries	50,766	49,217	3.2%	(8,656)	(8,543)	-1.3%	42,110	40,674	3.5%	
Associates	16,613	16,015	3.7%	(1,432)	(1,345)	-6.5%	15,181	14,670	3.5%	

Notes

¹ Rental Collections represents the amount of cash received as a percentage of contractual income. Contractual income is stated before the effects of any rental deferment and concessions provided to tenants.

² Grit adjusted property portfolio Revenue, Operating expenses and Net Operating Income are unaudited alternative performance measurements

The retail sector benefitted from strong leasing activity and recovery in performance in Mukuba and Kafubu Malls (Zambia), which are now largely fully let, while Cosmopolitan Mall (Lusaka) has also seen good leasing activity and reduced vacancies. Buffalo Mall introduced Chandarana as a new significant anchor tenant. Further improved leasing activity is expected in the new financial year. A cautious recovery off a low base in AnfaPlace Mall has become evident over the recent months.

Hospitality sector tenants are all open and operational and the Lux Group has also repaid all amounts owing from 2021 deferred rentals. NOI has increased by 4.1% in functional currency but EUR:USD devaluation for the period has offset these positive trends and resulted in reported NOI reducing by 2.3% in the period.

Office sector assets remained resilient in Mozambique while the Ghanaian office market is showing signs of additional re-leasing risks and tenant rotations. Revenue and NOI decline in the financial year relates to a non-repeating tenant exit fee in 2021 and increased Covid-19 re-opening operational expenditure costs in the Ghanaian portfolio.

The Light Industrial sector enjoyed strong year on year increase upon the completion of the Bollore Warehouse upgrade and return to income production, while the acquisition of the Orbit Complex in Nairobi, Kenya in March 2022 will continue to support revenue and net operating growth into the new financial year.

Corporate accommodation assets revenue decreased 6.4%, attributable to the amortisation of the lease premiums associated with the Tsebo lease, which are non-cash items. The sector experienced increased operational costs in 2022 as assets required Covid-19 related delayed repairs and maintenance in the current year.

Corporate sector predominantly relates to the acquired income streams in APDM, effective from March 2022. This is expected to grow in subsequent years as the full year impact of the acquisition is reflected and the anticipated further growth in fee income is realised.

Cost control

Ongoing administrative costs increased 7.4% in the year as salary reduction applied during the Covid-19 period reversed, current year remuneration increases were implemented, and normalised travel costs resumed.

Administrative costs	as at 30 June 2022	as at 30 June 2021	Movement	Movement
	US\$'000	US\$'000	US\$'000	%
Total Administrative costs	16,944	13,867	3,077	21.2%
Less: Transaction costs	2,071	79	1,992	2521.5%
Ongoing administrative expenses	14,873	13,788	1,085	7.9%

Portfolio performance

Income producing assets grew in the period under review largely as a result of additions in the light industrial sector within Investment properties, being the acquisition of Orbit Africa and the completion of the Bollore Warehouse upgrade.

Increases in associates largely related to the increased ownership in GREA (from 19.98% to 26.29%) and the acquisition of a 77.95% interest in APDM. The total movement in income producing assets includes the impact of the foreign currency revaluations of assets not denominated in US Dollars amounting to a total of US\$30.9m. The EUR depreciation impact amounted to US\$20.3m and the Moroccan Dirham (a currency linked to the Euro) amounting to US\$9.4m.

Composition of income producing assets	2022	2021
	US\$m	US\$m
Investment properties	604.5	549.5
Investment property included within 'Investment in associates'	203.8	193.8
Properties under development within 'Investment in associates'		12.6
	808.3	755.9
Deposits paid on investment properties	8.2	5.7
Other investments, Property, plant & equipment, Intangibles & related party loans	40.2	40.3
Total income producing assets	856.7	801.9

Property valuations

Reported property values increased by 6.9% driven by investment and acquisitions and strong functional currency portfolio performance. On a like for like basis (pre acquisitions), property values increased 4.1% in functional currencies. However, movement in EUR:USD exchange rates resulted in like for like valuation declines in the reported USD values by 0.3%. Further detail of valuations per property are provided in note 2 of the financial statements.

Sector	Opening Property Value	Forex movement	Development complete assets added in the year	Change in ownership	Other	Fair value movement	Closing Valuation		
							Property Value	Property Movement	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	%	
Retail	191,402	(6,706)	-	2,698	1,049	1,001	7,973	197,417	3.2%
Hospitality	174,420	(20,247)	-	99	-	1,120	9,211	164,603	(5.6%)
Office	191,472	(893)	476	337	(2,748)	578	6,601	195,823	2.1%
Industrial	36,232	-	-	43,675	-	373	134	80,414	121.9%
Data Centres	-	-	5,348	-	1,108	15	368	6,839	100.0%
Corporate Accommodation	127,899	-	-	259	-	28	802	128,988	0.9%
LLR portfolio	26,999	(6,132)	-	3,563	(4,089)	(59)	664	20,946	(22.4%)
GREA under construction	7,450	-	(5,824)	7,992	2,141	-	1,455	13,214	77.4%
Total	755,874	(33,978)	-	58,623	(2,539)	3,056	27,208	808,244	6.9%
Subsidiaries	549,491	(19,433)	-	44,996	6,790	2,462	20,168	604,474	10.0%
Associates	206,383	(14,545)	-	13,627	(9,329)	594	7,040	203,770	(1.3%)

Interest bearing borrowings movements

As at 30 June 2022, the Group had a total of US\$425.4m in interest bearing borrowings outstanding. In the period under review, the Group added US\$16.1m from the IFC and US\$4.7m from private equity, being debt funding instruments related to the Orbit acquisition and US\$16.4m of bridge funding (which was utilised to settle a portion of the Bank of China loan immediately following year end). The Group had reduced absolute levels of interest bearing borrowings as at 31 December 2021 by US\$47.7m to US\$362.9m (30 June 2021: US\$410.6m) but has subsequently part drawn these facilities to fund the acquisitions of APDM, GREA, CCI land and capital expenditure related to the Bollere redevelopment. The sale of ABSA house, and associated reduction of its interest bearing borrowings, has been offset by the impacts of Capital Place office building becoming a subsidiary (and therefore consolidated) in the period under review.

Movement in reported interest bearing borrowings for the year (subsidiaries)	as at 30 June 2022	as at 30 June 2021
	US\$'000	US\$'000
Balance at the beginning of the year	410,588	392,999
Proceeds of interest bearing-borrowings	58,513	43,562
Overdraft converted to term loan	-	7,203
Loan reduced through disposal of subsidiary	(6,624)	-

Loan acquired through asset acquisition	6,011	-
Loan issue costs incurred	(4,386)	(1,520)
Amortisation of loan issue costs	2,765	2,974
Foreign currency translation differences	(14,836)	7,548
Interest accrued	751	(1,173)
Debt settled during the year	(27,716)	(41,005)
As at 30 June	425,066	410,588

For more meaningful analysis, a further breakdown is provided below to better reflect debt related to non-consolidated associates. At 30 June 2022, the Group had a total of US\$471.5m in interest bearing borrowings outstanding, comprised of US\$425.4m in subsidiaries (as reported in IFRS balance sheet and discussed above) and US\$46.1m proportionately consolidated and held within its associates.

	Debt in Subsidiaries	Debt in associates	Total		Debt in Subsidiaries	Debt in associates	Total	
	USD'000	USD'000	USD'000	%	USD'000	USD'000	USD'000	%
Standard Bank Group	183,496	6,516	190,012	40.30%	170,676	-	170,676	37.5%
Bank of China	76,405	-	76,405	16.21%	84,960	-	84,960	18.6%
State Bank of Mauritius	57,659	16,375	74,034	15.70%	62,480	8,830	61,670	15.7%
Investec Group	36,129	-	36,129	7.66%	47,023	8,830	55,853	12.3%
Absa Group	7,913	3,057	10,970	2.33%	16,178	7,500	23,679	5.2%
ABC Banking Corporation	7,121	-	7,121	1.51%	14,918	-	14,918	3.3%
Nedbank CIB Mauritius Commercial Bank	21,820	286	22,106	4.69%	7,000	3,100	10,100	2.2%
Maubank	-	7,774	7,774	1.65%	-	8,830	8,830	1.9%
Maubank	3,345	-	3,345	0.71%	6,470	-	6,469	1.4%
First National Bank Housing Finance Corporation	-	9,013	9,013	1.91%	-	5,294	5,294	1.2%
Bank of Gaborone	-	2,316	2,316	0.49%	-	2,209	2,209	0.5%
Bank of Gaborone	-	727	727	0.15%	-	1,077	1,077	0.2%
NCBA Bank Kenya	10,700	-	10,700	2.27%	-	-	-	0.0%
Private Equity International Finance Corporation	4,725	-	4,725	1.00%	-	-	-	0.0%
Private Equity International Finance Corporation	16,100	-	16,100	3.41%	-	-	-	-
TOTAL BANK DEBT	425,413	46,064	471,477	100.0%	410,065	45,670	455,735	100.0%
Interest accrued	4,927	-	-	-	4,176	-	-	-
Unamortised loan issue costs	(5,274)	-	-	-	(3,653)	-	-	-
As at 30 June	425,066	-	-	-	410,588	-	-	-

Capital commitments

Upcoming capital commitments in the current financial year include:

- Club Med Senegal redevelopment: EUR25m over the next 28 months.
- Orbit Africa phase 2 development: expected to be US\$16m (inclusive of VAT) to be completed by April 2024.
- Drive in Trading guarantee settlement: US\$17.5m (pending approvals).
- 8.17% increased interest in Gateway Real Estate Africa Ltd acquired in August 2022 for US\$19.4m

Net Asset Value and EPRA Net Realisable Value

Further reconciliations and details of EPRA earnings per share and other metrics are provided in notes 7 and 9.

Net asset value evolution	Unaudited US\$'000	Unaudited US\$'cps
IFRS NAV as reported	270,853	84.4

Derivative financial instruments	2,628	0.8
Deferred Tax on Properties	55,377	17.2
EPRA NRV at 30 Jun 2021	328,858	102.4
Dividend paid FY 2022		
Portfolio valuations	27,206	8.5
Other fair value adjustments	(8,556)	(2.7)
Other non-Cash items (including Non-controlling interest)	(33,154)	(10.3)
Dividend attributable to NCI	(1,165)	(0.4)
Cash profits	18,238	5.7
Movement through FCTR	(6,686)	(2.1)
Dividend paid	(7,903)	(2.5)
Coupon through retained earnings	(5,914)	(1.8)
EPRA NRV Before Dilution	310,924	96.8
Issue of shares	68,194	(17.9)
Effect of treasury shares	2,194	0.5
EPRA NRV at 30 Jun 2022	381,312	79.4
Deferred Tax on Properties	(46,873)	(9.7)
Derivatives	1,862	0.4
IFRS NRV at 30 Jun 2022	336,862	69.7

Going Concern

The Directors' assessment of the Group's and Company's ability to continue as a going concern is required when approving the financial statements. As such the Directors have modelled a 'base case' and a 'severe but plausible downside' of the Group's and Company's expected liquidity and covenant position for a going concern assessment period through to March 2024, a period of at least 12 months following the approval of these accounts.

The process involved a thorough review of the Group's and Company'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. All of this has been done in the context of the Covid-19 pandemic recovery, recent global markets instability, previous experience of the African real estate sector and best estimates of expectations in the future.

Base Case model

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

1. Modelling of the Company's contractual lease contracts, which at 30 June 2021 had a weighted average lease expiry of 4.8 years, and associated contractual lease escalations which equate to 5.4% per annum on a weighted average basis across the portfolio. The Group's revenue was adjusted for tenant support already provided and expectation for potential further concessions in specific sectors;
2. Expected take up of vacant space through the ordinary letting activities of the Group and current leasing negotiations;
3. Debt facilities falling due during the period being refinanced in the ordinary course of business, specifically the US\$306m sustainability linked syndicated loan facility and the extension of the Investec Bank facility relating to AnfaPlace Mall (both concluded prior to signature date);
4. A further US\$100m of notional interest rate hedges by way of fixed for floating interest rate swaps and interest rate collar and caps. Fixed for floating interest swaps amounts to a notional value of US\$25m, swapping US\$ SOFR floating rates for fixed Euro rates of between 2.84% and 3.04% over a period of 18 to 24 months. Interest rate collar and cap transactions for a notional value of US\$75m places a cap of 3.5% and collar of 2.2% to US\$ SOFR floating rates over 3 equal tranches for period of 2, 3 and 4 years. The above hedges are settled quarterly in arrear (with the above being concluded prior to signature date);
5. Base interest rates increases up to 2.06% (in the case of US Dollar base rates) and 3.09% (in the case of Euro base rates) from June 2022;
6. Depreciation of the various currencies versus the USD, most notably the Euro depreciating by up to 9% over the period;

7. Contractual maturity of debt facilities, which at 30 June 2022 had a weighted average maturity profile of 1.8 years and associated weighted average cost of debt of 7.1%, adjusted for committed refinance transactions per 3 above;
8. Drive in Trading guarantee assumed to be paid up in December 2022, followed by the security being realised; and
9. As a result of removal of the material uncertainty clauses included in the independent valuers reports over the Covid-19 period, it was deemed appropriate to remove any valuation risk premiums to the portfolio, with the exception of the Retail sector, where the Directors' maintained the discount and exit capitalisation rates risk premiums until June 2023.

Severe but plausible downside model

A summary of the key assumptions over lays to the Base Case made in the severe but plausible scenario are as follows:

1. Debt facilities that have not been refinanced by signature date are assumed to be settled at maturity date over the assessment period;
2. Base interest rates increases up to 4.26% (in the case of US Dollar base rates) and 4.55% (in the case of Euro base rates) from June 2022;
3. Depreciation of the various currencies versus the USD, most notably the:
 - a. Euro depreciating by up to 15% over the period (net income currency);
 - b. Moroccan Dirham depreciating by up to 15% over the period (net income currency);
 - c. Zambian Kwacha depreciating by up to 9% over the period (net income currency); and
 - d. Mauritian Rupees appreciating by up to 2% over the period (net cost currency).
4. Increased inflation rates across the portfolio with the most material rates applied being as follows:
 - a. US CPI: 8.5% for the balance of 2022, 5.25% for 2023 and 3.25% for 2024;
 - b. Euro harmonised CPI: 7.0% for the balance of 2022, 6.0% for 2023 and 3.15% for 2024;
 - c. Mauritian inflation: 7.5% for the balance of 2022, 6.5% for 2023 and 3.5% for 2024;
 - d. Zambian inflation: 13.7% for the balance of 2022, 6.7% for 2023 and 5.6% for 2024;
5. Receivables amounting to US\$8.5m not being recovered over the assessment period;
6. No dividends assumed on ordinary shares over the assessment period (other than those declared to date); and
7. The Retail sector valuation discount and exit capitalisation rates risk premiums where extended to June 2024.

Under both the base case and the severe but plausible scenario, along with certain remedies within management's control, which include actions like cuts in dividends, the Company is able to meet its liquidity and covenant positions through to March 2024. The Board has therefore concluded that it is appropriate to prepare the financial statements on the going concern basis.

Leon van de Moortele

Chief Financial Officer

28 October 2022

PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal risks and uncertainties facing the Group as at 30 June 2022 are set out on pages 25 to 29 of the 2022 Integrated Annual Report together with the respective mitigating actions and potential consequences to the Group's performance in terms of achieving its objectives. These principal risks are not an exhaustive list of all risks facing the Group but are a snapshot of the Company's main risk profile as at year end.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Directors' confirmations

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

Each of the Directors, whose names and functions are listed in pages 80 to 83 confirm that, to the best of their knowledge:

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

The financial statements on pages 138 to 239 were approved by the Board of Directors and signed on its behalf by:

On behalf of the Board

Bronwyn Knight
Chief Executive Officer

Leon van de Moortele
Chief Financial Officer

CONSOLIDATED STATEMENT OF INCOME

	Notes	Audited for the year ended 30 June 2022 US\$'000	Audited for the year ended 30 June 2021 US\$'000
Gross property income		50,766	49,217
Property operating expenses		(8,656)	(8,543)
Net property income		42,110	40,674
Other income		80	169
Administrative expenses		(16,944)	(13,867)
Net impairment charge on financial assets		(4,217)	(7,119)
Profit from operations		21,029	19,857

Fair value adjustment on investment properties		20,167	(51,441)
Contractual receipts from vendors of investment properties	2	(297)	144
Total fair value adjustment on investment properties		19,870	(51,297)
Corporate restructure costs		-	(3,467)
Fair value adjustment on other financial liability		(11,315)	(5,230)
Fair value adjustment on other financial asset		(371)	(1,106)
Fair value adjustment on derivative financial instruments		4,501	1,378
Share-based payment expense		(1,238)	(127)
Share of profits from associates and joint ventures	3	20,611	583
Loss on disposal of investment in subsidiary		(2,051)	-
Loss on disposal of interest in associate		(573)	-
Impairment of loans and other receivables		(3,101)	(1,113)
Foreign currency losses		(5,412)	2,343
Profit/(Loss) before interest and taxation		41,950	(38,179)
Interest income		1,935	2,690
Finance costs		(26,151)	(25,442)
Profit/(Loss) for the year before taxation		17,734	(60,931)
Taxation		(6,621)	(445)
Profit/(Loss) for the year after taxation		11,113	(61,376)
Loss attributable to:			
Equity shareholders		10,443	(51,927)
Non-controlling interests		670	(9,449)
		11,113	(61,376)
Basic and diluted earnings/(losses) per ordinary share (cents)	6	2.62	(16.54)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited for the year ended 30 June 2022 US\$'000	Audited for the year ended 30 June 2021 US\$'000
Profit/(Loss) for the year	11,113	(61,376)
Retirement benefit obligation	154	42
(Loss)/Profit on translation of functional currency	(9,618)	7,005
Other comprehensive (expense)/income that may be reclassified to profit or loss	(9,464)	7,047
Total comprehensive income/(expense) relating to the year	1,649	(54,329)
Attributable to:		
Equity shareholders	2,587	(46,511)
Non-controlling interests	(938)	(7,818)
	1,649	(54,329)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Audited as at 30 June 2022 US\$'000	Audited as at 30 June 2021 US\$'000
Assets			
Non-current assets			
Investment properties	2	604,474	549,491
Deposits paid on investment properties	2	8,309	5,698

Property, plant and equipment		2,087	2,448
Intangible assets		670	480
Investments in associates and joint ventures	3	206,997	167,492
Other investments		1	1
Related party loans receivable		515	-
Trade and other receivables		4,615	2,166
Deferred tax		12,544	20,067
Total non-current assets		840,212	747,843

Current assets

Trade and other receivables		29,055	18,946
Current tax receivable		1,881	1,440
Related party loans receivable		298	197
Other loans receivable		37,908	37,303
Derivative financial instruments		1,862	87
Cash and cash equivalents		26,002	4,890
Total current assets		97,006	62,863
Total assets		937,218	810,706

Equity and liabilities

Total equity attributable to ordinary shareholders

Ordinary share capital		535,694	463,842
Treasury shares reserve		(16,212)	(18,406)
Foreign currency translation reserve		(5,191)	1,495
Accumulated losses		(177,990)	(176,073)

Equity attributable to owners of the Company

Equity attributable to owners of the Company		336,301	270,858
Preference share capital		29,558	25,481
Perpetual preference notes		25,741	-
Non-Controlling interests		(22,224)	(17,935)
Total equity		369,376	278,404

Liabilities

Non-current liabilities

Redeemable preference shares		12,840	12,840
Proportional shareholder loans		26,716	17,582
Interest-bearing borrowings	4	242,091	215,565
Lease liabilities		545	750
Related party loans payable		1,205	648
Deferred tax liability		49,592	51,720
Total non-current liabilities		332,989	299,105

Current liabilities

Interest-bearing borrowings	4	182,975	195,023
Lease liabilities		864	205
Trade and other payables		31,411	24,843
Current tax payable		763	1,438
Derivative financial instruments		-	2,714
Related party loans payable		1	91
Other financial liabilities		16,983	6,307
Bank overdrafts		1,856	2,576

Total current liabilities	234,853	233,197
Total liabilities	567,842	532,302
Total equity and liabilities	937,218	810,706

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Audited as at 30 June 2022 US\$'000	Audited as at 30 June 2021 US\$'000
Cash generated from operations		11,293	19,885
Acquisition of, and additions to investment properties		(38,996)	(10,068)
Deposits paid on investment properties		(2,500)	(550)
Additions to property, plant and equipment		(117)	(92)
Additions to intangible assets		-	(88)
Acquisition of interests in associates and joint ventures		(39,613)	(8,493)
Proceeds from disposal of interest in associates and joint ventures		3,347	-
Acquisition of subsidiary, net of cash acquired		1,121	-
Dividends and interest received from associates and joint ventures		3,985	6,361
Proportional shareholder loans received from associates		10,031	1,560
Interest received		668	1,488
Proceeds from partial disposal of investment in subsidiaries		-	5,358
Proceeds from disposal of property, plant and equipment		49	122
Related party loans repaid		(765)	(61)
Settlement of other financial liabilities		(639)	-
Related party loans payables received/(repaid)		467	(4,857)
Proportional loans repaid		(1,967)	-
Deposits received		6,500	-
Proceeds from proportional shareholder loans		5,576	7,726
Other loans repaid		-	64
Net cash utilised in investing activities		(52,853)	(1,530)
Proceeds from the issue of ordinary shares		54,488	9,810
Proceeds from the issue of perpetual preference note		31,500	-
Perpetual preference note issue expenses		(1,606)	-
Perpetual note dividend paid		(1,265)	-
Share issue expenses		(7,943)	(113)
Dividends paid to non-controlling shareholders		-	(419)
Ordinary dividends paid		(10,535)	(4,778)
Proceeds from interest-bearing borrowings		53,788	50,765
Settlement of interest-bearing borrowings		(27,716)	(41,005)
Finance costs		(26,497)	(23,906)
Payments of leases		(429)	(274)
Net cash generated from / (utilised in) financing activities		63,785	(9,920)
Net movement in cash and cash equivalents		22,225	8,435
Cash at the beginning of the year		2,314	(5,629)
Effect of foreign exchange rates		(393)	(492)
Total cash and cash equivalents (including overdrafts) at the end of the year		24,146	2,314

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary Share capital	Treasury shares reserve	Foreign currency translati	Accumul Anteced ent losses	Preferen ated ce share capital	Non- controlli	Total equity
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	on dividend reserve		reserve		Perpetua l interest preferen ce notes			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 2020	454,145	(18,406)	(4,072)	-(133,784)	-	-	(614)	297,269
Loss for the year	-	-	-	-(51,927)	-	-	(9,449)	(61,376)
Other comprehensive income for the year	-	-	5,374	42	-	-	1,631	7,047
Total comprehensive expense	-	-	5,374	-(51,885)	-	-	(7,818)	(54,329)
Share based payments	-	-	-	127	-	-	-	127
Ordinary dividends declared	-	-	-	(4,780)	-	-	-	(4,780)
Ordinary shares issued	9,810	-	-	-	-	-	-	9,810
Preference shares issued	-	-	-	-	25,481	-	-	25,481
Share issue expenses	(113)	-	-	-	-	-	-	(113)
Transaction with non-controlling interests without change in control	-	-	193	14,249	-	-	(9,084)	5,358
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(419)	(419)
Balance as at 30 June 2021	463,842	(18,406)	1,495	-(176,073)	25,481	-	(17,935)	278,404
Balance as at 1 July 2021	463,842	(18,406)	1,495	-(176,073)	25,481	-	(17,935)	278,404
Profit for the year	-	-	-	10,443	-	-	670	11,113
Other comprehensive (expense) / income for the year	-	-	(8,010)	154	-	-	(1,608)	(9,464)
Total comprehensive income / (expense)	-	-	(8,010)	11,597	-	-	(938)	1,649
Share based payments	-	-	-	138	-	-	-	138
Antecedent dividend reserve	(3,659)	-	-	3,659	-	-	-	-
Ordinary dividends declared	-	-	-	(3,659)	(7,903)	-	-	(11,562)
Treasury shares	-	(2,906)	-	-	-	-	-	(2,906)
Disposal of treasury shares	-	5,100	-	-	-	-	(3,600)	1,500
Ordinary shares issued	83,454	-	-	-	-	-	-	83,454
Perpetual preference notes issued	-	-	-	-	-	26,775	-	26,775
Preferred dividend accrued on perpetual notes	-	-	-	(1,837)	-	572	-	(1,265)
Share issue expenses relating to issue of perpetual notes	-	-	-	-	-	(1,606)	-	(1,606)
Preferred dividend accrued on preference shares	-	-	-	(4,077)	4,077	-	-	-
Share issue expenses	(7,943)	-	-	-	-	-	-	(7,943)
Non-controlling interests on acquisition of subsidiary other than business combination	-	-	-	-	-	-	1,414	1,414
Reclassification of foreign currency translation reserve on sale of subsidiary	-	-	906	-	-	-	-	906
Reclassification of foreign currency translation reserve on part sale of interests in associate	-	-	418	-	-	-	-	418
Dividends distributable to non-controlling shareholders	-	-	-	1,165	-	-	(1,165)	-

Balance as at 30 June								
2022	535,694	(16,212)	(5,191)	-(177,990)	29,558	25,741	(22,224)	369,376

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

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

1.1 Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board; the Financial Pronouncements as issued by Financial Reporting Standards Council, the LSE and SEM Listings Requirements and the requirements of the Companies (Guernsey) Law 2008. This approach is consistent to prior years and no applicable new standards or amendments were applied to the Company during the current financial year. The financial statements have been prepared on the going-concern basis and were approved for issue by the board on 28 October 2022.

Going Concern

The Directors' assessment of the Group's and Company's ability to continue as a going concern is required when approving the financial statements. As such the Directors have modelled a 'base case' and a 'severe but plausible downside' of the Group's and Company's expected liquidity and covenant position for a going concern assessment period through to March 2024, a period of at least 12 months following the approval of these accounts.

The process involved a thorough review of the Group's and Company'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. All of this has been done in the context of the Covid-19 pandemic recovery, recent global markets instability, previous experience of the African real estate sector and best estimates of expectations in the future.

Base Case model

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

1. Modelling of the Company's contractual lease contracts, which at 30 June 2021 had a weighted average lease expiry of 4.8 years, and associated contractual lease escalations which equate to 5.4% per annum on a weighted average basis across the portfolio. The Group's revenue was adjusted for tenant support already provided and expectation for potential further concessions in specific sectors;
2. Expected take up of vacant space through the ordinary letting activities of the Group and current leasing negotiations;
3. Debt facilities falling due during the period being refinanced in the ordinary course of business, specifically the US\$306m sustainability linked syndicated loan facility and the extension of the Investec Bank facility relating to AnfaPlace Mall (both concluded prior to signature date);
4. A further US\$100m of notional interest rate hedges by way of fixed for floating interest rate swaps and interest rate collar and caps. Fixed for floating interest swaps amounts to a notional value of US\$25m, swapping US\$ SOFR floating rates for fixed Euro rates of between 2.84% and 3.04% over a period of 18 to 24 months. Interest rate collar and cap transactions for a notional value of US\$75m places a cap of 3.5% and collar of 2.2% to US\$ SOFR floating rates over 3 equal tranches for period of 2, 3 and 4 years. The above hedges are settled quarterly in arrear (with the above being concluded prior to signature date);
5. Base interest rates increases up to 2.06% (in the case of US Dollar base rates) and 3.09% (in the case of Euro base rates) from June 2022;
6. Depreciation of the various currencies versus the USD, most notably the Euro depreciating by up to 9% over the period;
7. Contractual maturity of debt facilities, which at 30 June 2022 had a weighted average maturity profile of 1.8 years and associated weighted average cost of debt of 7.1%, adjusted for committed refinance transactions per 3 above;

8. Drive in Trading guarantee assumed to be paid up in December 2022, followed by the security being realised; and
9. As a result of removal of the material uncertainty clauses included in the independent valuers reports over the Covid-19 period, it was deemed appropriate to remove any valuation risk premiums to the portfolio, with the exception of the Retail sector, where the Directors' maintained the discount and exit capitalisation rates risk premiums until June 2023.

Severe but plausible downside model

A summary of the key assumptions over lays to the Base Case made in the severe but plausible scenario are as follows:

1. Debt facilities that have not been refinanced by signature date are assumed to be settled at maturity date over the assessment period;
2. Base interest rates increases up to 4.26% (in the case of US Dollar base rates) and 4.55% (in the case of Euro base rates) from June 2022;
3. Depreciation of the various currencies versus the USD, most notably the:
 - a. Euro depreciating by up to 15% over the period (net income currency);
 - b. Moroccan Dirham depreciating by up to 15% over the period (net income currency);
 - c. Zambian Kwacha depreciating by up to 9% over the period (net income currency); and
 - d. Mauritian Rupees appreciating by up to 2% over the period (net cost currency).
4. Increased inflation rates across the portfolio with the most material rates applied being as follows:
 - a. US CPI: 8.5% for the balance of 2022, 5.25% for 2023 and 3.25% for 2024;
 - b. Euro harmonised CPI: 7.0% for the balance of 2022, 6.0% for 2023 and 3.15% for 2024;
 - c. Mauritian inflation: 7.5% for the balance of 2022, 6.5% for 2023 and 3.5% for 2024;
 - d. Zambian inflation: 13.7% for the balance of 2022, 6.7% for 2023 and 5.6% for 2024;
5. Receivables amounting to US\$8.5m not being recovered over the assessment period;
6. No dividends assumed on ordinary shares over the assessment period (other than those declared to date); and
7. The Retail sector valuation discount and exit capitalisation rates risk premiums where extended to June 2024.

Under both the base case and the severe but plausible scenario, along with certain remedies within management's control, which include actions like cuts in dividends, the Company is able to meet its liquidity and covenant positions through to March 2024. The Board has therefore concluded that it is appropriate to prepare the financial statements on the going concern basis.

Functional and presentation currency

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

Presentation of alternative performance measures

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

1.2 Critical Judgements and estimates

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

liabilities.

Judgements

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

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

The Group has acquired an equity interests of 77.95% in APDM. The Group has concluded that even though it holds a majority shareholding in APDM, it does not have control of the latter because it is currently not satisfying the power criteria of control. The design of APDM is such that decisions about the relevant activities need to be approved by the investment committee of the company. For a decision to be approved, seventy five percent of the members present need to vote in favour of the decision. Currently the Group has the right to appoint two members to the investment committee. The Public Investment Corporation SOC holds 21.05% of APDM also has the right to appoint two members and Gateway Africa Real Estate Limited with a current shareholding of 1% can appoint one member. Given the seventy five percent threshold requirement to pass any resolution, the Group and The Public Investment Corporation SOC will have to unanimously agree to any decision before those are formally enacted by management. Therefore neither the Group nor The Public Investment Corporation SOC on their own control APDM. Because of the unanimous consent required by both the significant shareholders of APDM, the Group concluded that it has joint control of APDM. Therefore the investment in APDM has been classified as an investment in joint venture.

Gateway Real Estate Africa Ltd (“GREA”) as an associate

The Group has considered GREA to be its associate for the purpose of its consolidated financial statements as the Group has significant influence over the latter. During the financial year, the Group has increased its stake in GREA by acquiring an additional 6.31% equity holding which brings the total shareholding of Grit in GREA to 26.29%. However, the increase in shareholding has not changed the entitlement of Grit with regards to the number of directors that Grit can appoint on GREA's board of directors. The design of GREA is such that its relevant activities are directed by the board of directors. The Group has the right to appoint one director on GREA's board which is not enough to give it control but is enough to give Grit the ability to participate in the financial and operating policy decisions of GREA.

Estimates

Fair value of investment properties

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

2. INVESTMENT PROPERTIES

The following movements in the portfolio occurred in the year

1. Acquisition through subsidiary other than business combination - The Group acquired Stellar Warehousing and Logistics Limited (Orbit) during the year. The acquisition was accounted for as an asset acquisition.
2. Transfer from associate on step up to subsidiary - The Group acquired an additional 20% equity shareholding in Capital Place Limited during the year which has now stepped up from an associate to a subsidiary.
3. Disposal of subsidiary - The Group fully disposed of its equity shareholding in BH Property Investments Limited (ABSA House).
4. Lease of land - During the year, the Group through its newly incorporated indirect subsidiary Ubertas Tatu Investments Sez Limited has entered into two land lease agreements with Tatu City Limited for two parcels of land (Copia land) situated in the West of Ruiru Municipality in the Thika Area of the Republic of Kenya for a total agreed lease payment of US\$ 5.8m. The land leases will originally be for a period of twenty years with an option to extend to 99 years subject to the options being exercised and further a total payment of US\$0.8m being made. The Group believes that the exercise of the options are virtually certain and therefore have considered the extended period of 99 years to be the lease term. Further the US\$0.8m has been included in the lease payment in determining the lease liability and eventually the right of use of land carrying amount. The right of use of land is currently being held for capital appreciation and therefore has been classified as investment property.

Summary of valuations by reporting date	Most recent Valuer (for independentthe most valuation recent valuation)		Sector	Country	Audited as at 30 June 2022	Audited as at 30 June 2021
	date	valuation)			US\$'000	US\$'000

Commodity House Phase I	30-Jun-22	REC	Office	Mozambique	52,346	47,214
Commodity House Phase II	30-Jun-22	REC	Office	Mozambique	19,264	19,047
Hollard Building	30-Jun-22	REC	Office	Mozambique	21,012	20,816
Vodacom Building	30-Jun-22	REC	Office	Mozambique	51,906	49,624
Zimpeto Square	30-Jun-22	REC	Retail	Mozambique	3,395	4,587
Bollore Warehouse	30-Jun-22	REC	Light industrial	Mozambique	10,410	9,012
ABSA House	30-Jun-22	Knight Frank	Office	Mauritius	-	13,109
Anfa Place Mall	30-Jun-22	Knight Frank	Retail	Morocco	71,532	79,535
Tamassa Resort	30-Jun-22	Knight Frank	Hospitality	Mauritius	48,827	52,232
VDE Housing Compound	30-Jun-22	REC	Accommodation	Mozambique	55,180	57,546
Imperial Distribution Centre	30-Jun-22	Knight Frank	Light industrial	Kenya	21,620	24,170
Mara Viwandani	30-Jun-22	Knight Frank	Light industrial	Kenya	2,792	3,050
Mall de Tete	30-Jun-22	REC	Retail	Mozambique	13,804	15,952
Acacia Estate	30-Jun-22	REC	Accommodation	Mozambique	73,809	70,353
5th Avenue	30-Jun-22	Knight Frank	Office	Ghana	16,010	16,440
Capital Place	30-Jun-22	Knight Frank	Office	Ghana	19,320	-
Mukuba Mall	30-Jun-22	Knight Frank	Retail	Zambia	56,933	46,210
Orbit Complex	30-Jun-22	Knight Frank	Light industrial	Kenya	38,926	-
Copia Land	30-Jun-22	Knight Frank	Light industrial	Kenya	6,666	-
Club Med Cap Skirring Resort	30-Jun-22	Knight Frank	Hospitality	Senegal	20,722	20,594
Total valuation of investment properties directly held by the Group					604,474	549,491
Deposits paid on Imperial Distribution Centre Phase 2					2,259	2,148
Deposits paid on Capital Place					3,550	3,550
Deposits paid on Gateway Real Estate Africa Ltd					2,500	-
Total deposits paid on investment properties					8,309	5,698
Total carrying value of investment properties including deposits paid					612,783	555,189
Investment properties held within associates and joint ventures – Group share						
Buffalo Mall – Buffalo Mall Naivasha Limited (50%)	30-Jun-22	Knight Frank	Retail	Kenya	6,116	5,441
Kafubu Mall – Kafubu Mall Limited (50%)	30-Jun-22	Knight Frank	Retail	Zambia	11,965	9,623
CADS II Building – CADS Developers Limited (50%)	30-Jun-22	Knight Frank	Office	Ghana	15,100	15,075
Cosmopolitan Shopping Centre – Cosmopolitan Shopping Centre Limited (50%)	30-Jun-22	Knight Frank	Retail	Zambia	27,199	24,945
Canonnières, Mauricia and Victoria Resorts and Spas – Beachcomber Hospitality (44.42%)	30-Jun-22	Knight Frank	Hospitality	Mauritius	95,055	101,594
Capital Place – Capital Place Limited (50%)	30-Jun-22	Knight Frank	Office	Ghana	-	10,150
Letlole La Rona Limited (25.1%) – 19 Investment properties	30-Jun-22	Knight Frank	Light industrial	Botswana	14,662	18,647
Letlole La Rona Limited (25.1%) – 1 Investment property	30-Jun-22	Knight Frank	Hospitality	Botswana	155	209
Letlole La Rona Limited (25.1%) – 2 Investment properties	30-Jun-22	Knight Frank	Retail	Botswana	4,160	5,325
Letlole La Rona Limited (25.1%) – 1 Investment property	30-Jun-22	Knight Frank	Office	Botswana	1,003	1,517
Letlole La Rona Limited (25.1%) – 1 Investment property	30-Jun-22	Knight Frank	Accommodation	Botswana	966	1,300
Gateway Real Estate Africa Ltd (26.29%)	30-Jun-22	Valuation	Other Investments	Mauritius	27,389	12,557
Total of investment properties acquired through associates and joint ventures					203,770	206,383

Total portfolio	816,553	761,572
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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"), 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 2022 by REC Chartered Surveyors (2021: REC Chartered Surveyors) using the discounted cash flow method (2021: discounted cash flow method).

The remainder of the portfolio including investment properties held by associates was independently valued at 30 June 2022 by Knight Frank Chartered Surveyors (2021: Knight Frank Chartered Surveyors), using the discounted cash flow method with the exception of freehold land which is valued by comparable method.

These methodologies are based on estimated rental values with consideration given to the future earnings potential and applying an appropriate capitalisation rate and/or discount rate to the property and country. The capitalisation rates (equivalent yield) applied to the Group's valuations of investment properties at 30 June 2022 ranged between 6.00% and 12.50%. The discount rates applied to the Group valuations that were performed at 30 June 2022 using the discounted cash flow method ranged between 8.25% and 16.00%.

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

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

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

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

3. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Audited as at 30 June 2022	Audited as at 30 June 2021
	US\$'000	US\$'000

The following entities have been accounted for using the equity method:

Name of joint venture	Country of incorporation and operation	% held		
Kafubu Mall Limited ¹	Zambia	50.00%	11,761	9,502
Cosmopolitan Shopping Centre Limited ¹	Zambia	50.00%	27,173	25,076
CADS Developers Limited ¹	Ghana	50.00%	6,974	7,607
Africa Property Development Managers Ltd ²	Mauritius	77.95%	14,247	-
Carrying value of joint ventures			60,155	42,185

Name of associate	Country of incorporation and operation	% held		
Letlole La Rona Limited ³	Botswana	25.10%	17,353	21,672
Buffalo Mall Naivasha Limited ¹	Kenya	50.00%	3,753	3,402
Gateway Real Estate Africa Ltd ⁴	Mauritius	26.29%	55,866	20,706
Capital Place Limited ⁵	Ghana	50.00%	-	7,471
Beachcomber Hospitality Investments ^{1,6} Limited	Mauritius	44.42%	69,870	72,056

Carrying value of associates	146,842	125,307
Joint ventures	60,155	42,185
Associates	146,842	125,307
Total carrying value of associates and joint ventures	206,997	167,492

- The percentage of ownership interest for 2022 did not change.
- The Company and the Group have acquired an equity interest of 77.95% in the joint venture during the year.
- The Group interests in the associate has decreased from 30% to 25.1% following part disposal made during the year.
- The Company and the Group interests in the associate have increased from 19.98% to 26.29% following acquisition made during the year.
- Associate status has changed to a subsidiary. Figures included in the associate note for comparative purpose. The group previously owed 50% of Capital Place Limited.
- The carrying value of Beachcomber Hospitality Investments at 30 June 2022 includes an unsecured loan of €37.5m (30 June 2021: €37.5m), from the Group to the associate, which bears interest at 6.25% (30 June 2021: 6.25%).
All investments in associates are private entities and do not have quoted prices available with the exception of Letlole La Rona Limited who is a listed entity on the Botswana Stock Exchange.

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

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

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

Reconciliation to carrying value in associates and joint ventures

	Letlole La Rona Limited	Kafubul Mall Limited	Beachcomber Hospitality Investments Limited	Capital Place Limited	Africa Property Development Managers Ltd	Gateway Real Estate Africa Ltd	CADS Developers Limited	Cosmopolitan Shopping Centre Limited	Buffalo Mall Naivash Limited	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Opening Balance 1 July 2021	21,672	9,502	72,056	7,471	-	20,706	7,607	25,076	3,402	167,492
(Sold)/Acquired during the period	(3,502)	-	-	-	14,768	32,201	-	-	-	43,467
Profit / (losses) from associates and joint ventures	2,917	1,186	9,234	(318)	(521)	2,959	1,013	3,790	351	20,611
- Revenue	2,788	994	7,480	1,001	-	346	1,559	2,032	294	16,494
- Property operating expenses and construction costs	(281)	(171)	-	(195)	-	(274)	(27)	(299)	(184)	(1,431)
- Admin expenses and recoveries	106	(14)	(39)	(127)	(519)	4,507	(9)	(17)	(16)	3,872
- Net impairment charge on financial assets	1	18	-	(62)	-	-	-	-	-	(43)
- Fair value adjustment on other investments	-	-	-	-	-	(407)	-	-	-	(407)
- Unrealised foreign exchange gains/(losses)	10	1,257	(13)	(264)	1	(158)	16	(52)	(24)	773
- Impairments	-	-	-	-	-	(980)	-	-	-	(980)
- Transaction costs	-	-	-	-	-	(263)	-	-	-	(263)

-Interest income/ (costs)	90	-	-	-	-	413	-	3	-	506
- Finance charges	(547)	(5)	(1,191)	(296)	(3)	(307)	(437)	-	(270)	(3,056)
- Fair value movement on investment property	664	(829)	5,057	(496)	-	(40)	(89)	2,222	551	7,040
-Fair value adjustment on other financial asset	-	-	(1,641)	-	-	270	-	-	-	(1,371)
- Current tax	86	(64)	(484)	-	-	(223)	-	(99)	-	(784)
- Deferred tax	-	-	65	121	-	75	-	-	-	261
Dividends and interest paid to Group	(1,076)	-	(2,694)	-	-	-	(215)	-	-	(3,985)
Repayment of proportionate shareholders loan	-	(766)	(5,273)	(868)	-	-	(1,431)	(1,693)	-	(10,031)
Dividend adjustment	(99)	-	-	-	-	-	-	-	-	(99)
Foreign currency translation differences	(2,559)	1,839	(3,453)	-	-	-	-	-	-	(4,173)
Associate step up to subsidiary	-	-	-	(6,285)	-	-	-	-	-	(6,285)
Carrying value of associates and joint ventures	17,353	11,761	69,870	-	14,247	55,866	6,974	27,173	3,753	206,997

Investments in the year ended 30 June 2022

Acquisition of equity interest in Africa Property Development Managers Ltd

On 31st March 2022, the Group has acquired 77.95% equity interest in African Property Development Managers Ltd ("APDM"), a non-listed private company based in Mauritius and specialising in the development and management of real estate property in Africa. The Group acquired APDM because it gives the latter exposure to substantial development and asset management fees from developing and managing the assets of Gateway Real Estate Africa Ltd ("GREA"). GREA has an attractive pipeline of net asset value accretive development projects, most notably diplomatic residences across Africa let to the US government and data centres. In the future, the Group also wishes to expand the service offering of APDM to third party clients. The investment in APDM has been classified as an investment in joint venture and further accounted under the equity method. Included in the judgement section of the financial statements is the rationale why the directors believe the Group has joint control over APDM.

As part of the acquisition and initial application of the equity method, the Group has undertaken a notional purchase price allocation which includes the process of identifying and valuing assets and liabilities of APDM as if the Group has acquired a business.

The Group has identified and recorded at fair value an asset and development contract intangible asset which was not previously recorded by APDM. The contract that exists between APDM and GREA entitles the latter to act as manager on behalf of the former. In return, APDM is entitled to fees in the form of asset management fees and development fees. Any future economic benefit expected to be derived from the contract arises from contractual rights and therefore the contract meets the contractual-legal criterion and is therefore identifiable.

The asset and development contract has been valued independently by EY Mauritius and the fair value of the contract was determined to be US\$13m at the date of acquisition.

The purchase consideration comprised of cash and the Company own equity shares. The purchase consideration for the acquisition was as follows:

- US\$7.6m paid in cash to Gateway Africa Real Estate Limited for their 30.58% equity stake in APDM.
- Issuance of the Company own equity shares to Dorado 1 Ltd amounting to US\$4.2m for their 21.05% holding in APDM.
- Issuance of the Company own equity shares to Gateway Delta Executive Share Trust amounting to US\$3.0m for their 26.32% holding in APDM.

Additional equity interest acquired in Gateway Real Estate Africa Ltd

During the year, the Group has acquired an additional equity interest of 6.31% in Gateway Real Estate Africa Ltd ("GREA") from two selling shareholders Dorado 1 Ltd and GREA. The shareholding of the Group in GREA has increased from 19.98% to 26.29%. The consideration transferred consisted of a combination of cash and Grit own shares. The number of Grit shares issued to Dorado 1 Ltd was 423,616 at an issue price of US\$0.52 per share for its 0.10% shareholding in GREA. A cash consideration of US\$13.9m was paid to Gateway Africa Real Estate Limited for its 6.21% shareholding in GREA. Following the transaction, the Group kept exercising significant influence over GREA and therefore continues to account for the latter using the equity method. The Group has used the accumulated cost approach to account for the transaction since there has been no change to the classification of the investment. The purchase price paid for the additional interest has been added to the existing carrying amount of the associate pre-transaction and further the existing interest has not been remeasured. The fair value of the net identifiable assets for the additional interests of 6.31% acquired in GREA amounted to US\$12.4m at the date of acquisition. The total purchase consideration which includes both Grit shares and the cash consideration amounted to US\$14.7m. Further directly attributable costs relating to the acquisition amounted to US\$0.7m. The increase in the investment has been split notionally between goodwill and the additional interest in the fair value of the net identifiable assets of the associate. The notional goodwill element amounted to US\$2.3m which is equal to the difference between the total purchase consideration including transaction costs of US\$14.7m and the fair value of the net identifiable assets of the additional shareholding of 6.31% acquired of US\$12.4m. The notional goodwill amount has been included in the carrying value of the associate.

Disposal of equity interest in Letlole La Rona Limited

During the year, Grit Services Limited has disposed of 4.90% equity interests in Letlole La Rona Limited ("LLR") on the Botswana Stock Exchange. The trading price as at the date of disposal was BWP 3 per share. The total number of shares disposed was 13,720,000 shares. Following the disposal transaction, the equity interests of the Group in LLR have been reduced to 25.10%.

4. INTEREST-BEARING BORROWINGS

	Audited as at 30 June 2022	Audited as at 30 June 2021
	US\$'000	US\$'000
Non-current liabilities	242,091	215,565
Current liabilities	182,975	195,023
Total as at 30 June	425,066	410,588
Currency of the interest-bearing borrowings (stated gross of unamortised loan issue costs)		
United States Dollars	319,687	276,947
Euros	104,357	131,420
Mauritian Rupees	1,369	1,698
	425,413	410,065
Interest accrued	4,927	4,176
Unamortised loan issue costs	(5,274)	(3,653)
Total as at 30 June	425,066	410,588
Movement for the year		
Balance at the beginning of the year	410,588	392,999
Proceeds of interest bearing-borrowings	58,513	50,765
Loan reduced through disposal of subsidiary	(6,624)	-
Loan acquired through asset acquisition	6,011	-
Loan issue costs incurred	(4,386)	(1,520)
Amortisation of loan issue costs	2,765	2,974
Foreign currency translation differences	(14,836)	7,548
Interest accrued	751	(1,173)
Debt settled during the year	(27,716)	(41,005)
Total as at 30 June	425,066	410,588

Analysis of facilities and loans in issue

Audited as at Audited as at

			30 June 2022	30 June 2021
Lender	Borrower	Initial facility	US\$'000	US\$'000
Standard Bank South Africa	Commotor Limitada	US\$140.0m	140,000	140,000
Standard Bank South Africa	Zambia Property Holdings Limited	US\$16.4m	16,405	-
Standard Bank South Africa	Grit Services Limited	RCF - €26.5m	27,091	30,676
Total Standard Bank Group			183,496	170,676
Bank of China	Warehousely Limited	US\$8.5m	-	8,555
Bank of China	Zambian Property Holdings Limited	US\$77.0m	76,405	76,405
Total Bank of China			76,405	84,960
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€9.0m	9,467	10,733
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€3.2m	3,366	3,816
State Bank of Mauritius	Mara Delta (Mauritius) Properties Limited	€22.3m	23,457	26,593
State Bank of Mauritius	Grit Real Estate Income Group Limited	Equity Bridge US\$20.0m	20,000	20,000
State Bank of Mauritius	Mara Delta Properties Mauritius Limited	RCF MUR 72m	1,369	-
State Bank of Mauritius	Grit Real Estate Income Group Limited	RCF MUR72.0m	-	1,698
Total State Bank of Mauritius			57,659	62,840
Investec South Africa	Freedom Property Fund SARL	€36.0m	32,950	37,974
Investec South Africa	Freedom Property Fund SARL	US\$15.7m	2,722	8,722
Investec Mauritius	Grit Real Estate Income Group Limited	US\$0.5m	457	327
Total Investec Group			36,129	47,023
ABSA Bank Mauritius	BH Property Investment Limited	€7.4m	-	7,526
ABSA Bank Ghana Limited	Grit Accra Limited	US\$9.0m	7,913	8,652
Total ABSA Group			7,913	16,178
Maubank Mauritius	Grit Real Estate Income Group Limited	€3.2m	1,837	3,871
Maubank Mauritius	Freedom Asset Management	€4.0m	1,508	2,599
Total Maubank			3,345	6,470
ABC Banking Corporation	Grit Services Limited	Equity bridge US\$8.5m	2,440	7,286
ABC Banking Corporation	Casamance Holdings Limited	€6.4m	4,681	7,632
Total ABC Banking Corporation			7,121	14,918
Nedbank South Africa	Warehousely Limited	US\$8.6m	8,635	-
Nedbank South Africa	Capital Place Limited	US\$6.2m	6,200	-
Nedbank South Africa	Grit Real Estate Income Group Limited	US\$7.0m	6,985	7,000
Total Nedbank South Africa			21,820	7,000
NCBA Bank Kenya	Grit Services Limited	US\$6.5m	6,542	-
NCBA Bank Kenya	Grit Services Limited	US\$4.1m	4,158	-
Total NCBA Bank Kenya			10,700	-
Ethos Mezzanine Partners GP Proprietary Limited	Grit Services Limited	US\$2.4m	2,475	-
Blue Peak Holdings S.A.R.L	Grit Services Limited	US\$2.2m	2,250	-
Total Private Equity			4,725	-
International Finance Corporation	Stellar Warehousing and Logistics Limited	US\$16.1m	16,100	-
Total International Finance Corporation			16,100	-

Total loans in issue	425,413	410,065
plus: interest accrued	4,927	4,177
less: unamortised loan issue costs	(5,274)	(3,654)
As at year end	425,066	410,588

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

5. SUBSEQUENT EVENTS

- On 18 July 2022 Grit introduced a 30% co-investor, Letlole La Rona ("LLR") to the Orbit Africa asset for an investment of US\$7.23m, being the acquisition value of the sale and lease back asset, and a commitment to fund their proportionate share of the capital expenditure related to the redevelopment and expansion.
- On 31 August 2022, upon the completion of phase 2 of the GREA acquisition, the Company increased its stake in GREA to 35.01%. Grit has an option to acquire Gateway Partner's remaining 1% in APDM and 13.61% stake in GREA
- On 19 October 2022, the Group concluded a syndicated sustainability linked debt refinancing facility for \$306m, refinancing US\$279.1m of existing debt facilities across Mozambique, Zambia, Ghana, Senegal and a corporate revolving credit facility and securing additional funding for the future redevelopment of Club Med, Senegal.
- On 20 October 2022 the Group entered into a further US\$100m of notional interest rate hedges by way of fixed for floating swaps and interest rate cap and collars. Basis swaps amounts to a notional value of US\$25m, swapping US\$ SOFR rates for fixed Euro rates of between 2.84% and 3.04% over a period of 18 to 24 months. Interest rate collar a cap transactions for a notional value of US\$75m places a cap of 3.5% and collar of 2.2% to US Dollar SOFR over 3 equal tranches for period of 2, 3 and 4 years. The above hedges are settled quarterly in arrears.

6. EARNINGS PER SHARE

	Audited as at 30 June 2022	Audited as at 30 June 2021
	US\$'000	US\$'000
Basic and diluted (losses) / earnings	10,443	(51,927)
Reconciliation of weighted average number of shares in issue (net of unvested treasury shares)		
	30 June 2022	30 June 2021
	Shares	Shares
	'000	'000
Ordinary shares in issue at start of year	331,236	316,236
Unvested treasury shares at start of year	(10,114)	(10,114)
Total shares issue at start of year	321,122	306,122
Effect of shares issued in the year	79,986	7,849
Effect of treasury shares acquired in the year	(2,924)	-
Effect of treasury shares disposed in the year	879	-
Weighted average number of shares at end of year - basic	399,063	313,971
Dilutive effect of awards issued	276	-
Weighted average number of shares at end of year - diluted	399,339	313,971
Basic & diluted earnings per share (cents)	2.62	(16.54)

7. EPRA FINANCIAL METRICS - UNAUDITED

Non-IFRS measures

Basis of Preparation

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

	Unaudited 30 June 2022	Unaudited 30 June 2022 Per Share (Diluted) (Cents Per Share)	Unaudited 30 June 2021	Unaudited 30 June 2021 Per Share (Diluted) (Cents Per Share)
	US\$'000		US\$'000	
EPRA Earnings	6,332	1.59	8,080	2.57
Total Company Specific Adjustments	6,150	1.54	7,351	2.34
Adjusted EPRA Earnings	12,482	3.13	15,431	4.91
Total company specific distribution adjustments	7,662	1.95	3,162	1.06
Total distributable earnings	20,144	5.08	18,593	5.97
EPRA NRV	381,312	79.4	328,863	102.4
EPRA NTA	366,783	76.3	319,907	99.6
EPRA NDV	336,301	70.0	270,858	84.3

	Notes	Unaudited 30 June 2022 US\$'000
EPRA EARNINGS		
Basic Earnings attributable to the owners of the parent		10,443
Add Back:		
Fair value adjustment on investment properties		(27,206)
Fair value adjustment on other investments		408
Fair value adjustment on other financial asset		13,057
Fair value adjustment on derivative financial instruments		(4,501)
Profit on sale of Subsidiary		(9)
Loss of sale of Buildings		2,051
Loss of sale of Associates		573
Impairment of loan		4,081
Goodwill Written off		1
Deferred tax in relation to the above		3,100
Acquisition costs not capitalised		2,284
Non-controlling interest above		2,050
EPRA EARNINGS		6,332
EPRA EARNINGS PER SHARE (DILUTED) (cents per share)		1.59
Company specific adjustments		
Unrealised foreign exchange gains or losses (non-cash)	1	4,638
Straight-line leasing and amortisation of lease premiums (non-cash rental)	2	(1,131)
Amortisation of right of use of land (non-cash)	3	33
Impairment of loan and other receivables	4	3,651
Profit on sale of PPE	5	(11)
Non-controlling interest included above	6	(1,090)
Deferred tax in relation to the above	7	60
Total Company specific adjustments		6,150
ADJUSTED EPRA EARNINGS		12,482
ADJUSTED EPRA EARNINGS PER SHARE (DILUTED) (cents per share)		3.13

	Shares '000
Weighted average shares in issue	411,222

Less: Weighted average treasury shares for the year	(14,722)
Add: Weighted average share awards and vested shares in long term incentive scheme	1,968
EPRA SHARES	398,468

Company specific adjustments to EPRA earnings

- 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.
- Straight-line leasing (non-cash rental)*
Straight-line leasing adjustment and amortised lease incentives under IFRS relate to non-cash rentals over the period of the lease. This inclusion of such rental does not provide a true reflection of the operational performance of the underlying property and are therefore removed from earnings.
- 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.
- Impairment on loans and other receivables*
Provisions for expected credit loss are non-cash items related to potential future credit loss on non- property operational provisions and is therefore added back in order to provide a better reflection of underlying property performance. The add back excludes specific provisions against tenant accounts.
- Corporate restructure costs*
Corporate restructure costs are one off in nature related to corporate actions by the company and not underlying performance of the portfolio.
- Non-Controlling interest*
Any Non-Controlling interest related to the company specific adjustments.
- Other deferred tax (non-cash)*
Any deferred tax directly related to the company specific adjustments.

8. COMPANY DISTRIBUTION CALCULATION - UNAUDITED

	Notes	Unaudited 30 June 2022 US\$'000
Adjusted EPRA Earnings		12,482
Company specific distribution adjustments:		
VAT credits utilised on rentals	1	1,965
Listing and set up costs under administrative expenses	2	(137)
Depreciation and amortisation	3	719
Share based payments	4	1,238
Dividends (not consolidated out)		(126)
Right of use imputed leases		73
Amortisation of capital funded debt structure fees		2,853
Deferred tax in relation to the above		1,632
Non-controlling interest non distributable		(555)
Total Company Specific distribution adjustments		7,662
TOTAL DISTRIBUTABLE EARNINGS (BEFORE PROFITS WITHHELD)		20,144
DISTRIBUTABLE INCOME PER SHARE (DILUTED) (cents per share)		5.08
FULL YEAR DIVIDEND PER SHARE (cents)		4.50
Reconciliation to amount payable		
Total distributable earnings to Grit shareholders before profits withheld (cents)		5.08
Profits withheld (cents)		(0.58)

Interim dividends already paid (cents)	(2.50)
FINAL DIVIDEND PROPOSED (cents)	2.00

	Shares '000
Weighted average shares in issue	411,222
Less: Weighted average treasury shares for the year	(14,722)
Add: Weighted average shares vested in long term incentive scheme	1,968
EPRA SHARES	398,468
Less Non-entitled shares	-
Less Vested shares in consolidated entities	(1,968)
DISTRIBUTION SHARES	396,500

Company distribution notes in terms of the distribution policy

- VAT credits utilised on rentals*

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

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

Non-cash items added back to determine the distributable income.

9. EPRA FINANCIAL METRICS – UNAUDITED

Glossary	Measure	Rationale
EPRA EARNINGS	Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.
EPRA NAV / NRV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.
EPRA NET INITIAL YIELD (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
EPRA 'TOPPED-UP' NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
EPRA VACANCY RATE	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A 'pure' (%) measure of investment property space that is vacant, based on ERV.
EPRA COST RATIOS	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.

The EPRA NAV metrics are EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV)

	EPRA NRV Unaudited 30 Jun 2022 US\$'000	EPRA NTA Unaudited 30 Jun 2022 US\$'000	EPRA NDV Unaudited 30 Jun 2022 US\$'000
IFRS Equity attributable to shareholders	336,301	336,301	336,301
i) Hybrid instruments			
Preference shares	-	-	-
Diluted NAV	336,301	336,301	336,301
Add			
Revaluation of IP (if IAS 40 cost option is used)	-	-	-
Revaluation of IPUC (if IAS 40 cost option is used)	-	-	-
Revaluation of other non-current investments	-	-	-
Revaluation of tenant leases held as leases	-	-	-
Revaluation of trading properties	-	-	-
Diluted NAV at fair value	336,301	336,301	336,301
Exclude*:			
Deferred tax in relation to fair value gains of Investment properties	46,873	42,993	-
Fair value of financial instruments	(1,862)	(1,862)	-
Goodwill as a result of deferred tax	-	-	-
Goodwill as per the IFRS balance sheet	-	-	-
Intangibles as per the IFRS balance sheet	-	(10,649)	-
Include*:			
Fair value of fixed interest rate debt	-	-	-
Revaluation of intangibles to fair value			
Real estate transfer tax			
NAV	381,312	366,783	336,301
Fully diluted number of shares	480,530	480,530	480,530
NAV per share (cents per share)	79.4	76.3	70.0
	Shares '000	Shares '000	Shares '000
Total shares in issue	495,092	495,092	495,092
Less: Treasury shares for the period	(15,134)	(15,134)	(15,134)
Add: Share awards and shares vested shares in Long term incentive scheme	572	572	572
EPRA SHARES	480,530	480,530	480,530

EPRA cost ratio	UNAUDITED 30 June 2022 US\$'000
Operating expense line per IFRS income statement - subsidiaries	(8,656)
Share of operating expenses - associates	(1,431)
Total proportionate operating expenses	(10,087)
Share of operating expenses - associates of associates	(64)
Total operating expenses including associates of associates	(10,151)
Less: unrecoverable property expenses	1,358
Total operating costs including direct vacancy costs	A (8,793)
Less: direct vacancy costs	625
Total operating costs excluding direct vacancy costs	B (8,168)

Gross rental income line per IFRS income statement - subsidiaries 50,766

Share of gross rental income - associates		16,613
Total proportionate gross rental income		67,379
Share of gross rental income - associates of associates		658
Total gross rental income including associates of associates		68,037
Less: gross rental income exclusions ³		(4,997)
Gross rental income	C	63,040
<hr/>		
EPRA cost ratio including direct vacancy costs (%) – (A/C)		13.9%
EPRA cost ratio excluding direct vacancy costs (%) – (B/C)		13.0%

OTHER NOTES

The audited consolidated financial statements for the year ended 30 June 2022 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, International Financial Reporting Standards ("IFRS"), the LSE and SEM Listing Rules, the Financial Pronouncements as issued by Financial Reporting Standards Council. The accounting policies are consistent with those of the previous annual financial statements with the exception of the change in accounting policy and the significant judgment disclosed in note 1.

The Group is required to publish financial results for the year ended 30 June 2022 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 2022 that require any additional disclosure or adjustment to the financial statements. These audited consolidated financial statements were approved by the Board on 28 October 2022.

PricewaterhouseCoopers have issued their unqualified audit opinion on the Group's financial statements for the year ended 30 June 2022. Copies of the audited consolidated financial statements for the year ended 30 June 2022, and the statement of direct and indirect interests of each officer of the Company pursuant to rule 8(2)(m) of the Mauritian Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available free of charge, upon request at the Company's registered address. Contact Person: Ali Jhoomun.

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.