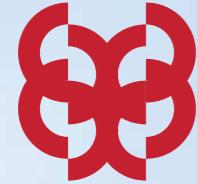


The background of the cover features a complex, abstract architectural structure composed of blue and grey metallic or glass panels, forming a repeating geometric pattern. A large, semi-transparent white circle is centered in the middle of the image, containing the text.

2020
Integrated
ANNUAL REPORT

#REINVENTION #REVOLUTION
#BUILT TO LAST

OUR MANIFESTO



Grit is not easy to define.

Sometimes it's easier to define it by what it isn't:

It isn't talent.

It isn't luck or timing.

It isn't about a fleeting desire.

It isn't about hard work.

Grit is an unwavering dedication.

It is more about attitude than the end game.

The commitment to finish what we start.

The determination to rise from setbacks.

The drive to improve and succeed.

The willingness to undertake sustained and sometimes unpleasant preparation and repetition in order to do so.

Grit is the achievement of a singularly important goal.

Through perseverance and passion.

It is achieving success not based solely on experience or skill,

But also through the sustained and focused application of experience and skill over time.

GRIT IS ABOUT A FIRMNESS OF CHARACTER. IT IS AN INDOMITABLE SPIRIT, A TENACITY TO KEEP GOING AND THE RESOLVE TO SUCCEED.

#REINVENTION #REVOLUTION
#BUILT TO LAST



STAKEHOLDER MESSAGE

Dear Stakeholders,

The Board acknowledges its responsibility to ensure the integrity of this report. The Board has applied its mind to this report and in its opening, this report fairly represents the integrated performance of the Group.

The Board is pleased to present the Integrated Annual Report of Grit Real Estate Income Group Limited for the year ended 30 June 2020. This report was approved by the Board of Directors on 14 December 2020 and is available on our website at <https://grit.group/results-centre/>



Peter Todd
Chairman



Bronwyn Corbett
Chief Executive Officer

ABOUT THIS REPORT

Grit Real Estate Income Group Limited ("GRIT" or "Grit" or the "Group" or the "Company") is a public company registered in Mauritius with company number C128881 C1/GBL. GRIT has been listed on the Stock Exchange of Mauritius (the "SEM") since 30 March 2015 and on the London Stock Exchange ("LSE") since 31 July 2018. The Company was listed since 10 July 2014 on the main board of the Johannesburg Stock Exchange ("JSE") and in line with its business strategy was delisted from the Main Board of the JSE with effect from 29 July 2020.

To assist the Group's stakeholders to make an informed assessment of the Group and its ability to create and sustain value over the short, medium and long terms, GRIT is pleased to present its 2020 Integrated Annual Report ("IAR" or "Integrated Report" or "report").

The information in this report also provides stakeholders with an overview of our business model, performance, governance framework, strategy, risks and opportunities of the Group, its subsidiaries and entire portfolio for the financial year ended 30 June 2020.

Integrated Reporting Principles

This report has been developed and prepared following the guidelines of the Integrating Reporting <IR> framework for the benefit of all our stakeholders with the aim of providing a more comprehensive reporting on our strategy, business model, operating context, sectors' performance, risk management and governance. The report also considers that the following capitals of <IR> are relevant to Grit in achieving its strategic objectives:

Financial, Human, Intellectual, Manufactured and Social & Natural.

Framework, Assurance and Compliance Reporting

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

- International Financial Reporting Standards ("IFRS");
- Financial Reporting Act 2004;
- Mauritian Companies Act 2001;
- Mauritian Securities Act 2005;
- SEM Listing Rules;
- Integrated Reporting Framework (the "Framework");
- National Code of Corporate Governance for Mauritius (2016); and
- FSC Circular Letter CL280218 with respect to the obligations of the Company under the National Code of Corporate Governance for Mauritius (2016).

Since Grit is now delisted from the Main Board of the JSE, the Company is not required to comply with the King IV Report on Corporate Governance for South Africa ("King IV").

The Company will actively pursue listing on the premium segment of the Main Market of the London Stock Exchange as well as redomiciling its corporate seat to Guernsey, which is expected to facilitate the Group's eligibility for inclusion in the FTSE UK Index Series. Grit will therefore subsequently be required to comply with the UK Corporate Governance Code 2018 ("the UK Code") and in this respect, the Company is taking steps to ensure compliance with the UK Code.

Targeted Audience

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

DTR Statement

Together, the Strategic Report and other sections of the Corporate Governance section incorporated by reference, when taken as a whole, form the Management Report as required under Rule 4.1.5R of the UKLA Disclosure and Transparency Rules (DTR).

Iconography Guide

We include icons throughout the Report for easy access to information, help readability and to simplify cross-referencing.

Geographic Icons



Properties in Kenya



Properties in Mauritius



Properties in Morocco



Properties in Mozambique



Properties in Zambia



Properties in Ghana



Properties in Botswana



Properties in Senegal

Strategic Objectives



Financial



Human



Intellectual



Manufactured



Social & Natural



TABLE OF CONTENTS

STRATEGIC REPORT		GOVERNANCE
How we performed in 2020	6	Corporate Governance Statement
GRIT at a glance	12	Board of Directors
Why Africa	14	Executive committee
African footprint	16	Organisational structure
Our priorities for 2020/21	18	Audit Committee report
Chairman's statement	20	Remuneration Committee report
Chief Executive's statement	24	Nomination Committee report
Stakeholder engagement	30	Risk Committee report
Our Business model	34	Investment Committee report
Risk management framework	36	Social & Ethics Committee report
Property review	45	Directors' report
Portfolio summary	51	Statement of Directors' responsibilities
Investment activity	62	Statement of compliance
EPRA Key Performance Metrics	68	Certificate from the Company secretary
Timelines	70	
Chief Financial Officer's statement	74	
Responsibility	85	
ANNUAL FINANCIAL STATEMENTS		
Independent Auditor's Report		
PWC Mauritius		
PWC UK		
Annual Financial Statements	180	
Additional Information	275	



STRATEGIC

How we performed in 2020	6
GRIT at a glance	12
Why Africa	14
African footprint	16
Our priorities for 2020/21	18
Chairman's statement	20
Chief Executive's statement	24
Stakeholder engagement	30
Our Business model	34
Risk management framework	36
Property review	45
Portfolio summary	51
Investment activity	64
EPRA key performance metrics	70
Timelines	72
Chief Financial Officer's statement	76
Responsibility	87

HOW WE PERFORMED IN 2020

Financial Highlights

Total income producing assets¹

US\$823.5M

FY2019: US\$825.2m

EPRA NAV per share²

US\$1.186

FY2019: US\$1.471

Net Property Income

US\$38.0M

FY2019: US\$32.3m

EPRA cost ratio¹

14.6%

FY2019: 17.0%

Adjusted EPRA Earnings per share³

US\$9.02CPS

FY2019: US\$9.92

Growth in revenue⁴

+10.1%

FY2020: US\$48.0m

Property LTV²

46.5%

FY2019: 40.6%

Group LTV³

50.2%

FY2019: 43.1%

Dividend per share

US\$5.25 CPS

FY2019: US\$12.20

WALE⁵

5.0 YEARS

FY2019: 6.3 years

WACD⁴

5.9%

FY2019: 6.4%

Distributable earnings per share⁵

US\$9.58CPS

FY2019: US\$12.20cps

1. Includes properties, investments and property loan receivables – Refer to Chief Financial Officer's Statement for reconciliation and analysis.
2. Explanations of how European Public Real Estate Association ("EPRA") figures are derived from IFRS are shown in Note 43 (unaudited) of the Financial statements.
3. Adjustments to make earnings better representative of what the Directors believe is the underlying company performance and includes adjustments for unrealised foreign exchange movements, straight-line leasing and amortisation of lease premiums, amortisation of right of use land, impairment of loan and deferred tax adjustments – refer to note 43 (unaudited) of the Financial statements for further details on adjustments made.
4. As a result of annual contractual lease escalations & asset acquisitions.
5. Weighted Average Lease Expiry ("WALE").

1. Based on EPRA cost to income ratio calculation methodology which includes the proportionately consolidated effects of LLR and other associates.
2. Excludes Corporate debt facilities and loans receivable.
3. Group Loan To Value ("LTV") increased as a result of the decrease in the value of the Group's property portfolio. Refer to Chairman's statement.
4. Weighted Average Cost of Debt ("WACD"). As a result of movements in LIBOR over the reporting period and refinancing activity.
5. Refer to note 44 (unaudited) of the Financial statements.

HOW WE PERFORMED IN 2020

Non-Financial Highlights

52

Investments across
8 countries & 5 asset-classes

Total Grit proportionately-owned
lettable area¹

334,589m²

FY2019: 260,709m²

Revenue earned from
multi-national tenants²

90.2%

FY2019: 93.6%

Income earned from
hard currency⁴

89.1%

FY2019: 95.4%

EPRA portfolio occupancy³

94.1%

FY2019: 97.1%

Weighted average annual
rent escalations

2.8%

FY2019: 2.8%

Post-period Highlights

29 July 2020

**JSE
DELISTED**

and introducing two strong African institutional shareholders

>85%

COVID collections >c.90% in
July, August and September¹

54,496m²

Notable lettings

**£
QUOTATION
ON LSE**
Trading of Grit shares

1. Increased as a result of acquisitions.

2. Forbes 2000, Other Global and Pan African tenants.

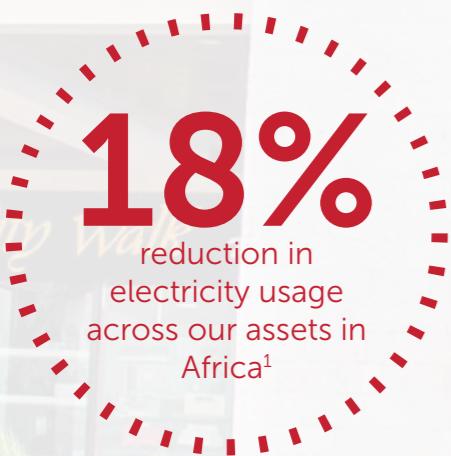
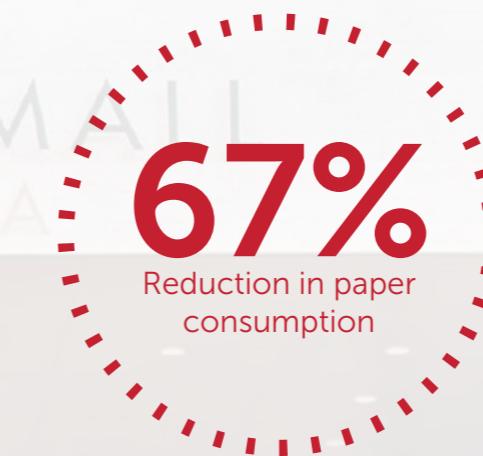
3. Property occupancy rate based on EPRA calculation methodology - Includes associates.

4. Hard (USD and EUR) or pegged currency rental income.

1. As a % of Grit attributable contracted revenue between March and June 2020. Refer to Property Review.

HOW WE PERFORMED IN 2020

ESG Highlights



¹. Data provided includes the following properties (Ghana: 5th Avenue, Capital Place) (Kenya: Buffalo Mall) (Morocco: AnfaPlace) (Mozambique: Acacia Estate, Hollard/KPMG, Vodacom, Commodity House Phase 1 & Phase 2, Vale Dos Embondeiros, Mall De Tete, Zimpeto Square) (Zambia: Cosmopolitan Shopping Centre, Kafubu Mall, Mukuba Mall)

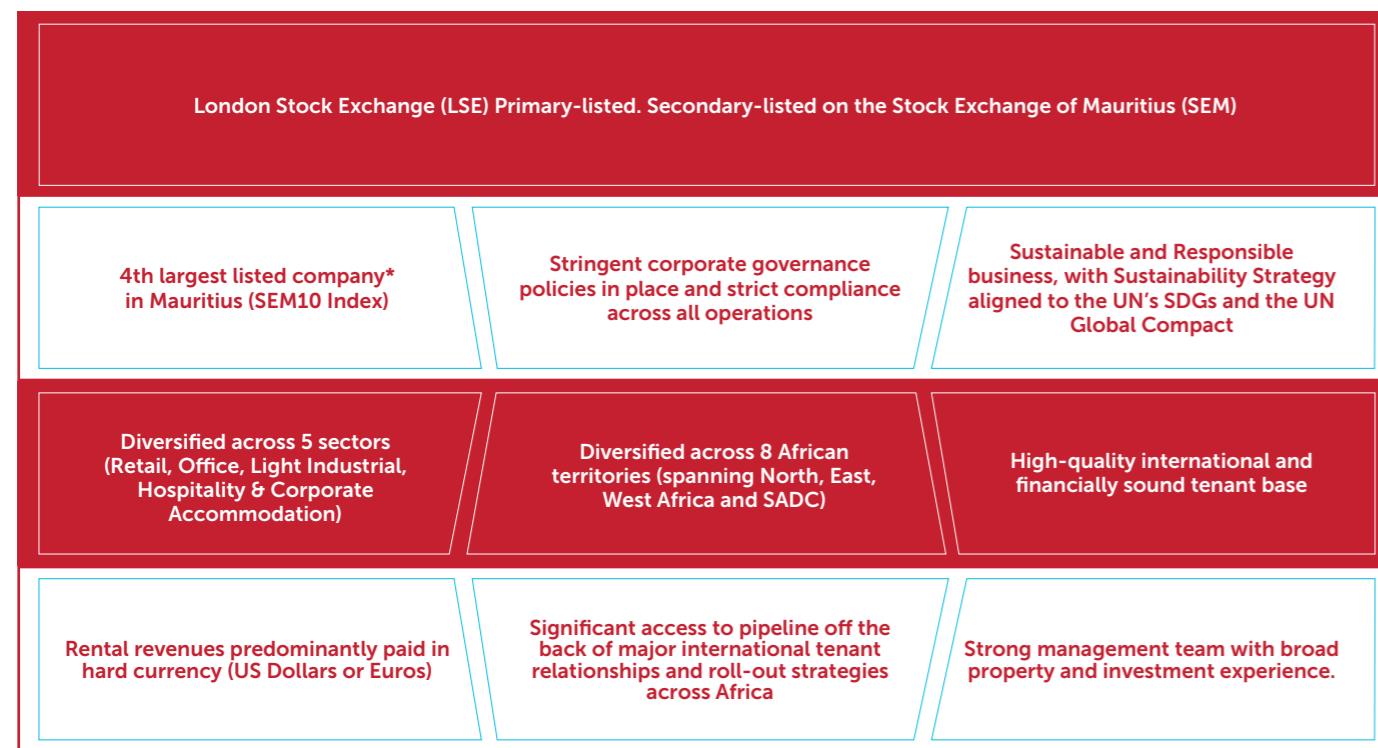
GRIT AT A GLANCE

Grit is a leading pan-African (excluding South Africa) **real estate company**, focused on investing in and actively managing a diversified portfolio of assets underpinned by predominantly **US\$ and Euro** long-term leases with high quality multi-national tenants.

Grit has a **full suite of on-the-ground capabilities** and has a proven ability to generate **attractive African returns** for a **sound risk profile**, given the quality of tenants and security of cash flows.

Grit Group focuses on identifying, unlocking and delivering superior returns by applying a de-risked approach to capturing significant parts of the real estate value chain.

Unique Investment Characteristics



*as at 30 September 2020.

Our keys to successfully unlocking value.



* Combined exposure to pre-funding developments and Grit's equity ownership to Gateway Real Estate Africa not to exceed 20% of gross asset value.

Top 15 Tenants (as at 30 June 2020)

Majority of portfolio income generated from strength of multinational tenancies

Rank	Tenant	Industry	Income (% of Group Total)	Tenant Grading	Lease Covenant	Lease Currency
1	Beachcomber	Hospitality	10.6%	Other Global*	Triple Net	EUR
2	Vale	Mining and Natural Resources	9.5%	Forbes 2000	Gross	US\$
3	Total	Mining and Natural Resources	8.8%	Forbes 2000	Gross	US\$
4	Vodacom	Communications	7.1%	Forbes 2000	Triple Net	US\$
5	Tamassa Resort Bel Ombre	Hospitality	5.3%	Other Global	Triple Net	EUR
6	US Embassy	Consular	4.9%	Other Global	Gross	US\$
7	Shoprite	Retail	3.4%	Forbes 2000	Gross	US\$
8	Tullow Oil	Mining and Natural Resources	2.7%	Other Global	Triple Net	US\$
9	Imperial Health Sciences	Logistics	2.5%	Pan African**	Triple Net	US\$
10	Club Med Cap Skirring	Hospitality	2.3%	Other Global	Triple Net	EUR
11	Exxon	Mining and Natural Resources	2.3%	Forbes 2000	Gross	US\$
12	Game	Retail	2.2%	Forbes 2000	Gross	US\$
13	International Retail Morocco	Retail	2.0%	Other Global	Gross	MAD
14	Ghana Community Network Services	Communications	1.8%	Other Global	Gross	US\$
15	Hollard	Communications	1.8%	Other Global	Gross	US\$
Total						67.2%

*Global companies which do not form part of the Forbes 2000 companies.

** Companies which operate across the African continent.

WHY AFRICA

Africa (excluding South Africa) remains the most underdeveloped continent in the world, providing multi-generational convergence trends where chronic undersupply of quality infrastructure intersects the structural demand drivers and deepening of capital markets and financial flows.

From 2000, according to the World Economic Forum, "half of the world's fastest-growing economies have been in Africa" with stability in governance, robust policies and conducive business environment contributing to a positive outlook.

Africa is vast, with extensive natural resources and fast-growing populations and an increasingly educated workforce. The continent is undergoing a demographic transformation, with a high proportion of Africans in their 20s and 30s with fewer dependents.¹

The African Institute for Development Policy highlights the opportunity of a young population in Africa. Spending on health and education - coupled with an environment that facilitates jobs and investment - could create a demographic dividend, boosting economic development.² Household consumption is expected to reach US\$2.5tn by 2030, more than double that of 2015 at US\$1.1tn.

The World Bank intends to increase financing for human capital in Africa, which is expected to reach US\$15bn in 2021-23.¹

The sectors expected to exhibit the highest growth rates in the next 30 years are food and beverages, education and transportation, housing, consumer goods, hospitality, healthcare, financial services, and telecommunications.

Africa currently has around 29 stock exchanges representing 38 countries including two regional exchanges although many are characterized by low trading volumes and limited market capitalizations.

Grit provides access to investors seeking exposure to African real estate via the London Stock Exchange and the Stock Exchange of Mauritius, which are home to many reputable companies, while exhibiting healthy trading volumes and enforcing stringent corporate governance.

The eight countries Grit operates in are all in the developing category. They provide a set of characteristics, which align with our business strategy.

COVID-19's impacts on Africa

COVID-19 pandemic has introduced higher levels of uncertainty and slowed progress in the economies of the African continent. Caseload has however been relatively lower than in the rest of the World and many borders and economies are opening and starting the long road to recovery.

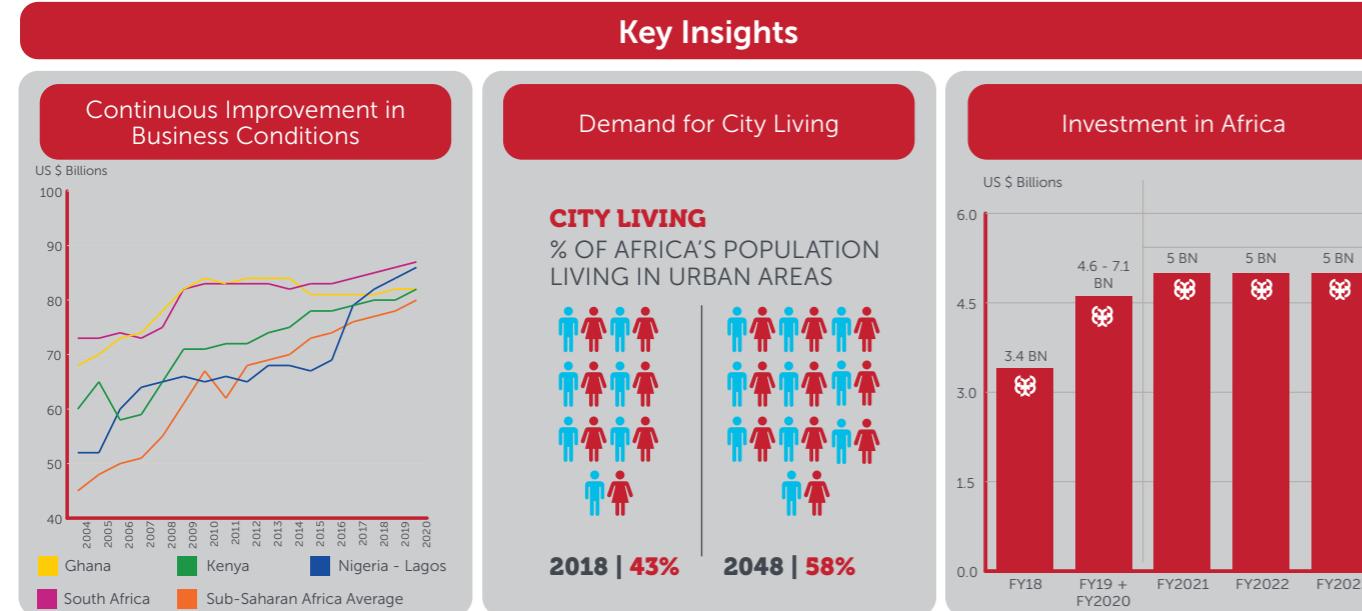
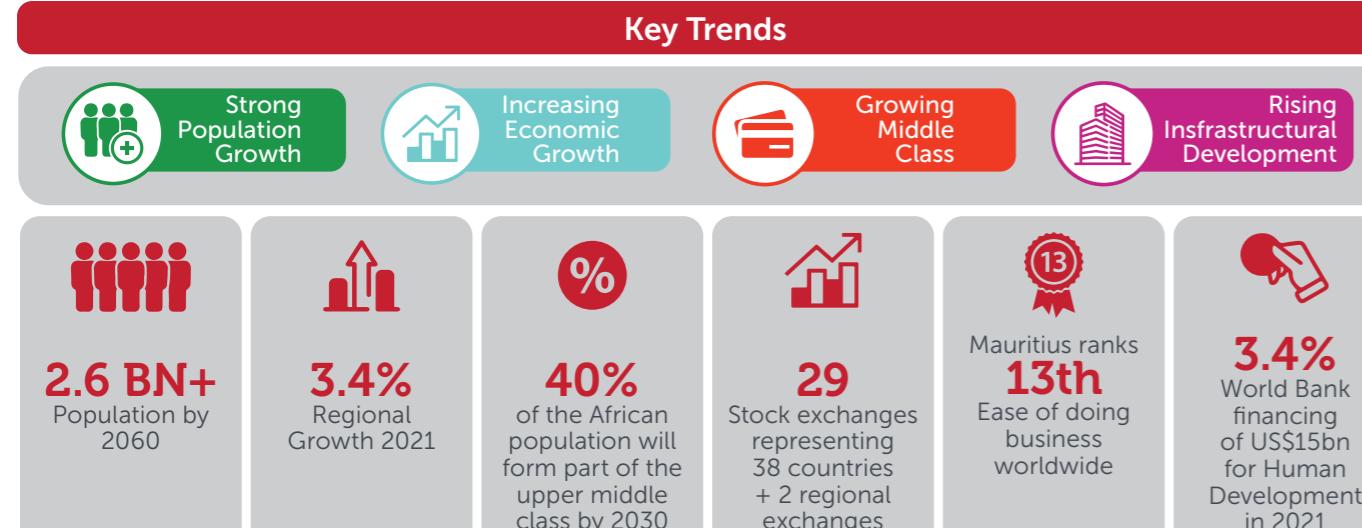
Region	Total Cases	Total Deaths	Active cases	Cases per 1M	Deaths per 1M	Population
North America	16,210,177	409,274	5,858,932	27,427	692	591,026,612
Europe	17,317,424	396,067	9,530,638	23,157	530	747,819,967
Africa	2,188,089	52,096	282,218	1616	38	1,353,721,574
Grit's country's of operation	552,340	8,503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

Source: Worldometers.info as at 1 December 2020.

The International Monetary Fund's (IMF) large policy stimulus adopted by advanced economies and significant liquidity operations have been successful in reducing market risk premiums, narrowing interest rate spreads on sovereign debts, and restoring financial flows to developing economies faster than currently anticipated.

International Assistance:

- As of 16 June 2020, the IMF has approved debt service relief to 28 countries, of which 21 are in sub-Saharan Africa.
- The World Bank has announced a fast-tracked financial support package of US\$50bn to sub-Saharan Africa as of April 2020, along with policy and technical advice, to assist countries with preparedness, response and recovery.²



1. <https://www.investopedia.com/articles/investing/100614/interested-investing-africa-heres-how.asp#:~:text=The%20African%20continent%20is%20incredibly%20rich%20in%20natural%20resources.&text=As%20such%2C%20Africa%20has%20become,relatively%20cheap%20educated%20labor%20force.> [accessed 24.08.20]

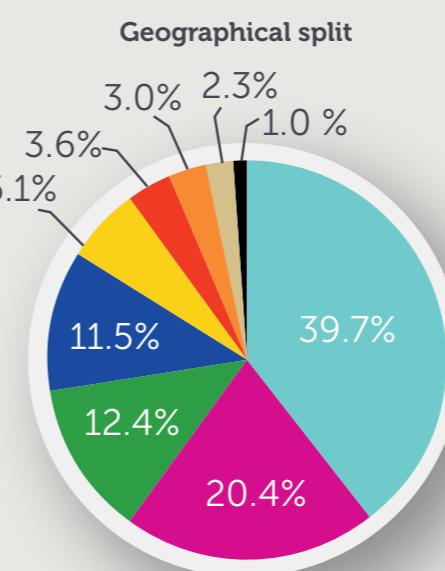
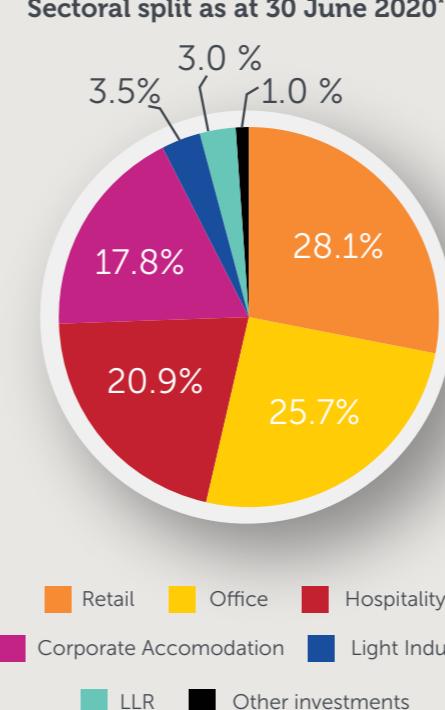
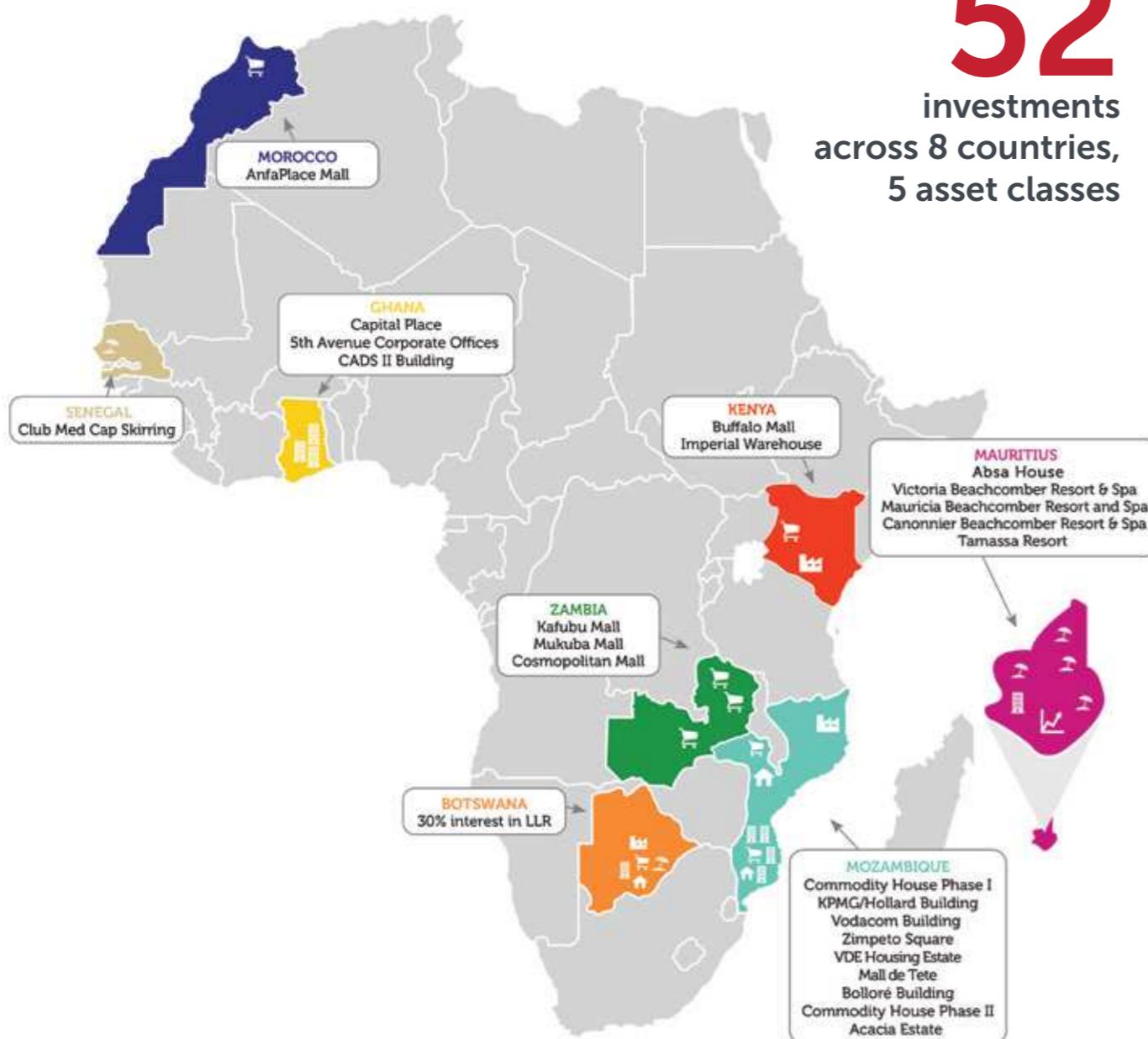
2. <https://www.weforum.org/agenda/2019/08/youngest-populations-africa/> [accessed 21.08.20]

1. <http://pubdocs.worldbank.org/en/562231555089594602/HCP-Africa-Plan.pdf> [accessed 21.08.20]

2. <http://documents1.worldbank.org/curated/en/808821591386989098/pdf/Protecting-and-Preserving-Africas-Human-Capital-in-the-Face-of-COVID-19.pdf> [accessed 21.08.20]

AFRICAN FOOTPRINT

We operate in 8 dynamic, developing markets with opportunities for continued growth.



Mozambique Mauritius Zambia
Morocco Ghana Kenya
Botswana Senegal Other Investments

Our tenants include:



OUR PRIORITIES FOR 2021

- 1** Balance Sheet Short-term target of Group LTV <45% with a combination of strategies including asset recycling and debt reduction.
- 2** Sustainability Advancing our ESG Strategy, including achieving our key 5-year commitments.
- 3** Cost Efficiency Improving operational cost efficiency through the application of cost consciousness programmes.
- 4** Funding Maintaining access to capital and debt markets through a variety of financial instruments.
- 5** Corporate Seat Redomiciling the Company's corporate seat to Guernsey to qualify for UK FTSE Inclusion.
- 6** Premium Listing Stepping up the company's Standard Listing to a Premium Listing on the LSE as a commitment to upholding the highest standards of corporate governance in our various business activities throughout Africa.
- 7** Asset-class diversification Balancing the portfolio over time to limit sector exposure to 25%. De-emphasizing retail and hospitality exposure in favour of Logistics, Corporate Accommodation and the introduction of Healthcare.
- 8** Country diversification Balancing our geographical exposure over time to limit country exposure to 25%. Counter-balancing high exposure to Mozambique with other high growth jurisdictions i.e. Kenya and Ghana.
- 9** Pipeline Navigating market conditions to successfully fund, secure and execute yield-accractive acquisitions.
- 10** Future-proof business Redefining our current investment strategy to include more resilient, essential and high-growth sectors and tenants that are less affected by unforeseen operational disruptions i.e. telecommunications, healthcare, logistics vs traditional retail and hospitality.
- 11** Human Capital Attracting and retaining the best talent in the industry with a strong emphasis on diversity and inclusion across gender, cultural background, local employee representation and women in leadership positions.
- 12** Asset Management Managing property NOI yield vs. valuation yield, vacancy rate management.

CORPORATE AWARDS AND ACCOLADES

The Company has been recognized by various international bodies for leadership, governance and compliance excellence during and post the reporting period.



CHAIRMAN'S STATEMENT



Peter TODD
Chairman

In a very challenging market, our Board and Management team took decisive, pro-active action to defend and grow our position and safeguard the business for the short and long term. People and economies across the world are coming to grips with the impact of COVID-19, and while the pandemic continues to test the resilience of the portfolio, the high and strengthening rent collection performance will continue to underpin the Group's focus on improving its financial strength. The Board remains committed to reducing LTV levels over the medium term to between 35%-40%, but now additionally has a near term focus of reducing LTV to below 45%.

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

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

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

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

/// The corporate accommodation, industrial and office sector assets, to date remained largely unaffected by the pandemic. ///

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

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

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

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

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

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

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

CHAIRMAN'S STATEMENT (CONTINUED)

Financial results

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

“We are cognisant of our role in transforming the design of buildings and developments for long-term sustainability.”

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

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

Grit continues to pursue a medium-term LTV target of between 35%-40%, but now additionally has a near term focus to reduce LTV to below 45%.

The Directors have modelled both a 'base case' and a 'severe but plausible downside' of the Group's expected liquidity and covenant position for a going concern period of at least twelve months from the date of signing the annual report. While both the base case and severe but plausible models show that the Group has adequate financing facilities and maintains its covenants throughout the going concern period, the inherent uncertainty in future property valuations as a result of the COVID-19 pandemic is such that in the event that property valuations across the portfolio decrease more severely or quicker than anticipated in the severe but plausible downside, then the Group may be in breach of some individual property and, or, Group wide covenants.

Further details on the downside scenarios are reflected in the CFO's report, and although Management have a number of mitigating actions available to them, an emphasis of matter relating to going concern is referenced in the external auditors' Independent Audit Opinion.

In light of recent events, the Board has decided against recommending a final dividend for the financial year ended 30 June 2020. The Board is encouraged by current rent collection levels and trends and anticipates that dividend payments will resume in the financial year ending 30 June 2021.

“Grit's investment strategy is clearly defined, and even more so in today's terms.”

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

- The strength of our contracts and transparent tenant relationships were underlined by the resumption of payments by the Group's Mauritian hospitality partners from August and September 2020.

- Footfall in our retail assets has shown steady improvement, and arrears balances have now stabilised and have started to improve.

Changes to the Board

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

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

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

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

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

Climate change and sustainability

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

With Africa rapidly urbanising, we are cognisant of our role in transforming the design of buildings and developments for long-term sustainability. I am therefore proud to report on the great strides made on sustainability initiatives and the meaningful response within our businesses. Our sustainability efforts, under the guidance of the Eco Grit team, focus on energy

efficiency and carbon reduction and the Group has committed to a five-year target of a 25% reduction in carbon emissions and a 25% improvement in our building efficiency.

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

Looking to the future

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

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

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

Peter Todd
Chairman

CHIEF EXECUTIVE'S STATEMENT



Bronwyn CORBETT

CEO and Co-Founder

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

The health, safety and well-being of Grit's people and their families, our tenants and wider communities remain our top priorities while we continue to work tirelessly to contain and mitigate the effects of the pandemic.

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

Impact of COVID-19

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

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

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

Source: Worldometers.info as at 1 December 2020.

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

Challenges and opportunities

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

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

“A redefinition of “normal” is at the forefront of business.”

Grit achieved notable success in rent and arrear balance collection, and in a challenging environment, reported notable new lettings activity up to 30 June 2020. In the year, leases over 96,654 m² of GLA (representing 18.0% of total Group GLA) expired, of which c.89% has successfully been relet to the same or new tenants.

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

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

PROPERTY	TYPE	TENANT	SECTOR	AREA m ²	YEARS TO EXPIRY
Mukuba Mall	Renewal	Game	Retail	5,060	4.9
5th Avenue	Renewal	GC NET	Office	2,700	5.0
Vale Housing Estate	Replacement	Tsebo	Corporate Accom	3,600	3.0
Botswana LLR (1)	Renewal	Various	Botswana LLR	29,700	5.0
Commodity House Phase 2	New Deal	Exxon	Office	1,294	4.6
Mukuba Mall	Renewal	Pick and Pay	Retail	2,240	4.9
Mukuba Mall	Renewal	Shoprite	Retail	4,262	4.9
AnfaPlace Shopping Mall	New Deal	Alpha 55	Retail	2,145	6.5
Bollore Logistics	Renewal	Bollore	Light Industrial	2,511	5.0
Mukuba Mall	Renewal	Mr Price	Retail	984	4.9
Total				54,496	4.9

The weighted average Group EPRA vacancy rate increased to 5.9% at 30 June 2020 (2019: 2.9%) and was mainly impacted by near term disruptions to the Group's retail assets, specifically in AnfaPlace Mall, where countrywide Moroccan lockdowns resulted in delays to start dates of previously agreed tenancies and led to the termination of a number of existing leases. The vacancy rate at Anfa, which stood at 21.5% as at 30 June 2020, has continued to rise with the recent termination of a lease over 1,800m² by H&M. The leasing team has made significant progress on filling vacant space and is currently concluding leases which are expected to bring the Mall's vacancies to under 20% by December 2020.

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

Mukuba Mall, which marked its five-year anniversary in March 2020, had lease expiries over 25,212m² of its total 28,236m² GLA, inclusive of 1,510m² for Edcon group, which was terminated early. COVID-19 related challenges inclusive of travel restrictions have also resulted in renewal delays. As at 31 October 2020, c.93.4% of expiring leases have been renewed or re-let and offers are in place for a further 3,497m² which will result in a vacancy rate in the Mall of under 1% by January 2021 should these be successfully concluded.

Collections have remained strong

Rent collections across the Group have remained strong since the onset of the pandemic and, despite the economic headwinds, collection trends have continued to improve in recent months with August,

- In January 2020, the Group completed the acquisition of the 4-trident Cap Skirring hotel from Club Med in Senegal, and in the process entered its eighth African jurisdiction. Club Med entered into a fixed 12-year Euro lease with Grit on the Cap Skirring transaction, strengthened by a parent company guarantee from the Club Med group in Paris.

Governance

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

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

Successfully completed a number of acquisitions

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

- In November 2019, the Group increased its stake in Letolle La Rona Limited (LLR) from 6.25% to 30.0% for an effective acquisition value of US\$13.8m, providing Grit with increased exposure to predominantly industrial single tenanted assets in the strong and politically sound investment grade country of Botswana. The deal also unlocked a strategic partnership with the Botswana Development Corporation (BDC) as an institutional investor in Grit, as well as a potential strategic co-investor alongside Grit into direct real estate opportunities in the future.
- In December 2019, Grit completed the handover of corporate accommodation units in the Vale Housing Estate, Mozambique. The transaction is the Group's first example of a pre-funded development arrangement whereby, on the strength of a new 5-year US\$ based lease to Vale, the Group participated in the economic value creation delivered by the turnkey development project.

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

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

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

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

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

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

COVID-19 Relief Fund and support

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

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

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

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

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

Prospects

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

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

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

As a management team, we are under no illusions about the challenges ahead. However, I am confident that we are well placed and our strategy is sound, and that the steps we are taking today will not only safeguard Grit for the near term but help us to proactively seize the opportunities that inevitably arise from these times.



Bronwyn Corbett

Chief Executive Officer



5th Avenue Corporate offices - Accra, Ghana

STAKEHOLDER ENGAGEMENT

We believe that to secure our long-term success, we must take account of what is important to our key stakeholders. This is best achieved through proactive and effective engagement.



Financial



Human



Intellectual



Manufactured



Social & Natural

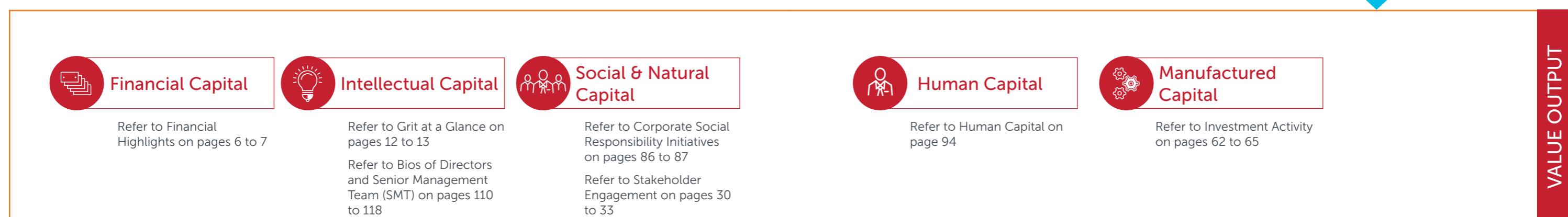
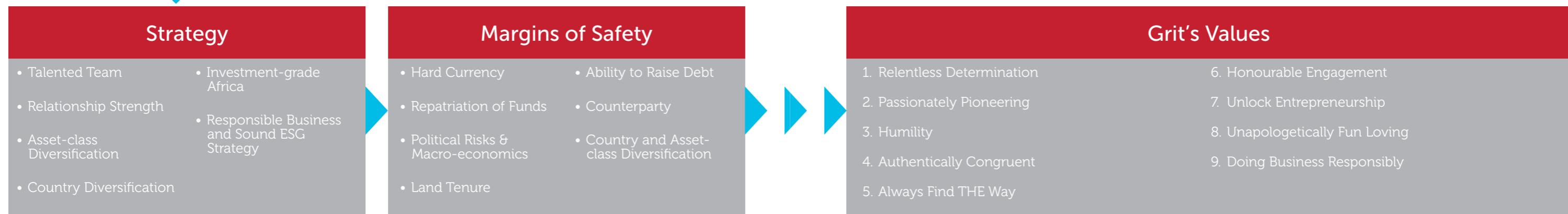
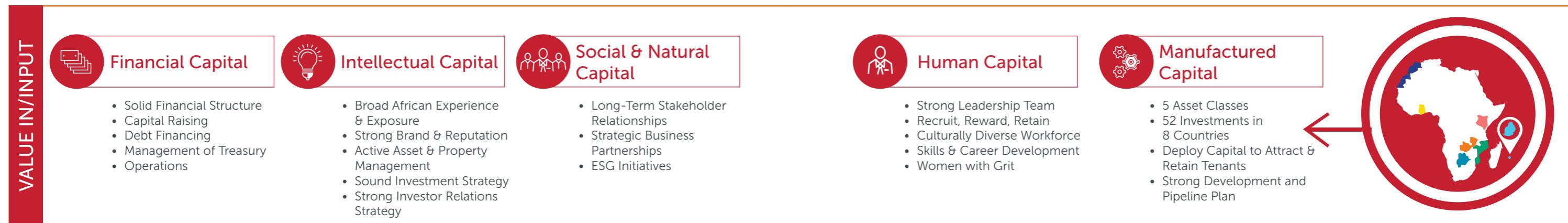
STAKEHOLDERS	THEIR EXPECTATIONS	HOW WE ENGAGE	2019/20 OUTCOMES AND HIGHLIGHTS	CAPITALS IMPACTED	2020/21 FOCUS AREAS
Shareholders and Investors: Our shareholders and investors play an important role in monitoring and safeguarding the governance of our Group.	<ul style="list-style-type: none"> Robust financial performance. Sound strategy and Business model. Sustainable growth and dividend returns. Clear risk mitigation plan. Environmental, social and governance (ESG) initiatives in place. 	<ul style="list-style-type: none"> Our Investor Relations and Management team maintain close relationships with our shareholders and investors in all jurisdictions. Regular meetings, calls, trading updates and reports are maintained throughout the year. At Annual General Meeting, shareholder views are raised in an open forum and considered in decision making. Compliant and transparent reporting. 	<ul style="list-style-type: none"> Successfully de-listed (in Q1 2020) from the JSE and migration of majority of JSE shareholders to either the SEM or LSE. Conversion to a Sterling-denominated quote on the LSE. Payment of dividend during the financial year despite COVID-19 pandemic uncertainty and partial operational disruption. Significant sustainability initiatives enacted during the year. Welcomed new strategic African shareholder (Botswana Development Corporation & ZEP-RE). Ongoing and regular communication on COVID-19 impact on business and operations. Swift adoption of technology to conduct regular virtual meetings and roadshows vs physical. 200+ investor meetings and calls. 20+ investor conferences and webinars attended. 	 	<ul style="list-style-type: none"> Premium listing on LSE. Inclusion eligibility to the UK FTSE Index series. Re-domiciliation to Guernsey. Share trading liquidity improvements. Maintaining close relationships with investors and shareholders. Broadening UK investor base and targeting other investor jurisdictions. Continued focus on ESG initiatives specifically including 3rd party building sustainability certifications.
Suppliers and Service Providers: It is crucial for Grit to maintain strong relationships with our service providers in order to maintain efficiency of our business and create value.	<ul style="list-style-type: none"> Fair terms of business. Long-term partnerships with a collaborative approach. Transparency in terms of business decisions and activities. 	<ul style="list-style-type: none"> We aim to build long-term, strong relationships through transparent and effective communication with service providers. We work with suppliers who hold the same values and add value to our business. New tenders are awarded based on price and quality. 	<ul style="list-style-type: none"> Effective teamwork to achieve development and delivery deadlines. Procurement of goods and services from local suppliers in a view to support and boost local businesses. Continued good working relationship with all suppliers and service providers. 		<ul style="list-style-type: none"> Continued support to local businesses in all jurisdictions. Continuous teamwork to achieve our objectives. Maintaining effective communication to ensure good working relationships at all times.
Tenants Grit's success is dependent on our ability to understand our tenants and efficiently respond to their needs.	<ul style="list-style-type: none"> Quality service from landlords. Suitable lease terms. Quality, safety and sustainability of premises and its amenities. Transparency between landlord and tenants at all times. Prompt and efficient communications regarding activities and decisions. 	<ul style="list-style-type: none"> We have dedicated Property Management teams in each of our jurisdictions who ensure close involvement and continuous communication with all of our tenants. We actively engage through regular meetings, calls, e-mails and on-site visits to ensure that all tenant needs are met in alignment with the deliverables required by the business. Regular strategic discussions are carried out at management level to maintain high quality of premises and to ensure tenant satisfaction at all times. We engage in independent market research that provide insights on changing market trends and industry updates in each jurisdiction. These active engagement measures ensure quality service and premises that meet tenant's needs and encourage retention. 	<ul style="list-style-type: none"> US\$17m of lettings. 5.9% EPRA vacancy rate. 97% tenant retention/re-lets. These include successful conclusions with Total, Bolloré Shoprite and Massmart. Bi-monthly (minimum) visits to each site conducted by a member of the Asset Management Executive team prior to COVID-19. 52+ hours engaged with tenants & counterparties during COVID-19 lockdown to ensure business continuity and tenant support. Monthly/weekly operational meetings carried out with key tenants. Negotiations with strategic tenants including PTTP, & Vodacom to pre-empt renewal and secure longer-term tenancy initiated. Successful relaunch of AnfaPlace following redevelopment resulting in securing interest of Nesk Group, a large international franchise operator for tenancy in mall. Completion of a new entrance at Zimpeto Square to improve access and meet market needs. 	  	<ul style="list-style-type: none"> Development of Group KAM system to ensure holistic communication with tenants to meet their needs. Continuous engagement and communication to ensure tenant satisfaction and achieve business objectives.

STAKEHOLDER ENGAGEMENT (CONTINUED)



STAKEHOLDERS	THEIR EXPECTATIONS	HOW WE ENGAGE	2019/20 OUTCOMES AND HIGHLIGHTS	CAPITALS IMPACTED	2020/21 FOCUS AREAS
Government and Authorities: As a listed entity and a responsible business, we are committed to engaging constructively with the stock exchanges, government and authorities to ensure we are supporting the wider community.	<ul style="list-style-type: none"> Compliance with listing rules on the SEM and LSE. Proactive engagement with authorities and stock exchanges. Proactiveness and compliance with existing and new legislations. Openness, transparency and ethical business practices. Support for local economic plans and strategies. 	<ul style="list-style-type: none"> We take a constructive, positive approach to working with authorities to ensure continuous compliance with laws and regulations, including listing rules. Similarly, we maintain positive and proactive relationships with government departments such as the SEM and LSE through our sponsors and service providers and with the Mauritian Financial Services Commission (FSC) and through our Company Secretaries. Furthermore, we provide transparent, complete annual and quarterly reports with regular engagement with our various stakeholders through PR activities. 	<ul style="list-style-type: none"> Regular meetings with the FSC for application submissions. Regular engagement with the JSE for the delisting process. Continuous engagement with the LSE on Premium Listing. Engagements with Mauritius Revenue Authority (MRA) to maintain tax commitments. Maintained good relationships and transparent communication with the Economic Development Board (EDB). Filing of tax returns, returns with NPF, NSF and MRA in a timely manner. Regular meetings and clear communication with country Central Banks. 		<ul style="list-style-type: none"> Continuous compliance with all governmental regulations and listing rules. Ensure compliance with all regulations for premium listing step up. Continuous compliance with the principles of the Codes of Corporate Governance (Mauritius & UK). Engagement with authorities in Guernsey pertaining to re-domiciliation. Clear communication with the FSC to seek specialised licences.
Local Communities: We continue to support communities in which we operate, including local businesses, residents and the wider public.	<ul style="list-style-type: none"> To support the local economy and give back to the community. 	<ul style="list-style-type: none"> We constantly engage with Non-Governmental Organisations (NGOs) and local authorities to enhance the positive impact we have on the communities in which we operate. We provide employment and work experience opportunities in all the jurisdictions in which we operate. 	<ul style="list-style-type: none"> Support to the vulnerable communities in Mauritius during COVID-19 through the provision of protective gear, sanitizers and food packs. Monetary donations to local authorities for the purchase of hand sanitizers and masks for public servants and front liners. Procurement of products and services via local businesses. Support of local NGO's through monetary donations and donations in kind. 		<ul style="list-style-type: none"> Continuous support and engagement to local communities and NGOs. Continued communication and updates via our digital and local news platforms. Maintain strong relationships with local authorities and communities.
Employees: We have a talented, diverse and dedicated workforce which we recognise as a key asset of our business. It is therefore important that we continue to generate opportunities for our employees and acknowledge their efforts.	<ul style="list-style-type: none"> Opportunities for development and progression. Opportunity to share ideas and make a difference. Diversity and inclusion. A rewarding work environment through competitive pay practices and recognition for performance. 	<ul style="list-style-type: none"> We have an open, collaborative, and inclusive work culture and engage regularly with our employees through engagement surveys. We undertake yearly appraisals where career objectives are clearly defined and implemented. New employees have specific onboarding programs which are 100% digitalized through our Human Resources Management System (HRMS). Our #LetsTalk forum which is scheduled regularly, provides a platform for all employees to voice out ideas, opinions or concerns. 	<ul style="list-style-type: none"> 90% staff retention. Increase in staff satisfaction (Employer Net Promoter score) by 7 points. 10 employees on the EcoGrit Committee HR processes are now fully digitalised for easy and quick processing. Implementation of a 360° Performance review that will ensure fair feedback from Management and colleagues. Above 70% participation in our Employee Engagement Survey. 600+ hours of Leadership courses delivered 		<ul style="list-style-type: none"> Accentuate operational excellence through digitalisation. Develop an employee handbook that will summarise all HR related policies and provide clear guidance to Grit employees. Strengthen and motivate our human capital through this global economic crisis related to COVID-19 and mitigate the impacts on staff turnover. Continued use of 'Insights' survey tool for employee feedback. Continuous leadership development through coaching sessions. Promoting our employer brand through our digital platforms and aim to attract more talent.
Debt providers We maintain close, collaborative and long-term relationships with our financiers by remaining transparent and open with regards to our business.	<ul style="list-style-type: none"> Financial performance. Transparency and proactive communication. Good credit rating. Low gearing ability to service debt commitments in a timely manner. Prudent and Transparent Reporting. Valuations that reflect market activity in our respective jurisdictions. 	<ul style="list-style-type: none"> We engage with our stakeholders through regular meetings, site visits and business updates to ensure that they remain informed on all relevant aspects of our business. We provide regular presentations on cash flow, solvency forecasts and financial reports. We closely monitor our key financial ratios and covenants. 	<ul style="list-style-type: none"> 50.2% loan to value ratio. Renewal & extension of credit facilities, which impacted positively on our working capital. Decreased cost of debt by 0.5% to 5.9%. Improved and preserved operational cashflow of the Group throughout the COVID-19 pandemic. Over 12 Treasury and Working Capital reports compiled for the year 2019/20. Refinancing of various group level and in-country debt facilities. Management and renegotiation of the Group's key covenants to ensure they are in line with the Group's performance. Finalised our internal treasury process which helped us achieve optimal performance and timely reporting. Successful review and implementation of our valuation process which helped us achieve optimal precision. Recruitment of highly experienced talent suited to the Treasury team. 		<ul style="list-style-type: none"> Optimizing and hedging of Balance-sheet exposure. Implementing Hedging initiatives for existing currency exposure and interest rate. Optimal financing and structuring of on-coming assets and group structures. Continued use of internal valuation and treasury process to ensure efficiency and precision. Continued communication and relationship management of our debt providers and various financiers. Continued investment in information technology to upskill departments and improve efficiency.

OUR BUSINESS MODEL



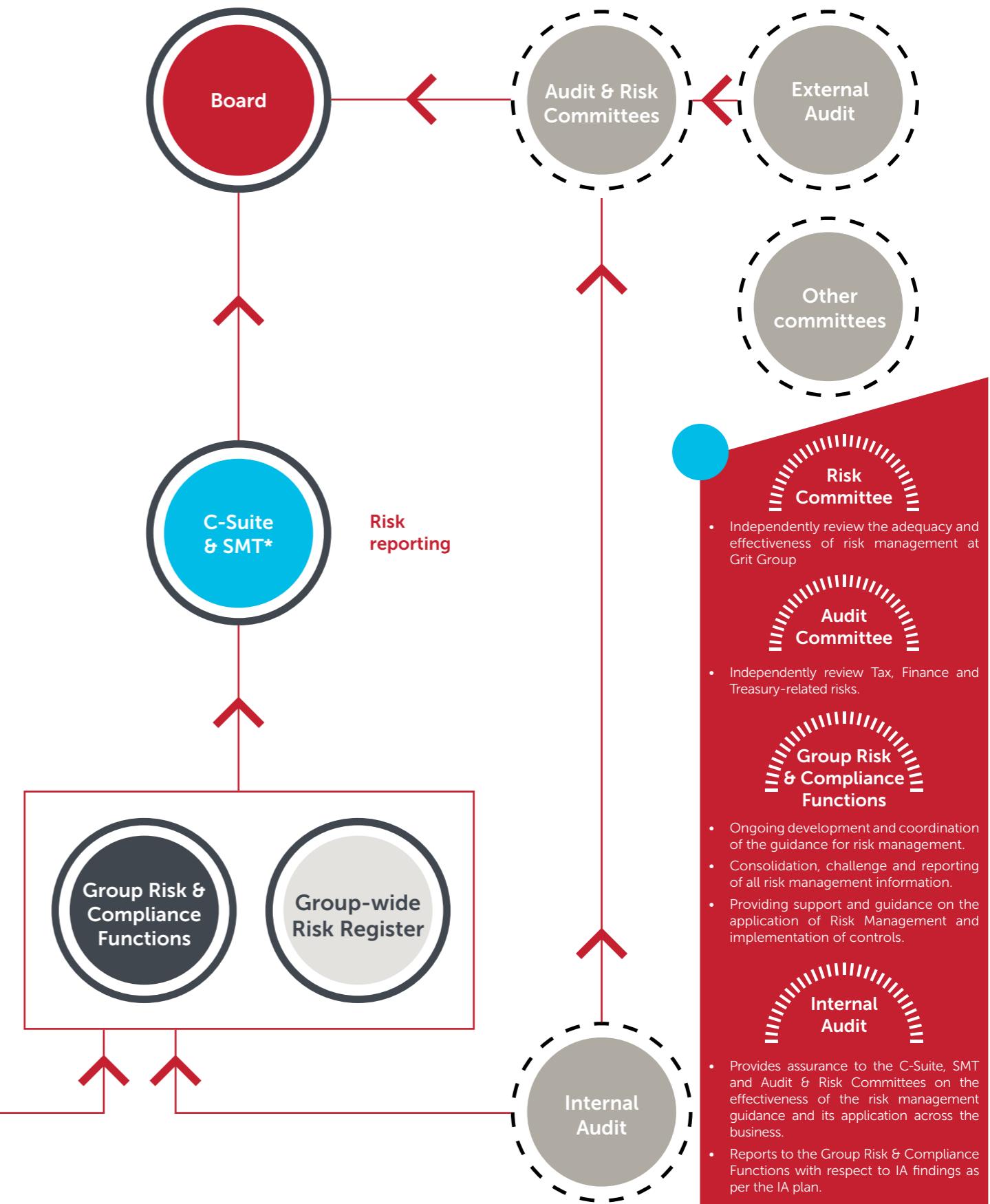
RISK MANAGEMENT FRAMEWORK

Grit has a detailed risk management framework in place that has been duly approved by the Risk Committee as per below detailed diagram.



..... Outsourced Function

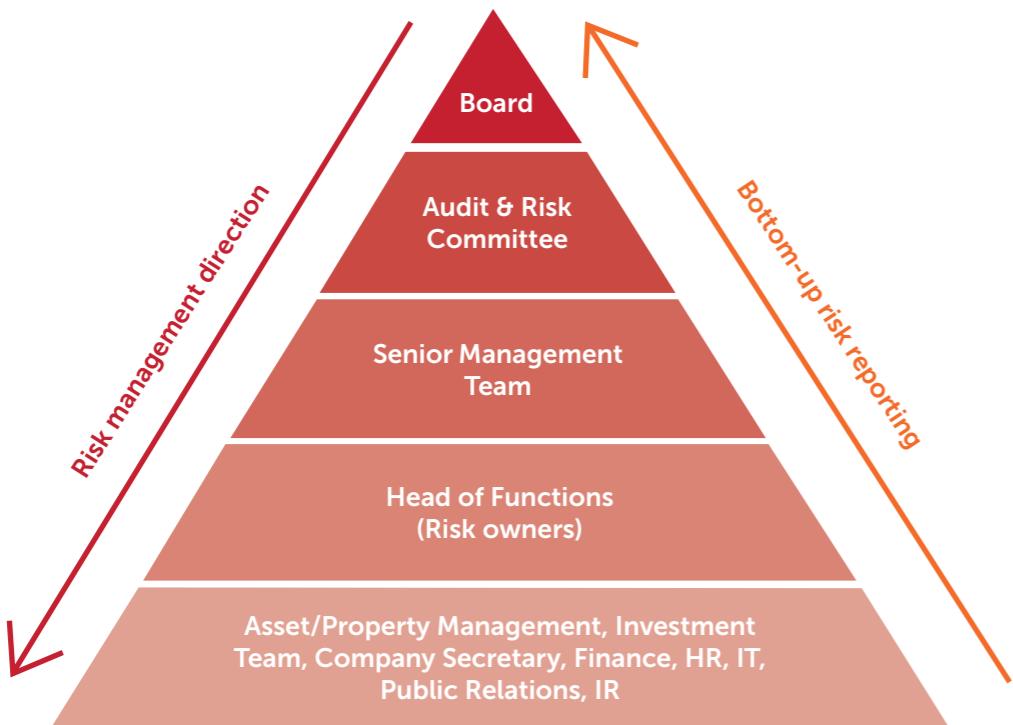
* Senior Management Team



RISK MANAGEMENT FRAMEWORK (CONTINUED)

Risk Management: A concern for everyone at Grit

The Risk Management Framework is a bottom-up process for risk identification, with risks identified at Group Function/Operating Divisions, being fed up to SMT and C-Suite levels and reported to the Risk Committee with risk severance scoring. Risk owners for each Group Function/Operating Division within the business (see bottom segment of pyramid) are responsible for identifying risks within their function. Communication regarding risk management is thus ensured at all levels.



Enhancements to Risk Management and reporting

Other than the formal Risk Committee meetings held per the Risk Charter, quarterly work sessions have been set up where the members of the Risk Committee, together with the Senior Management Team (SMT), including their appointed Risk Champions, have been assessing and reviewing the risk appetite of the Group, the risk management process, the identified risks, the mitigating controls and risk reporting and have made significant improvements and enhancements. Asset management and Treasury have also been reporting on a monthly basis the specific and principle risks in each of their departments. These monthly reports go to the C-suite and the Board.

Grit maintains a Group Wide Risk Register, which is shared with the Risk Committee on a quarterly basis. The key risks are well managed and monitored on an ongoing basis, enabling the Company to also identify specific emerging risks. As the business is spread over different jurisdictions, in-country Risk Champions have been identified (Morocco, Kenya, Ghana and Mozambique - where Grit has an office and staff) and quarterly feedback is provided to the Group Risk & Compliance functions. With the support of Grit's Tax and IT consultants, specific tax and IT related risks are also identified and reported on a continuous basis.

Risk Management as a result of COVID-19

An important workstream during lockdown (which is still ongoing) has been to manage the risks to which the Group has been exposed as a result of COVID-19.

The following steps were taken

1. Set up of COVID-19 Steering Committee, which comprised of heads of departments, Legal Counsels and Senior Facilities Manager, whereby specific tasks had been assigned:
 - Legal Counsel provided a daily report which included the Geographical impact, statistics and status updates for each region [Website used to update the statistics: <https://www.worldometers.info/coronavirus/>]
 - The Property Management and Facilities Management teams provided updates on the COVID-19 situation in their respective regions and on actions taken on-site.
 - The Group Asset Manager & Senior Asset Manager compiled and provided the data on the Portfolio Heat Map.
 - The Head of Strategic Projects provided the updates on the Group's hospitality assets i.e. the 3 Beachcomber resorts, Lux Tamassa and Club Med Senegal.
 - Based on the above, the Senior Facilities Manager prepared a COVID-19 newsflash, which was shared with the Head of Real Estate on a daily basis, and then circulated to C-Suite.
 - The Board were also updated regularly on the impacts of COVID-19 on the Group.
 - The Investor Relations department was providing regular market updates as and when required.
 - Legal counsels had reviewed lease agreements, as a result of COVID-19, to assess Grit's legal stance in case tenants would seek exoneration of their obligations on the basis of "force majeure", where such tenants had not been able to open their premises because of the lockdown in the different regions. The scope of the review has been to assess:
 - (i) whether Grit could still be paid even if it were a "force majeure";
 - (ii) whether there would be any interest on late payment;
 - (iii) in which currencies Grit would get paid; and
 - (iv) what do the exit clauses provide.
2. Business as usual: despite the lockdown, for Grit it was business as usual but "unusual", with staff working from home. Members of C-Suite and some heads of department were working at the office with valid Work Access Permits. Regular updates were provided to the Board by the CEO.
3. Meetings: COVID-19 was on agenda at C-Suite, SMT and individual department meetings. #Let's Talk sessions were organised where the CEO reassured the staff of Grit on business continuity and building a future proof business. A special session was organised with C-Suite on "Reinvention & Revolution", with the aim to realign Grit's strategy as a result of COVID-19.
4. Risk Management: Heads of Departments and Risk Champions were requested to consider if Covid-19 had impacts on the risk ratings. A Risk Assessment Tool that KPMG team had developed was used to assess Grit's response to COVID-19. A specific risk register was also put in place as a result of COVID-19.

Whistleblowing policy

The Group uses Deloitte Tip-offs Anonymous whistleblowing services. During the year, the Whistleblowing policy was extended from just employees to include all stakeholders, providing them a mechanism for lodging any concerns, through the contact details available on Grit's website (<https://grit.group/contact/>).

Compliance Training

Compliance training is compulsory for all employees across the Group. Ongoing compliance training is provided to staff, together with in-house training on new processes and procedures.

The Group uses an online platform called Vinciworks for part of the compliance training. During the year, training was provided on GDPR and Anti-Money Laundering. As part of the induction process, all new joiners receive the training if they were not in employment at the time the training took place.

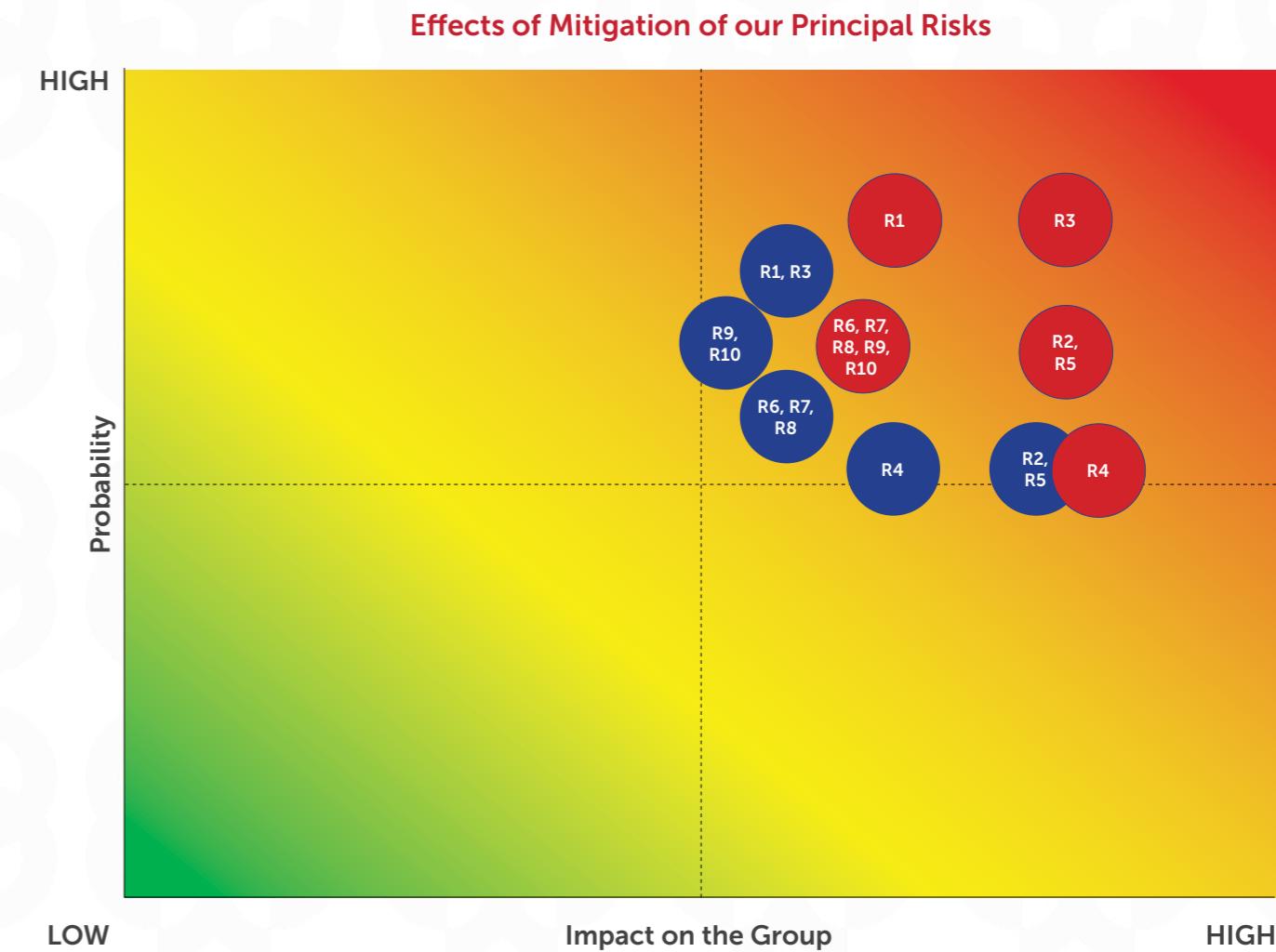
RISK MANAGEMENT FRAMEWORK (CONTINUED)

Changes to our principal risks / risk register

The principal risks and uncertainties facing the Group as at June 2020 are set out on pages 42 to 44 together with the mitigating action and potential consequence. Our 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.

During the year under review, there has been a number of changes to our principal risks, compared to the prior year:

New principal risks	Increasing risks	Ongoing risks
Capital Raising Risks	Refinance Risk	Regulatory Risk – LSE and SEM Compliance
Pandemics and Endemics	Liquidity Risk	Departure of Executive Directors and members of Senior Management Team
Arrears and Bad Debts	Covenant Risk	Failure of IT infrastructure
Global Economic Depression	Cyber attack	Repatriation Risk
Credit Risks		Default by a major tenant (incorporated into Arrears and Bad Debts)
Contractual Risks		Reputational Risk



Description of risks (not in order of priority)

Priority	Risk
R1	Capital Raising Risk
R2	Cyber attack
R3	Pandemics & Endemics (currently Coronavirus) related Risks
R4	Risk linked to Arrears and Bad Debts
R5	Global Economic Depression / Financial Recession Risks
R6	Covenant Risk
R7	Liquidity Risk
R8	Refinance Risk (subset of Liquidity Risk)
R9	Contractual Risk
R10	Credit Risk (to be monitored in line with Coronavirus)

RISK MANAGEMENT FRAMEWORK (CONTINUED)

OUR PRINCIPAL RISKS

The principal risks of the Group is as per table below and are not in order of priority:

FINANCIAL RISKS

Risk & Description	Risk Mitigation	Consequence
1. Capital Raising Risk		
Risk that investors do not participate in capital raise	Maintain balance of debt/equity in policy limits.	Impacts potential investments / growth Reputational risks
2. Covenant Risk		
Failure to adhere to individual loan covenant clauses / Failure to adhere to covenants in contracts	Key business performance ratios (both actual and forecast) monitored by Management & Board on a monthly basis (monthly dashboard). Monitoring of compliance with covenants, which is reported in monthly management accounts. Checklist prepared by Treasury to ensure compliance with covenants, which is reviewed by the CFO - forms part of Treasury monthly report. • The Board is updated on compliance with covenants through Risk committee on a quarterly basis, • Constant communication with the bank / Relationship management with financiers, • Monitoring by C-Suite members.	<ul style="list-style-type: none"> Financiers will either call back their facilities or reject any request for a refinance Reputational damage Leads to increased finance costs thereby affecting the Group's DSR. Inability to raise further funds
3. Liquidity Risk		
Risk that the company will be unable to meet short term financial obligations.	Policy to control liquidity risk is approved by the Board Treasury Function: • Cash balances should be held in USD as long as possible. • The working capital requirements for each entity should be determined in the currency of the requirements. • Following any receipt in currency other than USD, any funds in excess of the working capital requirements should be promptly converted to USD. • The Group should strive to minimise the number of currency conversion transactions, especially for currencies other than USD and EUR. As far as practically possible, costs should be paid out of the currency receipts from tenants without conversion of the currency. • Up to 15% of Market cap can be made available. • Group LTV (including total RCF facilities) not to exceed 50%.	Liquidity or cash is unavailable to meet obligations leading to financial distress. Not be able to meet its financial commitments as and when they fall due, due to insufficient funds available.
4. Refinance Risk (subset of Liquidity Risk)		
Risk that lenders fail to roll over loans or new lending is unavailable	Policy framework to control risk. Treasury Function: • Refinancing initiated 9 months prior to maturity, • Maintain and monitor that the Weighted Average Lease Expiry (WALE) profile is shorter than the maturity of the loan, • Have a minimum of 2 financiers per jurisdiction. Board reporting.	Company fails to meet financial obligations or at significant cost. Lender could call in the debt/ collateral. Unable to replace an existing loan with a new one when the existing loan becomes due for repayment.

Risk & Description	Risk Mitigation	Consequence
5. Credit Risk (to be monitored in line with Coronavirus)		
Failure of counterparty (in treasury and financial) to pay obligations	Credit Risk Limitation Policies. Set limits for FX and deposit per counterparty. Frequent monitoring	Lost to Grit of principal value or cost of mark to market to replace contract Group may need to proceed with write-off of material debts. Financial loss to the Group if a counterpart to a financial instrument fails to meet their contractual obligations and arises principally from loans and overdrafts due to the Group and its subsidiaries.
Strategy / External		
6. Global Economic Depression / Financial Recession Risks		
Risk of Economic Depression due to unforeseen circumstances (pandemics, catastrophic climate conditions)	Secure larger shareholder base in different and low risk sectors. Shareholder engagement strategy to keep a good relationship.	Impact on share price. Impact on company performance and dividend payout. Staff job security at stake.
Information Technology		
7. Cyber attack		
Successful attacks, via cyberspace, targeting an enterprise's use of cyberspace	<ul style="list-style-type: none"> Independent internal and external 'penetration' tests are regularly conducted to assess the effectiveness of the Group's security. Multifactor authentication exists for remote access to our systems. Incident response and remediation policies are in place. The Group's data is protected by anti-virus software and firewalls that are frequently updated. Annual staff awareness and training programmes are implemented. Security measures are regularly reviewed by the IT Liaison Committee. Different levels and layers of security in place (firewall enterprise grade) - inbound and outbound and various back up technologies. 	Risk of cybercrime such as hacking, phishing, waling, ransomware heightened. Disruption of operations, fraud and reputational damage.

RISK MANAGEMENT FRAMEWORK (CONTINUED)

Risk & Description	Risk Mitigation	Consequence
People And Culture		
8. Pandemics & Endemics related Risks (Currently Coronavirus)		
Risks associated with Pandemic & Endemic diseases, including its spark risk and spread risk	Policy and processes to control the risks, including but not limited to: <ul style="list-style-type: none"> • Ensure Business Continuity. • Monitor communications updates from industry's leading associations, as well as public health organizations to evaluate impact of the business. • Develop internal messaging to inform the staff. • Prepare statements for the press and website news. 	Can result in employees who are travelling to be infected with the disease and consequently leading to death. Impact on financial situation and on business
Operational		
9. Risks linked to Arrears and Bad Debts		
Bad arrears and bad debts – including both major tenants and smaller tenants	Vigilant credit control process and Management reporting by property managers. Continued engagement with tenants by Group Asset Manager/ Group Property Manager/Debtors Manager. Group PM conduct daily debtors follow up with all FM from various jurisdictions to ensure that there is continued engagement with tenants on payment of debts. Weekly meetings are set with in-country Finance Managers to report on any debtors risks and how to address those problems. Continual monitoring of trading densities within the retail environment to identify and address potential risks before default. Deposits and security (including personal sureties where applicable). Processes and controls in place concerning bad debts process flows, provisions for bad debts which are signed off by SMT	Compromised performance resulting in financial loss. Breakdown in relationships with key tenants. Write-offs of material bad debts. Cash flow is affected which impacts on Treasury Risk.
10. Contractual Risks		
Risk of failing to keep track of and meet or enforce contractual obligations or rights, or enter into contracts with terms that are either inadequate, unfair or unenforceable.	Control sheet to ensure that obligations are adhered to, as well as negative covenants are respected. Internal processes and monitoring carried out. In house legal counsel ensures that appropriate channel is followed concerning potential breaches, including with respect to contracts and leases. Engagement with Investor Relations department to monitor and mitigate any potential reputational risk associated with breaches and court actions.	Breach of contract and recourse to court actions and hence impact on costs. Reputational Risk. Compulsory performance of a contract or a negative right not to carry out a specific thing.

PROPERTY REVIEW



Andries SMIT
Head of Real Estate

Asset Management

The 2020 financial year was characterized by positive letting activity and momentum prior to the onset of the COVID-19 pandemic in March 2020, which brought with it a tough trading and operating environment, particularly in the retail and hospitality sectors. Despite these economic headwinds, collection trends have continued to improve although revenue was impacted by short-term rent concessions and short-term payment deferrals.

Moroccan-REIT/OPCI structure as a compelling future prospect for capitalization compression, from which additional value can be unlocked.

In response to the heightened investment risk, the Company entered into a binding agreement in September 2020 for the disposal of a 39.5% interest in AnfaPlace Mall and has thereby reduced its overall retail sector exposure in-line with its self-imposed sector exposure limit target of 25%.



AnfaPlace Mall food court post refurbishment. New Ceilings and additional lighting installed

AnfaPlace Mall Redevelopment

The year under review began with the successful completion of the AnfaPlace Mall redevelopment, which relaunched in September 2020. The extensive US\$25m redevelopment sought to reposition the mall towards a more family-friendly and convenience centre, with a tenant mix more suited to the immediate catchment area.

The redevelopment scope of works included addressing flow of foot traffic in the mall, optimization of GLA, creation of a destination food emporium with increased seating capacity, modernization of the mall interior, introduction of family facilities and the refurbishment of the washroom facilities.

Positive post redevelopment leasing momentum was unfortunately impacted by the onset of the COVID-19 pandemic in March 2020. The forced closure of the majority of AnfaPlace Mall resulted in significant trading and cash flow interruption, which has translated to an increased vacancy as a result of a small number of tenant evictions, cancellations of prior committed leases and further cancellations upon lease expiries. Further detail contained below in the Group vacancy commentary

Despite a challenging post-redevelopment trading environment, AnfaPlace Mall remains a highly competitive and differentiated retail offering that is well-positioned to service the needs of its surrounding catchment area. The recovery and re-tenanting trajectory is now expected over an eighteen month period as opposed to the previously expect six to twelve months. The Group continues to see opportunities of combining this asset within into a

Letting activities in 2020

Grit achieved notable success in rent and arrear balance collection, and in a challenging environment, reported significant new lettings activity. In the year, leases for over 96,654m² of GLA (representing 18% of total Group GLA) expired, of which c.89% has successfully been relet to the same or new tenants.

PROPERTY REVIEW (CONTINUED)

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

Property	Replacement/ Renew ALS	Tenant	Sector	Area (m ²)	Years to expiry
Mukuba Mall	Renewal	Game	Retail	5,060	4.9
5th Avenue	Renewal	GC NET	Office	2,700	5.0
Vale Housing Estate	Replacement	Tsebo	Corporate Accommodation	3,600	3.0
Bostwana LLR ¹	Renewal	Various incl. Global Holdings	Botswana LLR	29,700	5.0
Commodity House Phase ²	New Deal	Exxon	Office	1,294	4.6
Mukuba Mall	Renewal	Pick and Pay	Retail	2,240	4.9
Mukuba Mall	Renewal	SHOPRITE	Retail	4,262	4.9
AnfaPlace Shopping Mall	New Deal	Alpha 55	Retail	2,145	6.5
Bollore Logistics	Renewal	Bollore	Light Industrial	2,511	5.0
Mukuba Mall	Renewal	Mr Price	Retail	984	4.9
Total				54,496	4.9

The imminent announcement of the Exxon FID in Mozambique led to the conclusion of a lease which entrenched Exxon as the anchor tenant in Commodity House Phase 2 with the signing of a 5-year lease on the remaining vacancy of 1,294 m², thereby making them a single occupant of the building.

Further notable lettings included renewals of major anchor tenants at Mukuba Mall, replacement of Barloworld with Tsebo in Vale Housing Estate on a new 3 year lease and a comprehensive redevelopment of Bollore Warehouse (an existing asset in a prime location) off the strength of a 5-year lease renewal from Bollore.

The impact of COVID-19 was felt most acutely within the retail sector and within that by Grit's flagship enclosed shopping mall, AnfaPlace Mall in Morocco. The weighted average Group EPRA vacancy rate increased to 5.9% at 30 June 2020 (2019: 2.9%) and was mainly impacted by near term disruptions to the Group's retail assets, specifically in AnfaPlace Mall, where countrywide Moroccan lockdowns resulted in delays to start dates of previously agreed tenancies and led to the termination of a number of existing leases. The vacancy rate at Anfa, which stood at 21.5% as at 30 June 2020, has continued to rise with the recent termination of a lease over 1,800m² by H&M. The leasing team has made significant progress on filling vacant space and is currently concluding leases which are expected to bring the mall's vacancies to under 20% by December 2020. A notable new tenant within AnfaPlace subsequent to the redevelopment and relaunch of the mall was Alpha 55, a prominent and established local retailer in Casablanca who has been positioned as a sub-anchor in the mall.

Within the remainder of the retail portfolio, the impacts of the pandemic were most acutely felt through the failure of the Edcon group, a South African retailer which occupied premises in the three retail malls in Zambia as well as Mall de Tete in Mozambique. The exit of the various tenant brands associated with the Group now create opportunities for new tenants to come into these centres and for Grit to diversify its tenant mix with 'futureproof tenants' that are less susceptible to future disruption.

Mukuba Mall, which marked its five-year anniversary in March 2020, had lease expiries over 25,212 m² of its total 28,236 m² GLA, inclusive of 1,510 m² for Edcon group, which was terminated early. COVID-19 related challenges inclusive of travel restrictions have also resulted in renewal delays. As at 31 October 2020, 93.4% of expiring leases have been renewed or re-let and offers are in place for a further 3,497 m² which will result in a vacancy rate in the Mall of under 1% by January 2021, should these be successfully concluded.

Collections and Arrears

Despite cash flow challenges and tough trading conditions brought about by the pandemic, the Group managed to collect 86% of the value of contracted revenues for the four months to 30 June 2020, including arrears balance recoveries and rental prepayments. c.14.4% of contracted rents for the four months to 30 June 2020 were placed upon agreed payment plans and are predominantly collectible through to 31 December 2021, while c.8.7% of total contracted rentals for the four months to 30 June 2020, predominantly in the retail sector, were permanently written off as rental concessions.

As at 30 June 2020, 90.2% (2019: 93.6%) of revenue is earned from multinational tenants, with 89.1% (2019: 95.4%) of income produced in hard currency. These metrics speak to the sharp focus and resilience of the Asset Management team who have continued to protect and secure strong, sustainable and predictable income streams from the Group's robust blue-chip multinational tenant base, thereby bringing stability to a highly disruptive period in the Group's history.

COVID-19 Impact on Rental Collections

Rental collection impacts during the period of Mar–Jun 2020, improving through to September 2020 (> 90%)

	Office	Retail	Corp. Accom	Hospitality	Light Industrial	Total	Post year end (Q1)
Contracted rent	100%	100%	100%	100%	100%	100%	100%
Rent deferrals	(0.5%)	(12.1%)	0%	(54.6%)	(15.6%)	(14.4%)	(13.9%)
Rent concessions	(0.1%)	(29.5%)	0%	0%	0%	(8.7%)	(5.9%)
Expected collection rate	99.4%	58.4%	100%	45.4%	84.4%	76.9%	80.2%
Collections (% of contracted rent)	101.6%	68.4%	133.8%	48%	69.2%	86.0%	91.5%
Movement in debtors balances	(2.2%)	(10%)	(33.8%)	(2.6%)	15.2%	86.0%	(11.3%)

- c.8.7% short term rental concessions granted, mostly in retail, and predominantly at AnfaPlace as a result of local legislation prohibiting charging rentals throughout the government mandated shutdown.
- c.14.4% short term payment deferrals agreed (mostly hospitality). Mauritius passed a COVID landlord act legislating a 6-month rent deferral collectible from September 2020 through to December 2021.
- Debtors balance movements include arrears collections and rental prepayments.

Sectoral & Geographical Analysis

Sectoral

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

Hospitality assets constituted 20.9% of Grit's total net asset value as at 30 June 2020. The Company does not have direct hospitality exposure as a result of its fully servicing triple net lease rental contracts with international leisure operators and the lease contracts are underwritten by the holding companies of the respective operators.

In Senegal, the Company is expecting to provide up to nine months of rent deferral support to Club Med at the Cap Skirring resort. Offsetting this impact, the parties have agreed to a revised development programme spend of EUR3.3 m (from EUR6.5m previously), undertaking only key refurbishment works

on the property to facilitate a targeted re-opening in Q1 2021. Phase II development programme (up to EUR28m), as previously announced by the Company, has been delayed by the parties until such time as the hospitality market has stabilised.

In Mauritius, the government implemented a wide range of economic and liquidity support programmes, of which the hospitality sector is a large beneficiary. Rent collections in Mauritius were postponed by government legislation for six months until September 2020, at which time normal rentals resume and outstanding balances accumulated over the period to September become collectible over the subsequent 16 months.

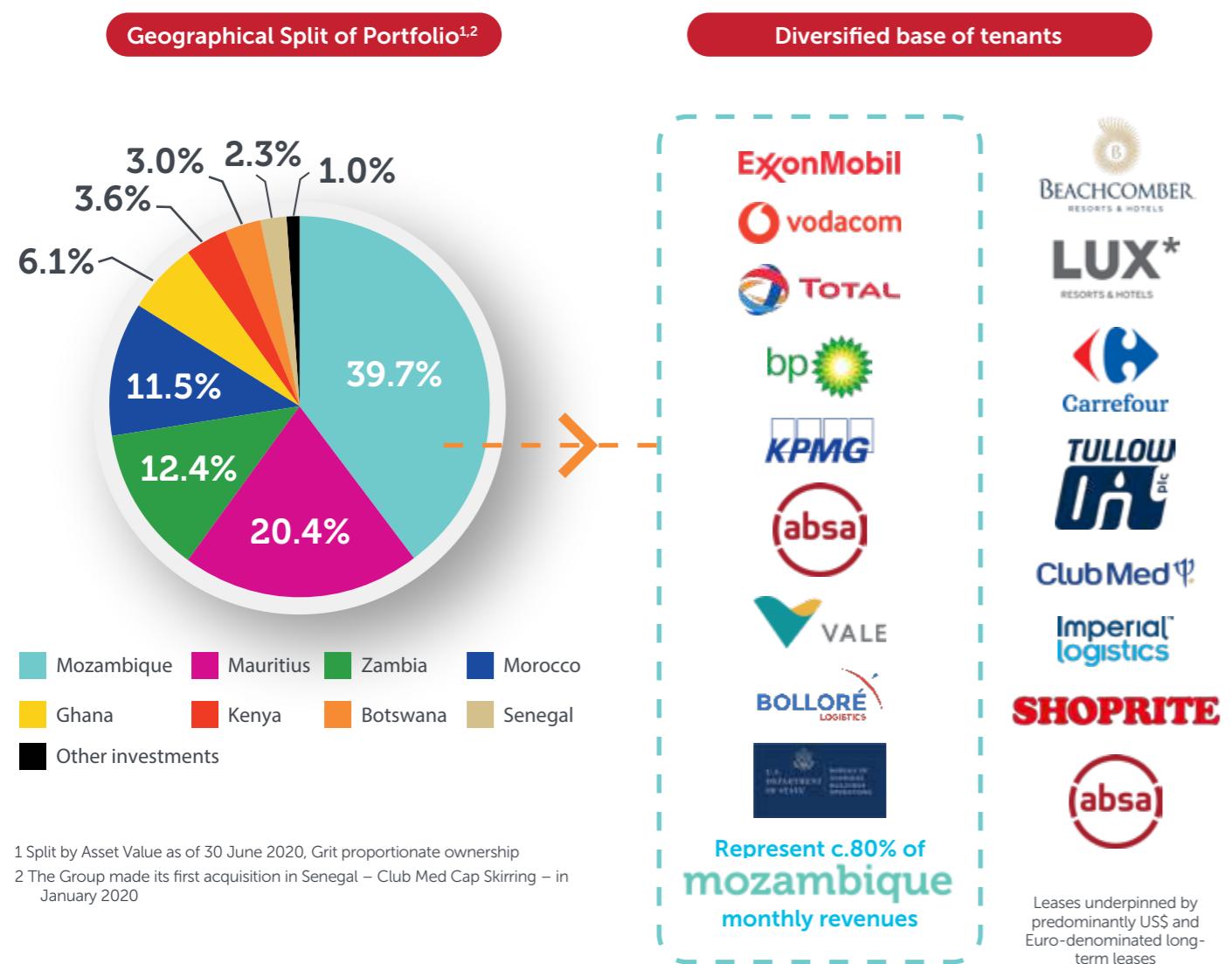
PROPERTY REVIEW (CONTINUED)

Geographical

The Group expanded to its eighth investment jurisdiction during the year with the Club Med acquisition in Senegal. While the Group has a relatively high exposure to Mozambique (39.7%), it should be noted that country risk is less significant than it first appears due to the underlying high quality tenant base – which include some of the biggest names in oil & gas, retail, telecommunications, consular and logistics. c.80% of revenues collected in country originate from these blue-chip multinationals (ExxonMobil, Total, Vale, Vodacom, BP, Bollore and US Embassy). The Mozambique portfolio has proven to be extremely robust and has remained unaffected by various macroeconomic flashpoint events. In line with its soft self-imposed target of not being more than 25% exposed to a particular country, the Group is targeting to dilute its exposure to Mozambique in the medium term.

Multinational tenant exposures reduce country risk

Country risk is less significant than first appears due to the focus on tenants i.e. counterparty strength



Facilities Management

Grit's Facilities Management department plays a critical role in ensuring the optimal and efficient functioning of its assets on a day-to-day and long-term basis. The department's objectives, approach, response to COVID-19, sustainability and technological initiatives are outlined below.

OBJECTIVES

Streamline Processes - Standard Facilities Management policies and procedures for all properties with investment in automation and smart services, devices and equipment.

Operating Expense Optimisation - Reducing reactive or unplanned maintenance events and expenses by introducing a strict and accurate PPM system.

Environmental Sustainability - Management guidelines focused on conserving our natural resources and the impact our properties and operations have on the environment.

Occupational Health and Safety – ISO 45001 Implementation - Implementation of ISO 45001 International Standards that specify requirements for an occupational health and safety (OHS) management system.

APPROACH

Maintenance and CAPEX

Grit Real Estate Income Group has made significant investments in capital assets throughout our portfolio, the funds are used to purchase, improve, or extend the life of our fixed assets. This includes property enhancements, sustainability initiatives, equipment and infrastructure.

The Grit Facilities Management Department is responsible for the procurement of products, equipment and services required for the efficient operation and enhancement of our properties.

Maintaining and improving the quality of our capital assets is a high priority therefore budgeting accurately for the systematic maintenance, replacement and restoration of these assets is critical and must be carefully and efficiently planned and executed.

The department continues to focus on enhancing our FM process across all jurisdictions, this includes the following:

- Planning, strategise and set goals
- Comprehensive annual building inspections
- CAPEX budgeting
- Standardised CAPEX application process and documentation
- Fair and transparent process
- Expense planning and monitoring
- Planned preventative maintenance strategy
- Planned equipment inspections
- Procurement of the highest quality products and services at the most value-adding rate
- Defined procurement requirements
- Standardised RFP documentation
- Record keeping
- Health and safety

Our primary aim is to ensure the safety and health of employees, clients, customers, contractors and sub-contractors and protect against injury, loss or damage.

The Health Safety, Environment and Emergency preparedness (HSE) strategy is to identify hazards and reduce risks associated with all our business activities and implement measures to eliminate and/or control such risks.

The Grit Facilities Management Department commits to applying best practice in this regard, including compliance with legislative requirements, implementation of the ISO45001 standards as well as monitoring and reporting on each aspect of HSE.

COVID 19 - Business Continuity Plan

The safety and wellbeing of Grit's people and their families, our tenants, communities and wider stakeholders remains our top priority while we work hard tirelessly to contain and mitigate the potential effects from the COVID-19 (Coronavirus) pandemic that continues to evolve.

Grit operates across a number of jurisdictions and sectors and we are closely monitoring the recommendations issued by the World Health Organisation, various governments and relevant authorities and are has been complying with these across our operations.

PROPERTY REVIEW (CONTINUED)

The Facilities Departments primary aim is to maintain the onsite operating requirements, ensure minimum interruption to the availability of all essential resources and the continuation of critical business practices under restricted conditions.

To manage the impact of COVID-19, we encouraged the regional teams to define efficient measures applicable to our business:

- Implement preventative measures.
- Ensure effective business continuity planning.
- Update emergency measures/procedures.

Environmental Sustainability

Buildings are major consumers of energy; it is our responsibility as property owners and managers to develop long and short-term strategies that have a positive impact on the environment.

The Grit Facilities Management Department has established guidelines, including defined utility management and reporting requirements which provides us with data that is used to benchmark for the future as well as assisting in the identification of objectives to ensure that Grit Real Estate Income Group is aligned with international standards and best practice in Environmental Sustainability.

The focus is on the following three areas of Environmental Sustainability: Water Consumption, Electricity Consumption and Waste Recycling. These three areas of Environmental Sustainability have an influence on each of the premises in the Grit Real Estate Income Group's portfolio, these areas of influence are as follows:

- Overall resource consumption and waste generation.
- Cost of ownership, management and occupancy costs to tenants.
- The ability to improve performance within constrained resource supply parameters.
- The environmental impact and corporate responsibility.

More information on pages 88 to 91.

Technology

Grit Real Estate Income Group invested in the Concept Evolution™ CAFM software across our portfolio of properties.

The Computer Aided Facility Management (CAFM) software platform assists in streamlining the facilities

management operations, the processes and our maintenance programs.

This is a web-based platform making it easily accessible through a standard web browser or the mobile application from any country. The software will assist our facilities managers plan and track all property operations and asset lifecycles, scheduling reactive repairs, planned preventive maintenance, monitoring of work, purchase orders and more.

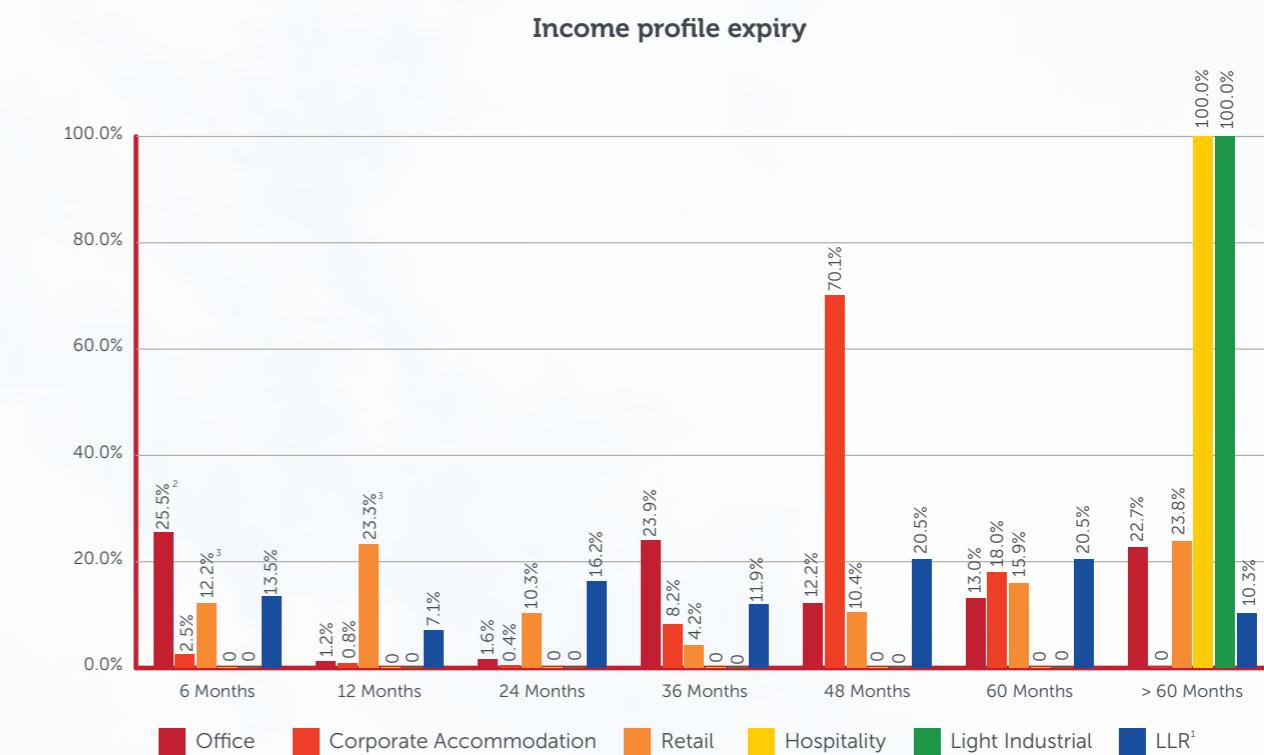
The software assists by enhancing the FM process efficiency, accuracy, financial management and productivity throughout the property and asset lifecycle.

The Benefits:

- Complete oversight of all properties, facilities and maintenance activities.
- Easy access to important operational data for each property.
- Log calls with priority levels to improve turnaround times.
- Planning and scheduling of maintenance requirements (PPM's).
- Reminders/notifications of statutory maintenance due dates (via e-mail and/or dashboards).
- Integration with BROLL Online.
- Easily manage all work orders and purchase orders.
- Access to the expense history and total cost of ownership (TCO).
- Empower decision-makers using data.
- Measure productivity and finances more efficiently.
- Generate various operational reports.
- Access and storage of service reports and compliance documentation.
- Create and Incorporate PPM reports and checklists on a digital platform.
- Tagging/labelling of all Plant, Machinery and Equipment (PME).
- Request quotations directly from the software-based system on logged calls and work orders.
- Access to the software from multiple devices anywhere in the world.

- Reduce Carbon Footprint by moving towards a paperless environment.
- Mobile integration with data/information transfer directly into the CAFM system.

PORTFOLIO SUMMARY



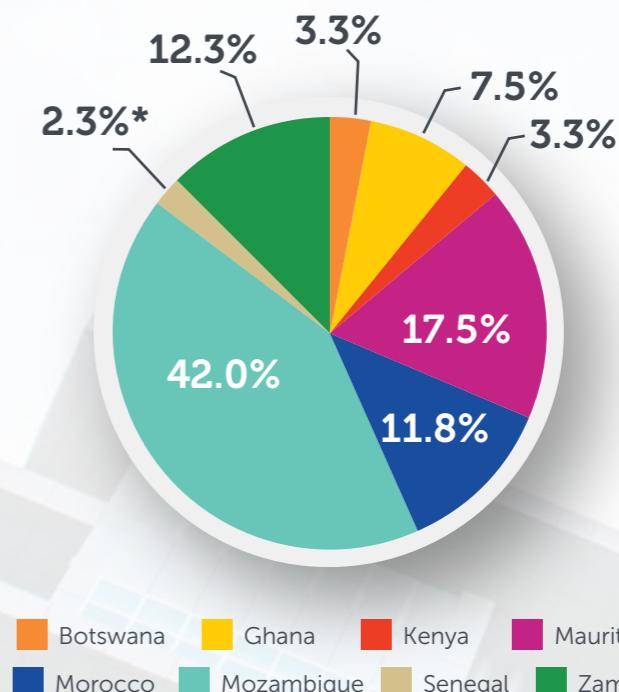
Notes:

1. Investment in Letolle La Rona.

2. 25.5% office expiry in the next 6 months driven by Vodacom lease expiry, renewal negotiations underway.

3. c.35% of retail expiry of leases driven by 1st expiry cycle of development leases of Cosmopolitan and Mukuba Malls in Zambia. Renewals already concluded with Game, Shoprite, Mr Price and Woolworths for both malls and Pick n Pay in Mukuba, as well as the International Retail Morocco for 2,380m² where negotiations for the lease extension have already been initiated.

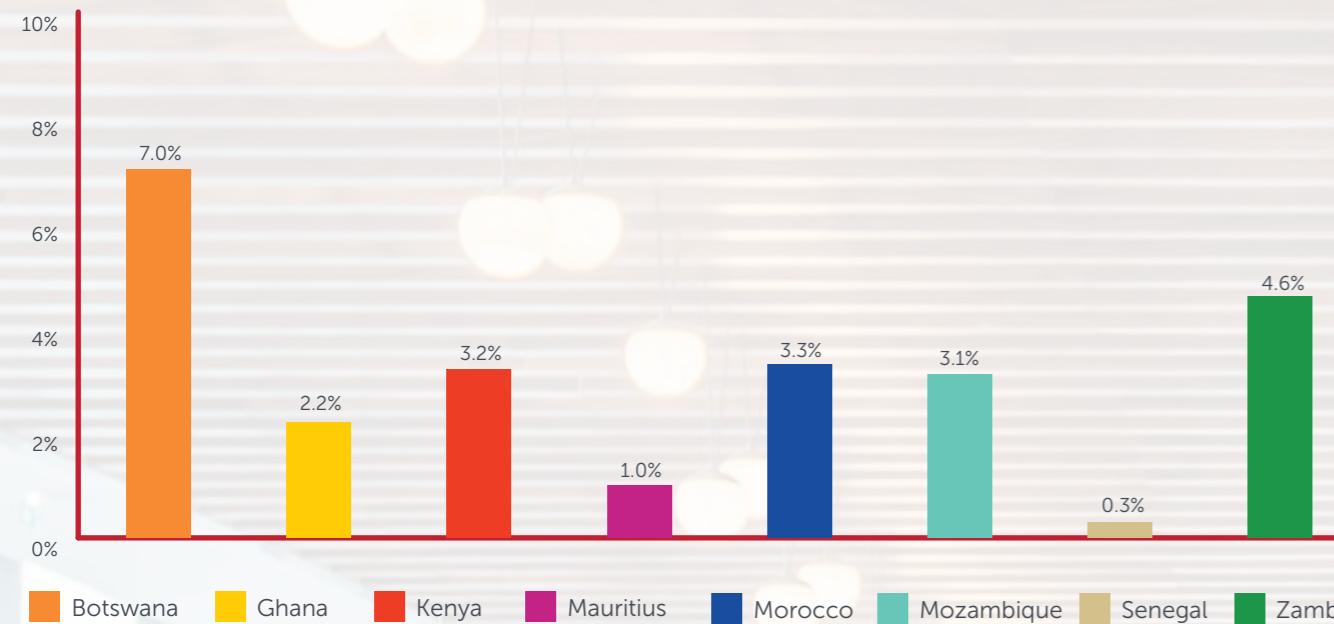
Geographic Profile by Rental Income (% GRIT Owned)



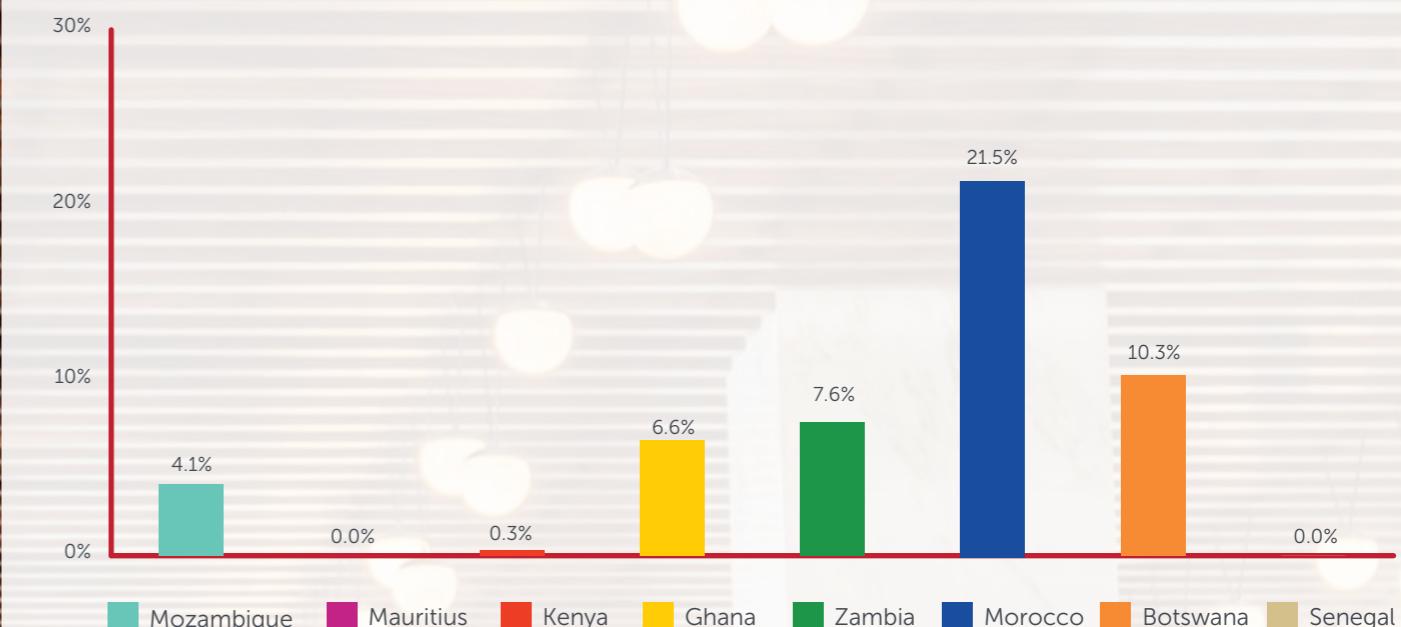
*Club Med in Senegal acquired in January 2020.

PORTFOLIO SUMMARY (CONTINUED)

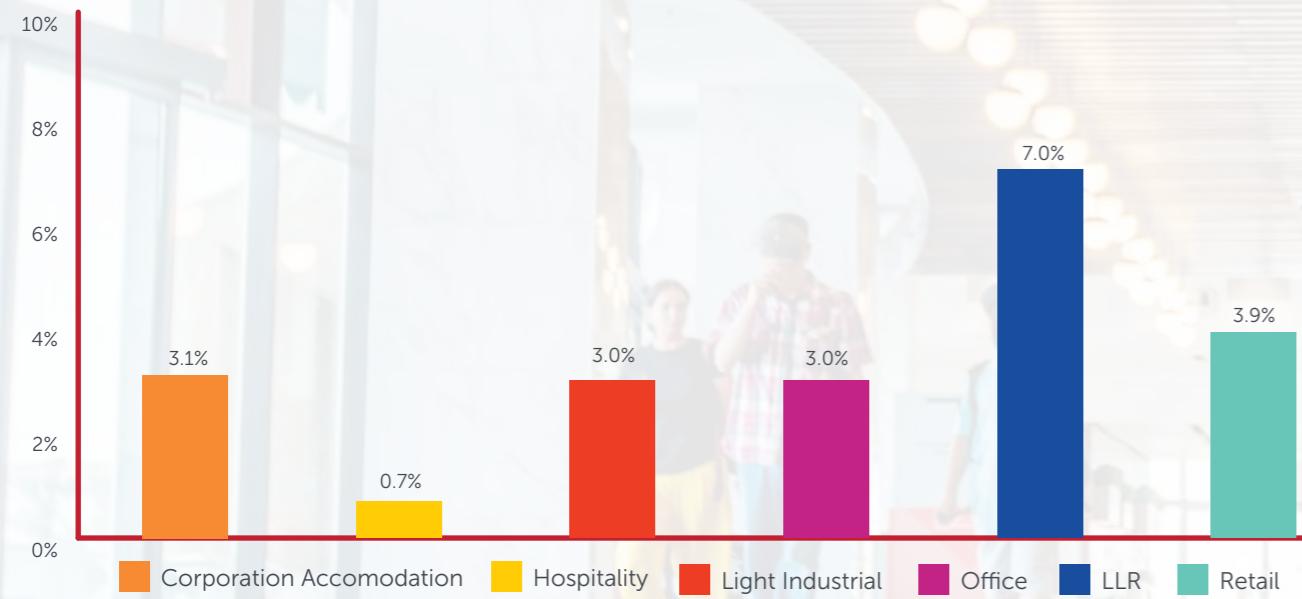
Weighted Average Rental Escalation by Geography (% Grit Owned)



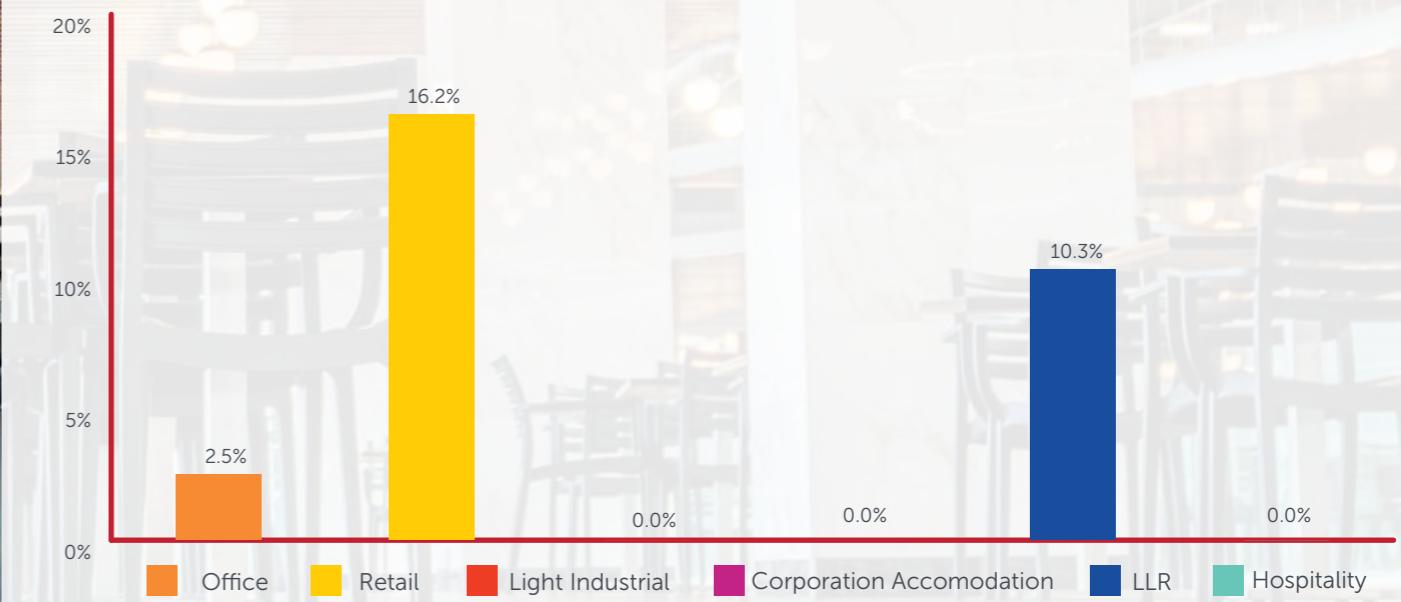
EPRA Vacancy by Geography (% Grit Owned)



Weighted Average Rental Escalation by Sector (% Grit Owned)



EPRA Vacancy by Sector (% Grit Owned)



PORTFOLIO SUMMARY (CONTINUED)



Mozambique



Zimpeto Square

LOCATION: MAPUTO

Key tenant:	VIP Spar Mocambique
EPRA Vacancy (%):	31.6%
Sector:	Retail
GLA (m ²):	4,752
Valuation (US\$'000):	5,848
Valuer:	REC



Commodity Phase 1

LOCATION: MAPUTO

Key tenant:	Total
EPRA Vacancy (%):	0.0%
Sector:	Office
GLA (m ²):	7,529
Valuation (US\$'000):	48,095
Valuer:	REC



Commodity Phase 2

LOCATION: MAPUTO

Key tenant:	Exxon Mobil
EPRA Vacancy (%):	0.0%
Sector:	Office
GLA (m ²):	3,168
Valuation (US\$'000):	19,348
Valuer:	REC



Acacia Estate

LOCATION: MAPUTO

Key tenant:	US Embassy and Total
EPRA Vacancy (%):	0.0%
Sector:	Corporate Accommodation
GLA (m ²):	18,400
Valuation (US\$'000):	67,540
Valuer:	REC

Bollore Warehouse

LOCATION: PEMBA

Key tenant:	Bollore
EPRA Vacancy (%):	0.0%
Sector:	Light Industrial
GLA (m ²):	2,511
Valuation (US\$'000):	5,795
Valuer:	REC



Mall de Tete

LOCATION: TETE

Key tenant:	Shoprite
EPRA Vacancy (%):	34.0%
Sector:	Retail
GLA (m ²):	11,255
Valuation (US\$'000):	19,991
Valuer:	REC

PORTFOLIO SUMMARY (CONTINUED)



Mozambique



Vodacom Building

LOCATION: MAPUTO

Key tenant:	Vodacom
EPRA Vacancy (%):	0.0%
Sector:	Office
GLA (m ²):	10,659
Valuation (US\$'000):	49,438
Valuer:	REC



Hollard Building

LOCATION: MAPUTO

Key tenants:	KPMG and Hollard
EPRA Vacancy (%):	6.2%
Sector:	Office
GLA (m ²):	5,051
Valuation (US\$'000):	21,332
Valuer:	REC



Vale Housing Estate

LOCATION: TETE

Key tenants:	Vale & Tsebo Serco
EPRA Vacancy (%):	0.0%
Sector:	Corporate Accommodation
GLA (m ²):	25,555
Valuation (US\$'000):	70,654
Valuer:	REC



Kenya



Buffalo Mall (50% ownership) LOCATION: NAIASHA

Key tenant:	Tusky's Supermarket
EPRA Vacancy (%):	1.7%
Sector:	Retail
GLA (m ²):	5,708
Valuation (US\$'000):	12,790
Valuer:	Knight Frank



Imperial Warehouse LOCATION: NAIROBI

Key tenant:	Imperial Health Sciences
EPRA Vacancy (%):	0.0%
Sector:	Light Industrial
GLA (m ²):	13,702
Valuation (US\$'000):	21,370
Valuer:	Knight Frank



Morocco



AnfaPlace Mall LOCATION: CASABLANCA

Key tenants:	Carrefour, Al Shaya Morocco, International Retail Morocco, Alpha 55, Marks & Spencer
EPRA Vacancy (%):	21.5%
Sector:	Retail
GLA (m ²):	31,588
Valuation (US\$'000):	89,363
Valuer:	Knight Frank

PORTFOLIO SUMMARY (CONTINUED)



Zambia



Mukuba Mall
(75% ownership)

LOCATION: KITWE

Key tenants:	Shoprite, Game, Pick & Pay, Mr Price
EPRA Vacancy (%):	4.5%
Sector:	Retail
GLA (m ²):	28,236
Valuation (US\$'000):	55,130
Valuer:	Knight Frank



Cosmopolitan Mall
(50% ownership)

LOCATION: LUSAKA

Key tenants:	Shoprite, Edgars, Game, Mr Price, OK Furniture
EPRA Vacancy (%):	15.2%
Sector:	Retail
GLA (m ²):	25,376
Valuation (US\$'000):	62,750
Valuer:	Knight Frank



Kafubu Mall
(50% ownership)

LOCATION: NDOLA

Key tenants:	Shoprite, Jet, OK furniture
EPRA Vacancy (%):	1.1%
Sector:	Retail
GLA (m ²):	11,923
Valuation (US\$'000):	19,316
Valuer:	Knight Frank



Ghana



Capital Place
(47.5% ownership)

LOCATION: ACCRA

Key tenant:	Hollard
EPRA Vacancy (%):	22.5%
Sector:	Office
GLA (m ²):	5,271
Valuation (US\$'000):	22,420
Valuer:	Knight Frank



5th Ave

LOCATION: ACCRA

Key tenants:	GC Net, ATC Tower
EPRA Vacancy (%):	3.5%
Sector:	Office
GLA (m ²):	5,070
Valuation (US\$'000):	19,210
Valuer:	Knight Frank



Tullow Oil
(50% ownership)

LOCATION: ACCRA

Key tenant:	Tullow Oil
EPRA Vacancy (%):	0.0%
Sector:	Office
GLA (m ²):	7,262
Valuation (US\$'000):	33,840
Valuer:	Knight Frank

PORTFOLIO SUMMARY (CONTINUED)



Mauritius



ABSA House

LOCATION: EBENE

Key tenant:	ABSA Bank
EPRA Vacancy (%):	0.0%
Sector:	Office
GLA (m ²):	8,266
Valuation (US\$'000):	13,825
Valuer:	Knight Frank

Beachcomber Hospitality
(44.42% ownership)LOCATION:
CANONNIERS RESORT AND SPA
MAURICIA RESORT AND SPA
VICTORIA RESORT AND SPA

Key tenant:	Beachcomber
EPRA Vacancy (%):	0.0%
Sector:	Hospitality
GLA (m ²):	90,210
Valuation (US\$'000):	214,002
Valuer:	Knight Frank



Tamassa Resort

LOCATION: BEL OMBRE

Key tenant:	Lux Island Resorts
EPRA Vacancy (%):	0.0%
Sector:	Hospitality
GLA (m ²):	21,567
Valuation (US\$'000):	49,734
Valuer:	Knight Frank



Senegal

Club Med
Cap Skirring

LOCATION: CAP SKIRRING

Key tenant:	Club Med
EPRA Vacancy (%):	0.0%
Sector:	Hospitality
GLA (m ²):	16,462
Valuation (US\$'000):	17,479
Valuer:	Knight Frank



Botswana



Letlolo LaRona

LOCATION: BOTSWANA
(VARIOUS)

Key tenants:	Shoprite, Choppies, Dulux Botswana (Pty) Ltd, Kromberg & Schubert Botswana (Pty) Ltd, Metrofile Records and Information Systems,
EPRA Vacancy (%):	10.3%
Sector:	LLR
GLA (m ²):	176,582
Valuation (US\$'000):	77,411
Valuer:	Knight Frank

INVESTMENT ACTIVITY



Adam NISBET

Head of Investment

During the year under review, the Group has successfully delivered US\$70.4m worth of quality acquisitions and capex additions in the period, with a further c. US\$147m of secured investment pipeline under consideration. However, the secured pipeline has been reassessed in relation to the Group's focus under the COVID-19 global pandemic.

With the outbreak of the COVID-19 global pandemic in March 2020, the energies of the Group were appropriately refocused towards protecting the revenue and strong operational asset management on the existing portfolio of assets and as such, the delivery of the investment pipeline was delayed in a prudent manner. Prior to the outbreak of COVID-19 however, the Group concluded three notable transactions prior to 30 June 2020 and has concluded another three transactions post balance sheet date including the disposal of certain assets to raise additional liquidity for the Group as well as reduce retail exposure.

Letlolo La Rona Limited, Botswana

In November 2019, the Company concluded a transaction with Letlolo La Rona Limited (LLR), listed on the Botswana Stock Exchange, which saw it increase its shareholding from 6.25% to 30.0% in the company. The transaction was completed through the issuance of Grit ordinary shares to the Botswana Development Corporation (BDC) for an effective acquisition value of US\$13.8m and provided the company with increased exposure to predominantly industrial single tenanted assets, in the strong and politically sound investment grade country of Botswana. The deal also unlocked a strategic partnership with the BDC as an institutional investor in Grit, as well as a potential strategic co-investor alongside Grit into direct real estate opportunities in the future.

Vale Housing Estate, Mozambique

In December 2019, the company successfully completed the handover of corporate accommodation units within the Vale Housing Estate in Mozambique which was structured as a pre-funding transaction. Grit recently defined to the market a considered move towards a more holistic approach to investment activities, with a new focus on bringing pre-funding opportunities into the investment pipeline. The company subsequently geared up its internal development resources in order to deliver on such opportunities, with the goal of achieving increased net asset value (NAV) growth potential through

the successful delivery of such projects. The Vale transaction provides the first example of the benefits of such structuring, where the company implemented the deal off the strength of Vale (Grit's anchor tenant in the housing estate, and one of the largest mining companies in the world) entering into a new 5-year US\$ based lease agreement. Grit passed the delivery risk of the project to its development partner in Mozambique through a turnkey development agreement, and the accommodation units were successfully delivered based upon a pre-agreed specification with the tenant. The contract was delivered on programme and within budget for a total contract value of US\$13.7m, with the company's move towards a pre-funding strategy paying dividend, as the asset was re-valued at US\$17.4m on completion (translating to an immediate NAV upside of US\$3.7m, or 26.6%).

Club Med, Senegal

In January 2020, the Group completed the acquisition of the 4-trident Cap Skirring hotel from Club Med in Senegal, and in the process entered its 8th African jurisdiction. Grit's investment strategy into the hospitality sector is underpinned by fixed-leases whereby the Company does not take commercial risk on the performance of the hotel, but rather relies solely on the Group strength of its carefully selected tenants, in this case Club Med. Club Med entered into a fixed 12-year Euro lease with Grit on the Cap Skirring transaction, which is supported by a parent company guarantee from the Club Med group in France.

Grit has successfully delivered US\$70.4m worth of quality acquisitions and capex additions in the period.



Letlolo La Rona Limited, Botswana

November 2019

Increased shareholding in LLR from 6.25% to 30.0% in the company



Vale Housing Estate, Mozambique

December 2019

Expansion and handover of additional units. Complex re-valued at US\$17.4m on completion.



Club Med, Senegal

January 2020

Completed the acquisition of Club Med Cap Skirring in Senegal on a fixed 12-year Euro lease, and in the process entered its 8th African jurisdiction.



AnfaPlace Mall, Morocco

September 2020

Disposed of a 39.5% indirect interest in the Mall, therefore reducing retail sector exposure to c.25%.



Bolloré, Mozambique

September 2020

Commenced redevelopment of Bolloré warehouse in Pemba, on the strength of a new 5-year lease for a budgeted contract value of US\$7.6m



Acacia Estate, Mozambique

October 2020

Disposal of 17.35% interest in Acacia Estate down to a combined direct and indirect interest of 62.65% at an implied property valuation of c.US\$67m.

INVESTMENT ACTIVITY (CONTINUED)

Development & Refurbishment Activity

In light of the effects of COVID-19, Grit has adopted a prudent approach to new investment opportunities in the wake of the challenges faced under the current global market conditions that prevail. Grit's investment strategy is clearly defined, and even more so in today's terms, the company will be selective in its approach to further expanding the portfolio. The company will focus on the asset classes that have proven to be resilient in the current market conditions. In particular, the company is excited about the prospects of certain investment opportunities that are starting to present themselves in the light industrial and logistics real estate space, as well as sectors such as healthcare in Africa. Growth in target jurisdictions and select asset classes, off the back of single tenanted, triple net hard currency leases, and backed by parent company and/or A-rated supporting guarantees will continue to be the Group's core focus.

In addition to the Group's ongoing focus towards growing its asset base as a means to continually improving its economies of scale efficiencies, the Group has defined a key focus area going forward, to attract quality institutional investors as co-investors into its existing asset base. Grit has established an end to end real estate solution in the African jurisdictions where it operates. In markets where skills are difficult to source and rather need to be trained over time, the company holds a competitive advantage whereby it can attract strategic co-investment, whilst offering a fully managed service in line with international best practices to incoming co-investors. The company has built its in-country management expertise over a number of years and is now well placed to benefit from this platform. This co-investment strategy is currently a core focus for the Group and the liquidity that is raised from such a strategy will in turn, be deployed into quality pipeline which the Group has already secured, and which shall present itself over the short to medium term. As a means of creating liquidity and in order to effectively recycle capital, the Group will also consider opportunities to dispose assets within its existing portfolio, where it believes that certain assets are nearing the top of their valuation cycle.



The most successful global real estate businesses have been crafted by remaining patient during times where markets are trading at full value, while seizing opportunity in depressed markets. Grit intends to position itself in order to capitalise on such opportunities which the markets will present in the coming months, while appreciating that we are long-term investors who will also remain patient when required.



The group can hold existing investments until markets recover and become more liquid where we will then look to exit at full value. This strategy will allow the company to be opportunistically acquisitive in depressed markets where pressures faced by property owners are expected to present attractive investment opportunities over the short to medium term. This will allow Grit to deploy capital for the maximum benefit of our shareholders.

The company is making good progress on a number of investment opportunities with high quality, multi-national tenants operating across the African continent. These attractive prospective acquisition and development-based opportunities, underpinned by predominantly US\$ and Euro denominated long-term leases, will facilitate further diversification of the company's portfolio and shall be accretive to shareholders, whilst delivering economies of scale benefits across the countries that the company already operates in. With the delayed capital raise due to the impact of COVID-19, Grit has approached strategic partners to take exposure alongside the company in such investments and in many cases, due to the liquidity impact created by the pandemic, has moved out the intended timelines for completion of these transactions in a prudent and conservative manner. The company whilst maintaining the relationship with the sellers has not committed to any pipeline to put pressure on liquidity however the pipeline still remains secure due to the company's strategic relationships.

Our Investment and Strategic Projects team



Luc Tseung and Clinton Minnaar: Senior Investment Managers on a site visit

The company has secured six new development projects alongside its development partners, Hodari Africa and Gateway Real Estate Africa. Grit will pass the delivery risk of these development projects to development partners, while the pre-funding arrangement provides a means of achieving an attractive entry yield that is expected to generate superior NAV growth to the company upon project completion.

Gateway Real Estate Africa ("GREA"), in which Grit owns a 19.98% equity interest and which specialises in turnkey construction of real estate assets from inception to final handover, is one of the Group's preferred development partners. Through its team of highly experienced professionals, and in conjunction with long standing in-country associates and partners, GREA has achieved significant success in the management and delivery of complex projects throughout Africa. GREA provides Grit with access to a high quality, well understood acquisition pipeline (subject to agreeable deal terms).



Infinity Tower, Ghana
5,544m²

The Group has the opportunity to acquire a 50% interest in Infinity Tower in Ghana, with PWC Ghana being the anchor tenant. The asset consists of a 9-storey, A-Grade office building is located in Rangoon Lane, Cantonments, Accra, Ghana.



Portman House, Ghana
3,913m²

The Group has the opportunity to acquire a 50% interest in Portman House, Ghana, with anchor tenant being Huawei. The asset consists of an A-Grade, 7-storey office building with a 2-level basement, located in Rangoon Lane, Cantonments, Accra, Ghana.



Orbit Africa, Kenya
29,243m²

The Group is in the process of closing the acquisition of a FMCG manufacturing and logistics facility on a sale-and-leaseback in Nairobi. Located in the Mlolongo industrial (airport) precinct in Nairobi, the light industrial facility of c. 29,000 gross lettable area is within a kilometer from the Imperial Logistics facility which forms part of Grit's portfolio.



OUR DEVELOPMENT PIPELINE



Bolloré Facility, Mozambique

7,324m²

The redevelopment of our Bolloré industrial facility shall be completed in phases over an 18-month period. The redevelopment will provide A-grade industrial and office space on the property on the basis of a built-to-suit product for our anchor tenant, Bolloré. The project allows the company to maximise the bulk potential on this strategically located site, located in close proximity to the port of Pemba, off the strength of a new 5-year US\$ denominated lease from Bolloré.



Grit Urban Logistics, Kenya

10,142m²

The company intends to expand its logistics presence in Nairobi through the development of an additional c. 10,000m² of prime logistics and warehousing space, commencing in Q 2021 and targeted for occupation in mid-2022. The property is located on land adjacent to Grit's Imperial Health Sciences facility in the prime airport industrial precinct of Mlolongo, Nairobi.

Club Med Cap Skirring, Senegal 326 Keys

The acquisition of Club Med Cap Skirring resort in Senegal was completed in January 2020, one of Club Med's longest standing and most successful resorts in Africa. The redevelopment phase will consist of a refurbishment and expansion programme to be rolled out on the property to a value of up to US\$29.6m in a phased approach and will re-position the resort in line with modern, international standards. In light of COVID-19, the redevelopment project has been delayed with only minor works to be undertaken in 2020. The programme will be formally re-assessed, and a commencement date confirmed for the larger project in Q1 2021.



Coromandel Hospital, Mauritius 10,080m²

In response to the urgent requirement for private cancer treatment in Mauritius, especially of a more specialized nature, the company has partnered with local operator, PDL, to procure the delivery of the first all-inclusive, state-of-the-art private Oncology offering. Coromandel Hospital will be located in the center of the island, with a 123-bed capacity and will be operated by healthcare expert, Artemis, based in India.



Orbit Africa, Kenya Ph 1 - 29,243m² Ph 2 – 14,741m²

The development phase of the Orbit Africa transaction includes the refurbishment of the existing facility alongside an expansion for an additional facility of approx. 14,741m² GLA. The expansion will be delivered on a built-to-suit basis for the tenant, and will be committed to off the back of a 23-year development lease agreement which the company shall execute with Orbit prior to commencement.

St. Helene Clinic, Mauritius 5,900m²

In response to the shortage of quality private health care in Mauritius, the company, alongside its development partner Gateway Real Estate Africa (GREA), is to develop two private hospitals. St. Helene Hospital commencing in Q1 2021 and will have a capacity of c. 81 beds upon completion. The transactions provide Grit a buy-in option throughout the construction phase, but do not create any requirement for Grit to participate should funding not be secured. St Helene is positioned as a private offering to service the general hospital demand for quality medical care, as well as being an important support facility positioned alongside the Oncology focused Coromandel Hospital to be developed by the company.



EPRA KEY PERFORMANCE METRICS

(AS AT 30 JUNE 2020)

Sector Metrics

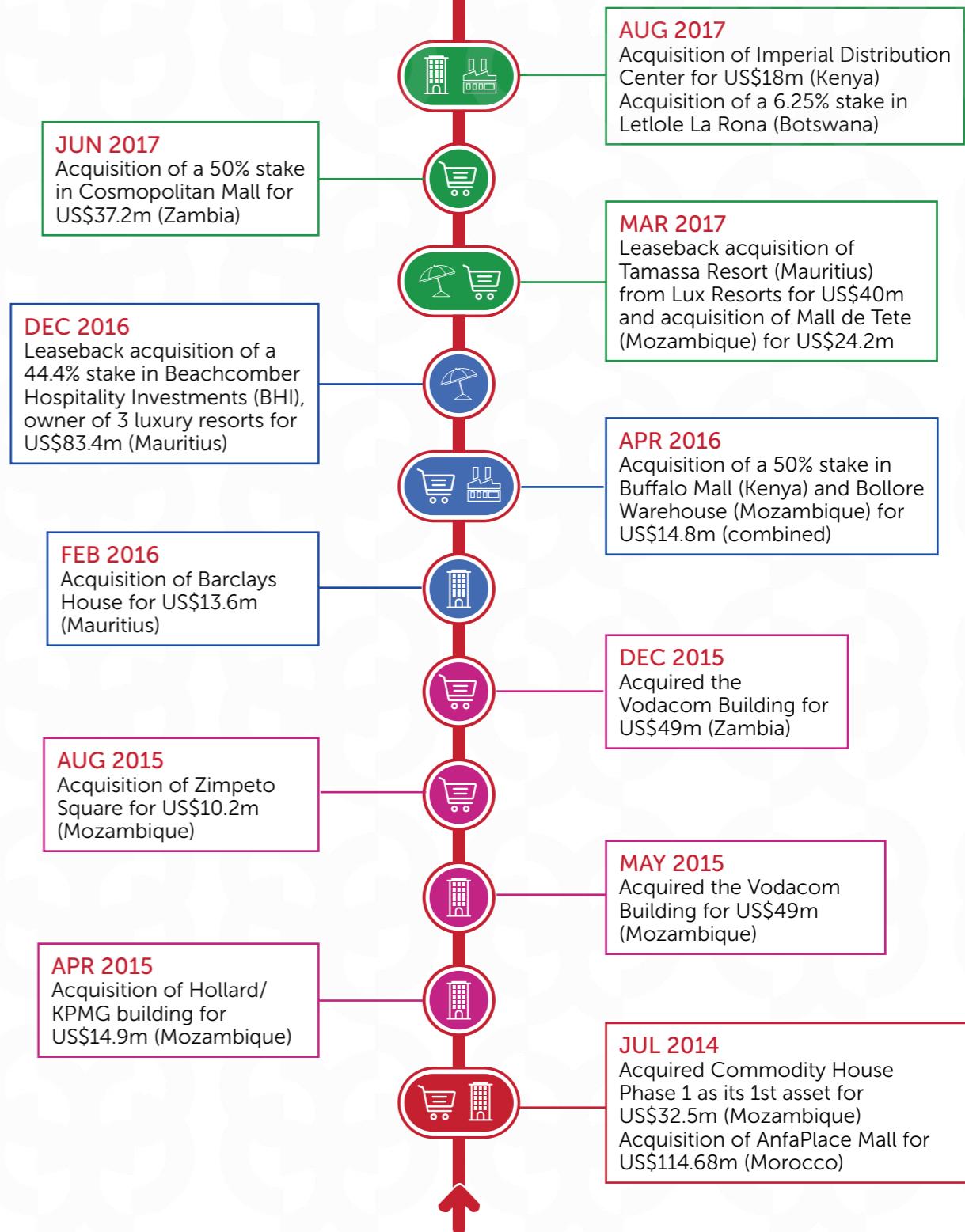
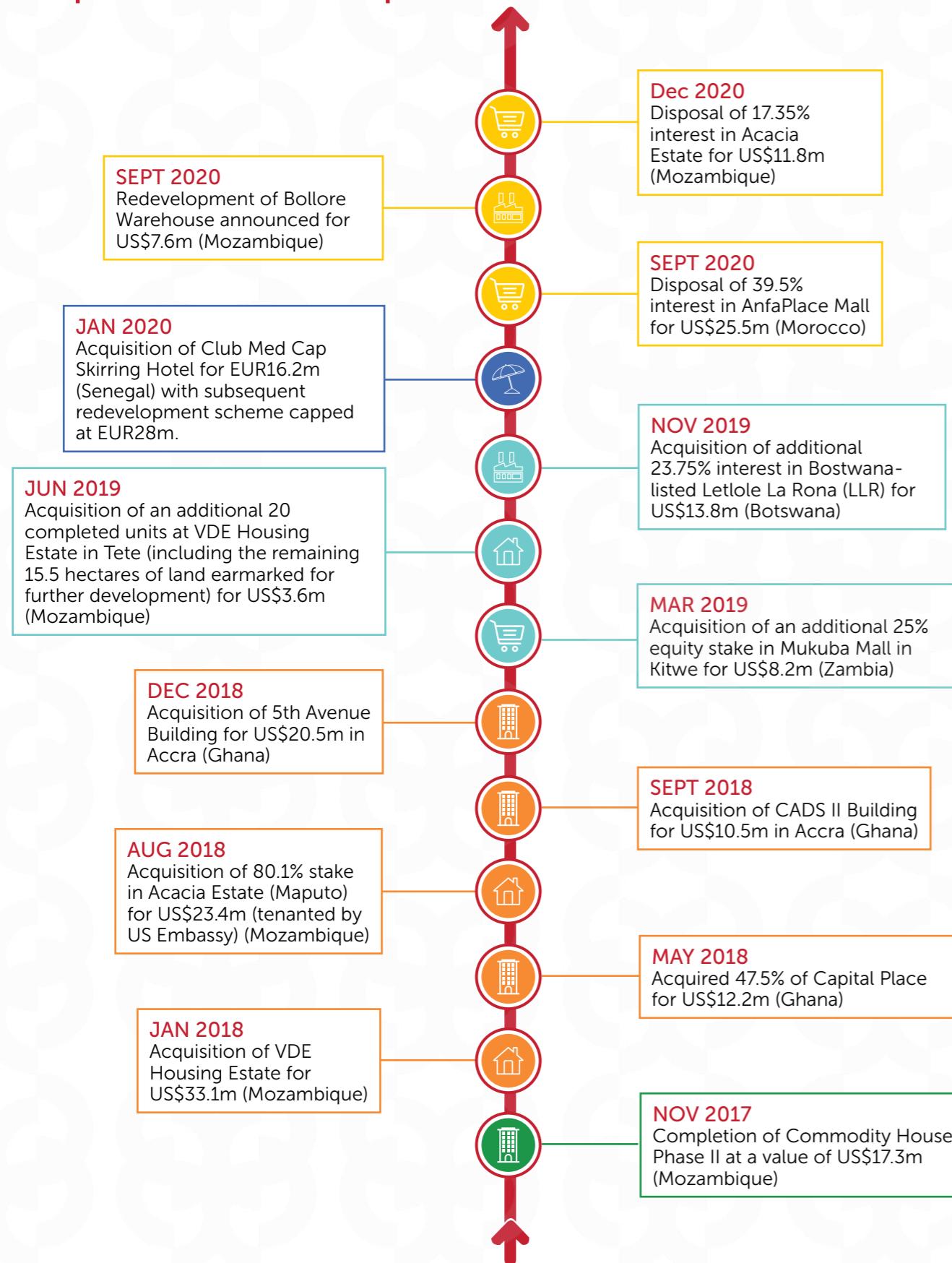
No.	Sector	GLA (m ²)	EPRA NIY	IFRS NIY	EPRA TOPPED-UP NIY	EPRA VACANCY RATE	EPRA COST RATIOS (incl. direct vacancy)	EPRA COST RATIOS (excl. direct vacancy)
1	Office	52,276	7.2%	7.3%	7.6%	2.5%	11.9%	11.6%
2	Retail	118,838	5.5%	4.8%	5.6%	16.2%	32.0%	29.7%
3	Light Industrial	16,213	7.6%	7.9%	7.6%	0.0%	2.7%	2.5%
4	Corporate Accommodation	43,955	7.4%	7.6%	7.5%	0.0%	13.9%	13.4%
4	LLR	176,582	10.2%	10.3%	10.2%	10.3%	7.9%	7.8%
5	Hospitality	128,239	6.7%	7.0%	6.7%	0.0%	0.0%	0.0%
Total		536,103*	6.7%	6.7%	6.9%	5.9%	15.5%	14.6%

Country Metrics

No.	Geography	GLA (m ²)	EPRA NIY	IFRS NIY	EPRA TOPPED-UP NIY	EPRA VACANCY RATE	EPRA COST RATIOS (incl. direct vacancy)	EPRA COST RATIOS (excl. direct vacancy)
1	Mozambique	88,880	7.1%	7.1%	7.3%	4.1%	14.4%	13.8%
2	Mauritius	120,043	6.5%	6.8%	6.5%	0.0%	0.7%	0.7%
3	Kenya	19,410	7.9%	8.1%	7.9%	0.3%	9.1%	9.0%
4	Ghana	17,603	8.2%	8.2%	8.7%	6.6%	13.6%	13.1%
5	Zambia	65,535	7.7%	7.8%	7.7%	7.6%	15.6%	15.2%
6	Morocco	31,588	2.6%	1.4%	2.9%	21.5%	57.4%	51.9%
7	Botswana	176,582	10.2%	10.3%	10.2%	10.3%	7.9%	7.8%
6	Senegal	16,462	8.5%	8.6%	8.5%	0.0%	0.0%	0.0%
Total		536,103*	6.7%	6.7%	6.9%	5.9%	15.5%	14.6%

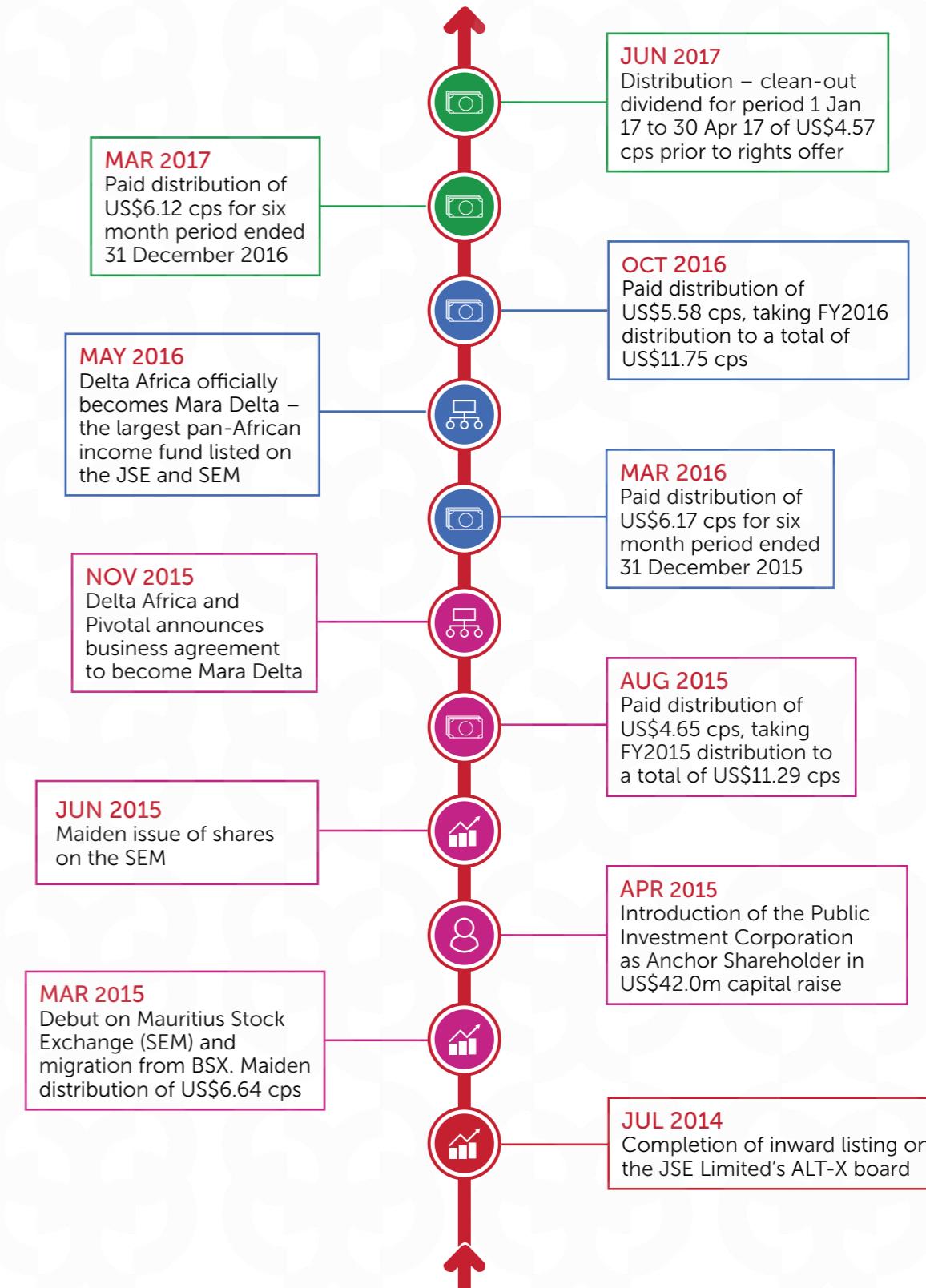
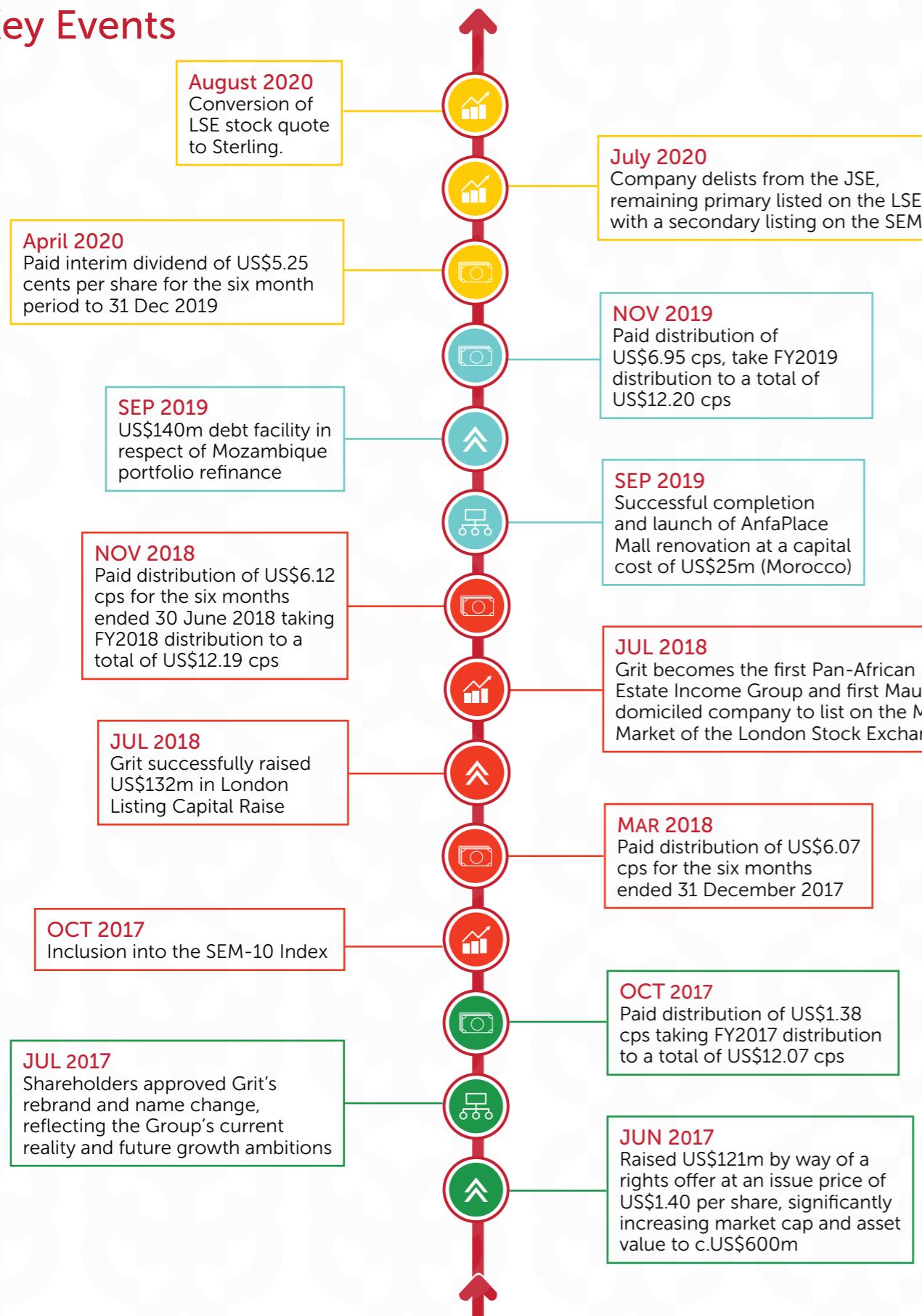
TIMELINES

Acquisitions and Disposals



TIMELINES

Key Events



CHIEF FINANCIAL OFFICER'S STATEMENT

Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In common with best practice in the sector, alternative performance measures have also been provided to supplement IFRS based on the recommendations of the European Public Real Estate Association ("EPRA"). EPRA Best Practice and Policy Recommendations ("BPR") have been adopted widely throughout this report and are used within the business when considering our operational performance. Full reconciliations between IFRS and EPRA figures are provided in note 43 of the Financial statements.



Leon van de Moortele
Chief Financial Officer

A CHALLENGING BACKDROP

As we continue to navigate the ever-changing environment, the Company is carefully monitoring the impact of COVID-19 on current operations and being watchful for any future implications. The Group's geographical and sectoral diversification have provided a mitigated set of results, with the pandemic impacting the Retail and Hospitality sectors significantly, while the remaining sectors (Office, Corporate Accommodation and Light Industrial) experienced limited impacts on cashflows and valuations. The Group's cash collections as a percentage of contracted lease income have remained strong and have improved post year end in July, August and September to c.90% (Q1 2021) collection rate.

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

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

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

Property valuation

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

Sector	Loss on translation of functional currency US\$ 'm	Fair value adjustments on Investment Property US\$ 'm	Fair value adjustment included in Share of Profits from Associates US\$ 'm	Like for Like Valuation Movements between 31 December 2019 and 30 June 2020 US\$ 'm	%
Retail	(3.7m)	(36.3m)	(6.0m)	(46.0m)	(17.6%)
Hospitality	1.1m	(5.4m)	(3.9m)	(8.1m)	(4.8%)
Office	(1.4m)	(0.3m)	(2.1m)	(3.7m)	(1.8%)
Corporate Accommodation	-	(2.1m)	-	(2.1m)	(1.5%)
LLR	(2.1m)	-	0.8m	(1.3m)	(5.3%)
Light Industrial	-	(0.9m)	-	(0.9m)	(3.3%)
	(6.0m)	(45.0m)	(11.1m)	(62.1m)	(7.5%)
<i>Disclosed in:</i>					
Fair value adjustments	-	(45.0m)	-	(45.0m)	(7.3%)
Share of profits in associates	-	-	(11.1m)	(11.1m)	(5.3%)
Loss on translation of functional currency	(6.0m)	-	-	(6.0m)	(1.8%)
	(6.0m)	(45.0m)	(11.1m)	(62.1m)	(7.5%)

Impairment of financial assets and provisions

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

Mark to market charges on interest rate swap contracts

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

Rental concessions and deferrals

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

CHIEF FINANCIAL OFFICER'S STATEMENT (CONTINUED)

Morocco

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

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

Zambia

Although the lockdown in Zambia was less severe than those experienced in the rest of the world, retailers faced significant headwinds over and above the limitation to trading. Significant delays in the import of goods (due to closure of the borders) as well as the 28% devaluation in the local Kwacha (from 14.15:\$1 in January 2020 to 18.16:\$1 in June 2020) resulted in difficult trading conditions. In addition, Mukuba Mall marked its 5th year of trading on 31 March 2020, which also marked the expiry of a 25,212m² of GLA (out of 28,236m² of total GLA). The leasing team has successfully renegotiated leases of 23,728m² to date.

The single biggest impact suffered by the Zambian portfolio was the failure of the Edcon Group during the COVID-19 period. In total, Grit's proportionate exposure to the Edcon Group in Zambia amounted to 3,979m² of GLA. The ability to replace Edcon's tenancies has been severely impacted by the pandemic, and although there is significant interest in the vacant GLA, prospective tenants are awaiting better visibility of the COVID-19 pandemic, while other new prospective tenants have been unable to visit the sites due to COVID-19 travel restrictions.

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

Senegal

The closure of the Senegal borders and restrictions on air traffic has resulted in Grit providing ClubMed with a rental deferment from 1 April to 31 December 2020. At the time of writing, the resort in Cap Skirring is due to open on 13 December 2020 with promising forward bookings. The planned expansion of the resort has been delayed, with only the initial phase amounting to construction spend of EUR2.2m going ahead in the near term. Total rental deferments provided over the period amounted to US\$309k.

Mauritius

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

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

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

program include the requirement to make (*inter alia*) rental payments and not to alter the terms of material contracts, thus providing significant comfort to landlords of the successful applicants.

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

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

Mozambique

Mozambique COVID-19 cases are relatively low and there has been no nationwide lockdown imposed. Closure of the borders has however provided challenges for the multitude of foreign nationals living and working in Mozambique in support of the Oil and Gas exploration and construction projects. The long-term leases and underlying strength of lease counterparts has resulted in limited impact to the cash collection and leasing activities in Mozambique. Outside the 2 retail assets in Mozambique, the portfolio has performed well.

The exposure to the Edcon Group in Mozambique was limited to 917m² of GLA, which has subsequently been relet.

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

Kenya

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

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

Ghana

Grit's only asset class in Ghana is the Office segment. Although the sector itself has not been directly impacted by COVID, the underlying tenants have been impacted. The Group provided concessions to Tullow Oil in order to reduce their operating costs by providing a discount of

US\$109k on their annual lease payment which was made 12 months in advance.

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

Treasury

Net debt

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

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

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

CHIEF FINANCIAL OFFICER'S STATEMENT (CONTINUED)

The total movement in debt for the year comprised:

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

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

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

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

Derivative	Swap Rate	Floor Rate	Cap Rate	Effective date	Expiry Date	Libor at Inception	Mark to Market as at 31 December 2019	Mark to Market as at 30 June 2020
							US\$'000	US\$'000
SWAP	1.58%	-	-	16-Oct-19	16-Oct-23	2.01%	65	(907)
Collar 1	-	1.50%	1.75%	25-Oct-19	16-Oct-23	1.94%	26	(1,706)
Collar 2	-	1.30%	1.85%	25-Nov-19	16-Oct-23	1.91%	36	(1,430)
							127	(4,043)

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

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

Post year end, the following debt transactions occurred:

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

Share issue

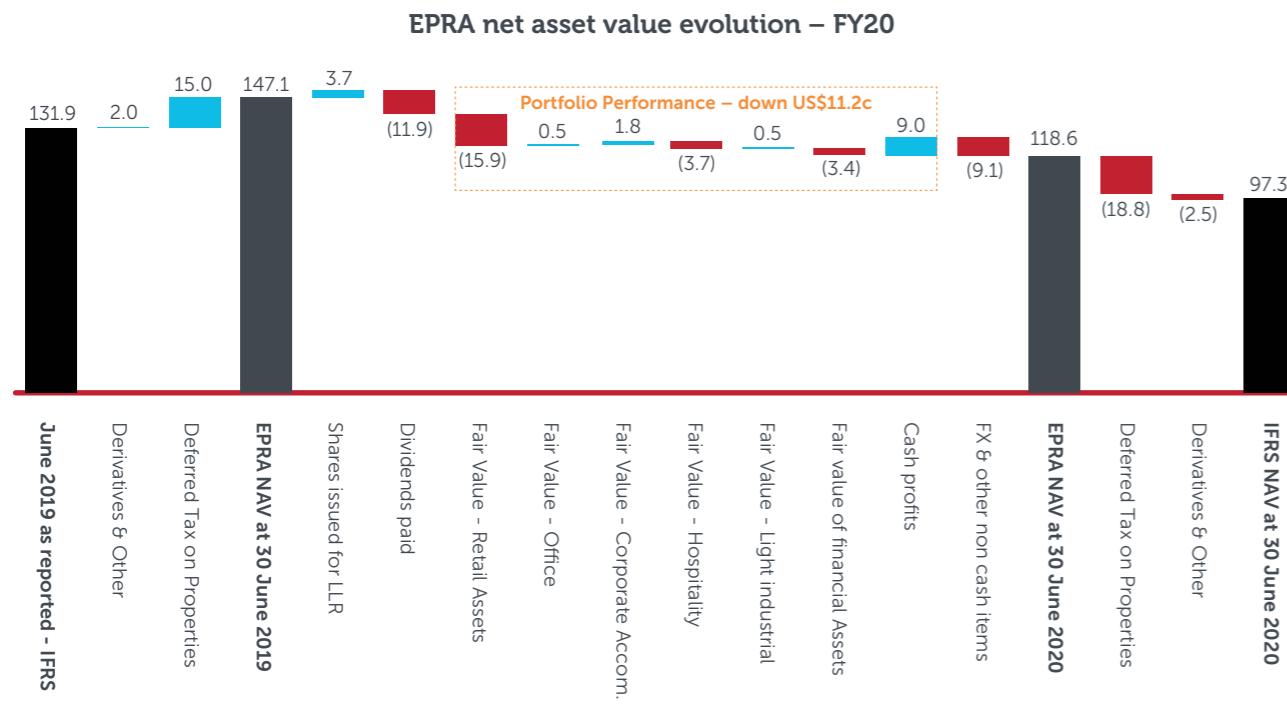
Post year end, the Group has additionally obtained a commitment for the issuance of ordinary shares up to the value of US\$10m from an existing shareholder to be satisfied prior to 28 December 2020.

CHIEF FINANCIAL OFFICER'S STATEMENT (CONTINUED)

Finance review

Net asset value

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



Property portfolio

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

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

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

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

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

A summary of the portfolio valuations is presented below:

Investment Properties summary

Sector	Country	Audited for the year ended 30 June 2020		Audited for the year ended 30 June 2019	
		Closing Balance US\$'000	Balance net of revaluation movements and excluding additions US\$'000	Acquisitions & Capex additions US\$'000	Closing Balance US\$'000
Accommodation	Mozambique	138,194	121,518	16,676	115,700
Accommodation	Botswana	1,221	(69)	1,290	-
Accommodation	139,415	121,449	17,966	115,700	5.0%
Hospitality	Mauritius	144,800	144,800	-	152,836
Hospitality	Senegal	17,479	(1,420)	18,899	-
Hospitality	Botswana	193	(11)	204	-
Hospitality	162,472	143,370	19,102	152,836	(6.2%)
Light industrial	Kenya	24,440	24,440	-	23,450
Light industrial	Botswana	15,536	(875)	16,411	-
Light industrial	Mozambique	5,795	5,683	112	6,800
Light industrial	45,771	29,248	16,523	30,250	(3.3%)
Office	Mozambique	138,213	137,623	590	132,337
Office	Ghana	47,340	47,484	(144)	51,824
Office	Mauritius	13,825	13,776	49	14,312
Office	Botswana	1,316	(74)	1,390	-
Office	200,694	198,809	1,885	198,473	0.2%
Retail	Zambia	96,163	96,163	-	118,750
Retail	Morocco	89,363	80,314	9,049	106,145
Retail	Mozambique	25,839	25,192	647	33,032
Retail	Kenya	6,395	6,395	-	5,449
Retail	Botswana	4,957	(279)	5,236	-
Retail	222,717	207,785	14,932	263,376	(21.1%)
TOTAL	771,069	700,660	70,409	760,635	(7.9%)
- Properties held in Subsidiaries		577,222	531,344	45,878	576,856
- Properties held in Joint Ventures and Associates		193,847	169,316	24,531	183,779
					0.1%
					5.5%

Includes US\$18,848 acquisition of investment properties and US\$27,030 other capital expenditure and construction contained in note 3.

CHIEF FINANCIAL OFFICER'S STATEMENT (CONTINUED)

Further notes on significant acquisitions and additions contained above:

- Retail: US\$9.0m capital expenditure was spent on AnfaPlace Mall. The reduction in the fair value of AnfaPlace Mall was driven by an increased discount rate and capitalisation rate for the ongoing vacancies and risk provision made on the retail sector coupled with lower cashflows due to COVID-19 concessions made as well as foreign currency translation differences.
- Accommodation: The capital expenditure spent on Vale Housing Compound was US\$16.7m with the remainder being an increase in fair value.
- Hospitality: Club Med Cap Skirring in Senegal, through the acquisition of 100% of the equity of Société Immobilière et de Gestion Hôtelière du cap Skirring for EUR16.2m in total.

Dividend

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

Income statement

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

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

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

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

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

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

The Group's profit for the period was heavily impacted by the decrease in valuations of the properties, impairments and provisions of US\$15.1m (2019: US\$1.6m) and mark to market adjustments of the interest rate swap contracts of US\$4.0m (2019: US\$0.0) which resulted in a loss attributable to shareholders of US\$63.1m as compared to a profit of US\$28.0m in 2019.

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

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

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

CHIEF FINANCIAL OFFICER'S STATEMENT (CONTINUED)

Drive in Trading guarantee update

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

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

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

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

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

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

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

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

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

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



Leon van de Moortele

Chief Financial Officer

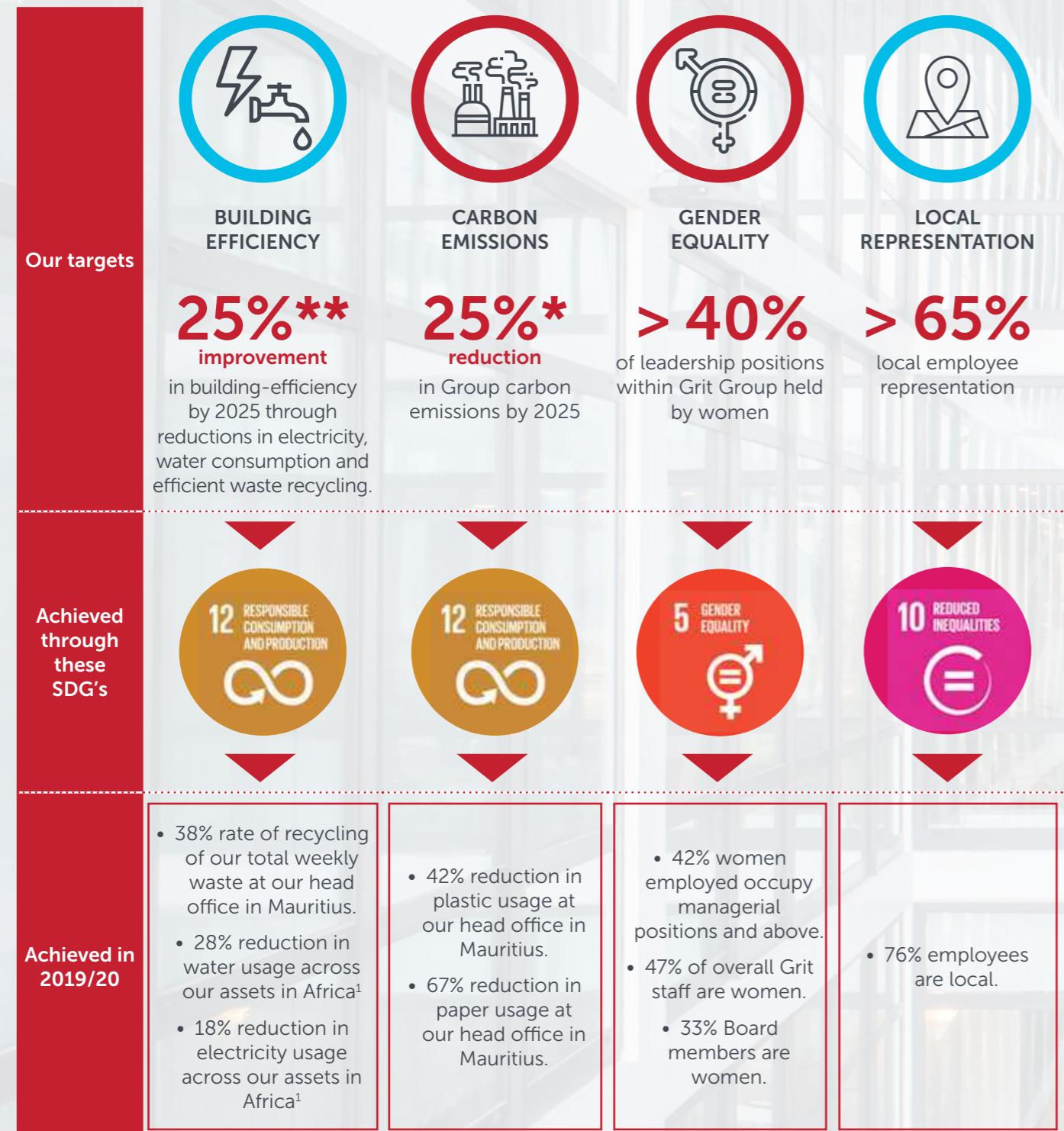
14 December 2020



VDE Housing Estate - Tete, Mozambique

RESPONSIBILITY

At Grit, we work towards a responsible business approach every day. We understand that there needs to be a balance between our environmental, social and governance impacts to clearly make a difference in this ever-evolving world.



* Using 2019 as a base year, measured on a per employee basis, in air travel and portfolio building carbon emissions respectively.

** Measured on a per square metre basis on Group portfolio, using 2019 and a baseline year.

1. Data provided includes the following properties (Ghana: 5th Avenue, Capital Place) (Kenya: Buffalo Mall) (Morocco: Anfa Place) (Mozambique: Acacia Estate, Hollard/ KPMG, Vodacom, Commodity House Phase 1 & Phase 2, Vale Dos Embordeiros, Mall De Tete, Zimpeto Square) (Zambia: Cosmopolitan Shopping Centre, Kafubu Mall, Mukuba Mall).



Commodity House Phase 1 - Maputo, Mozambique

ENVIRONMENTAL

Responsible consumption:

We are committed in our journey towards responsible consumption in our overall portfolio and strive at attaining better results each year.

2019/20 Achievements:



38%

rate of recycling of our total weekly waste at our head office in Mauritius.



42%

reduction in plastic usage at our head office in Mauritius.



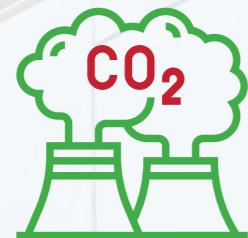
67%

reduction in paper usage at our head office in Mauritius.

2020/21 Focus points:



Deploy our **Environmental Sustainability Management** and Reporting Policy across all our assets in **Africa**.



Further develop our **carbon offset** strategy and plan in order to reach our target of net zero carbon by **2040**.



Develop a strategy to **support life on land**.

EcoGrit Committee:



Grit has implemented a Sustainability Committee which has been branded **EcoGrit**. The objective of the **EcoGrit Committee** is to strategize, implement and follow up on our various actions to achieve our Responsible Consumption goals. The Committee consists of 10 staff members from all business levels and various departments and meetings are held every quarter.



Members of the EcoGrit Committee

Actions taken to reach building efficiency:

1. Conscious electricity savings

Grit staff always make a conscious effort to turn off lights, air conditioning and general equipment when not in use. Grit also makes sure that all equipment purchased and replacing old ones are energy saving and automatically go on 'sleep mode' when not being used.

2. Reduction of paper usage

We continue in our commitment to printing less and to reduce our consumption of paper in the business. The EcoGrit committee has implemented paper-saving printing devices at the head office in Mauritius and through this initiative paper usage has been reduced by **67%** in 2019/20.

The Committee has also banned the use of disposable paper cups for water and coffee drinks. Instead, reusable bamboo cups have been distributed to every employee at the head office thereby eliminating the need for single-use paper cups.



3. Recycling initiatives

The EcoGrit Committee has implemented a recycling initiative whereby all plastic, cardboard, metal and glass are carefully separated from organic waste, cleaned and delivered to a trusted local partner for recycling. Since the launch of this initiative early January 2020, **38%** of our total waste gets recycled on a weekly basis.

4. No to plastic

The EcoGrit Committee has banned the use of water fountains in the office. Since the implementation of the water filter in February 2020, there has been a reduction in plastic use of **over 42%** which equates to **240 10L bottles** at the Grit head office.

Grit also continues to provide aluminium bottles to new staff in a view to eliminate the need for plastic water bottles during workdays.

Therefore, in the year 2020/21, Grit would have completely eliminated the use of plastic bottles and cups.

Actions taken to reduce carbon emission:

1. Sourcing locally:

Grit has strict rules to source most office collaterals from local suppliers only, in a view to avoid any air freight. For example, birthday gifts for employees are sourced from a local supplier who makes beauty products from recyclable and bio-degradable material.

Annual Report printing is done in Mauritius with paper that is ethically sourced. This year, Grit will be reducing the number of Annual Reports printed by **90%** and will encourage shareholders to access an online version instead.

Other initiatives:

1. All Life Matters Animal Sanctuary:

Mauritius has been battling with an overpopulation of stray dogs and cats roaming its streets for many years.

ENVIRONMENTAL

All Life Matters Animal Sanctuary (ALM) believes the only humane sustainable solution to managing the overpopulation of dogs and cats is sterilisation and education. ALM is focused on sterilisation and educating people to be responsible pet owners. ALM has sterilized thousands of dogs and cats over the years. They also run an adoption programme and have managed to find homes for many stray animals. Besides the veterinary clinic, the sanctuary also provides a home for retired racehorses who can no longer race. Moira van der Westhuizen, who is the founder and president of ALM has made it her mission to save these racehorses and many other animals and to provide them with a forever home within the sanctuary.

ALM doesn't only impact on the welfare of animals. The sanctuary has also provided an opportunity for its 14 employees to do what they are most passionate about; to work with animals together with having a positive impact on them and their families.

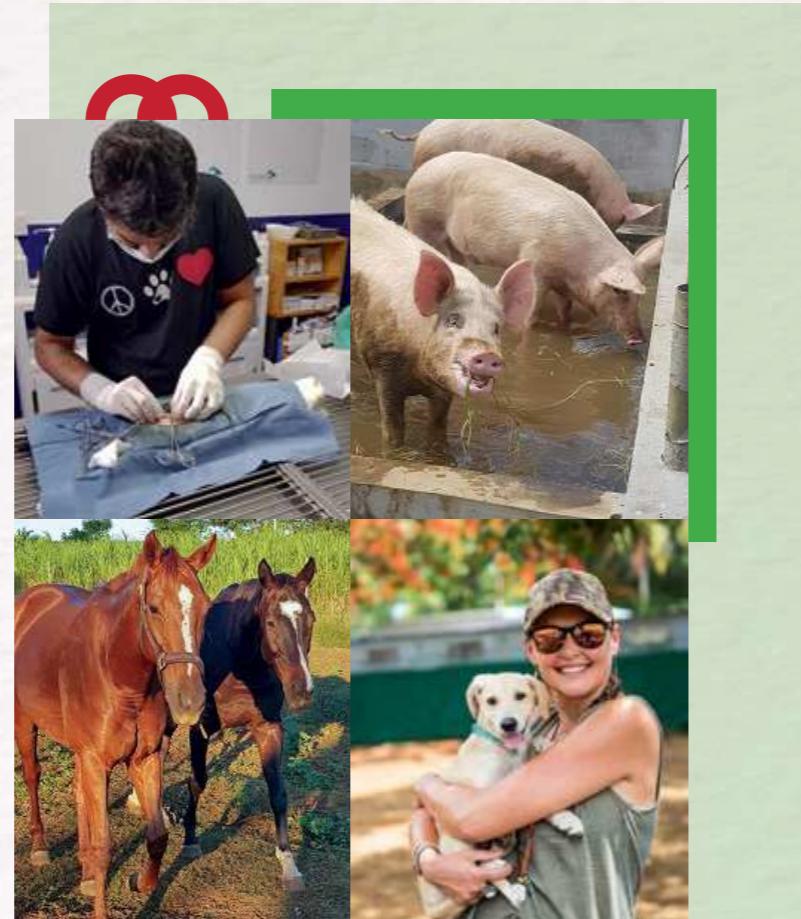
Grit proudly donates over US\$15,000 a year and will continue to do so in a view to reduce the amount of stray dogs and cats on the roads of Mauritius and to promote awareness about the importance of sterilization and well-being of animals.

Key Focus Areas for 2020/21

1. Building efficiency across our assets.

Grit has implemented an **Environmental Sustainability Management and Reporting Policy** which will ensure that we receive consistent as well as historic data for each property in each region. This has been distributed to each facility manager and will assist in the capturing data accurately and consistently for the efficient running of our assets through responsible water and electricity consumption and waste recycling. These three areas of Environmental Sustainability have an influence on each of the premises in the Grit Real Estate Income Group's portfolio, these areas of influence are as follows:

- Overall resource consumption and waste generation;
- Cost of ownership, management and occupancy costs to tenants;
- The ability to improve performance within constrained resource supply parameters;
- The environmental impact and corporate responsibility.



a. Reducing water consumption across our assets

Africa remains a water scarce continent and the careful management, usage and recycling of water resources has become an ever-increasing priority for homes, businesses and government bodies alike. While Northern Africa has 92% safe water coverage, Sub-Saharan Africa remains at a low 60% of coverage, leaving 40% of the 783m people in that region without access to clean drinking water.

Our **Environmental Sustainability Management and Reporting Policy** proposes the following measures to reduce water consumption across our assets in Africa:

- Installation of sensor taps;
- Leak detection devices;
- Low-flow tap nozzles;
- Rain and grey water harvesting devices;
- Automated landscaping irrigation.

Through the above initiatives, we aim at decreasing water consumption across our assets by 25%.

b. Reducing electricity consumption:

- In 2017, the Worldbank issued a statistic regarding the percentage of people in Africa that has access to electricity. In 2017, this percentage was 44% of the African population.
- With this statistic in mind, it is evident that electricity is a vital segment in the Environmental Sustainability framework.

Our Environmental Sustainability Management and Reporting Policy proposes the following measures to reduce electricity consumption across our assets in Africa:

- Responsible consumption amongst all staff and tenants;
- Energy efficient equipment;
- Solar PV Plants;
- LED Lighting;
- Light Motion Sensors;
- Day Night Switches.

LED lighting has distinct advantages from older technologies such as xenon tube lighting, providing a more sustainable and cost-efficient future. Human-friendly advantages include zero electromagnetic interference, thus no background static hum. LEDs generate a full-spectrum light closely resembling daylight, illuminating tasks and enhancing work, school, and retail environments.

c. Increased recycling and better waste management:

In Africa, most of the Municipal Solid Waste (MSW) generated is plastic and 57% is organic waste, the bulk of which is currently sent to landfill. This could provide significant socio-economic opportunities for countries that take recycling initiatives. An estimated 70–80% of the MSW generated in Africa is recyclable, yet only 4% of MSW is currently recycled.

This confirms that waste recycling in Africa is currently not as effective as it can be and provides an opportunity for growth in the waste recycling sector.

Our **Environmental Sustainability Management and Reporting Policy** proposes the following measures to encourage recycling across our assets in Africa:

- Tenant education and collaboration
- Waste sorting;
- Recycling program;
- Recycling bins;
- Compost organic waste.

Grit has already initiated its search for reliable service providers in all regions to ensure waste recycling is improved, measured and recorded effectively.

2. Reduction of carbon emissions:

The lockdown we've gone through during the COVID-19 pandemic has showed us how everyone can really make a difference and significantly reduce CO₂ in our atmosphere.

Working from home has reduced the need to drive our cars to work or use public transport and closed borders have stopped business travel and forced us to use alternative ways of holding meetings and change the way we communicate with each other. Technology has helped business continuity and Grit intends on keeping this trend wherever possible.

a. Our commitment to reduce air travel by 25% by 2025:

The worldwide aviation industry is responsible for over 12%¹ of CO₂ emissions on the planet. With this in mind, Grit finds it imperative to reduce our business travels and pledges to reduce the latter by 25% (per person) by 2025. Grit intends on doing this by allowing business travels only for important meetings and using virtual meeting sessions where possible.

b. Reducing car travel:

Grit intends to implement a 'Once a month car-pool' activity amongst its staff members in Mauritius, an initiative proposed by staff members. With road traffic contributing to 24%² of worldwide carbon emissions, it is imperative that we begin reducing car travel.

1. [https://www.atag.org/facts-figures.html#:~:text=The%20global%20aviation%20industry%20produces,carbon%20dioxide%20\(CO2\)%20emissions.&text=Aviation%20is%20responsible%20for%202012,to%2074%25%20from%20road%20transport.&text=Globally%2C%20the%20average%20occupancy%20of,than%20other%20forms%20of%20transport. \[accessed 15.07.20\]](https://www.atag.org/facts-figures.html#:~:text=The%20global%20aviation%20industry%20produces,carbon%20dioxide%20(CO2)%20emissions.&text=Aviation%20is%20responsible%20for%202012,to%2074%25%20from%20road%20transport.&text=Globally%2C%20the%20average%20occupancy%20of,than%20other%20forms%20of%20transport.)
2. [https://www.planete-energies.com/en/medias/close/global-transportation-sector-co2-emissions-rise#:~:text=Passenger%20travel%20is%20responsible%20for,CO2%20emissions%20from%20fuel&text=Based%20on%20current%20policies%2C%20it,60%25%20between%202015%20and%202050. \[accessed 15.07.20\]](https://www.planete-energies.com/en/medias/close/global-transportation-sector-co2-emissions-rise#:~:text=Passenger%20travel%20is%20responsible%20for,CO2%20emissions%20from%20fuel&text=Based%20on%20current%20policies%2C%20it,60%25%20between%202015%20and%202050.)

SOCIAL

2019/20 Achievements:



33%

Board members are women



47%

staff are women



42%

women in leadership positions

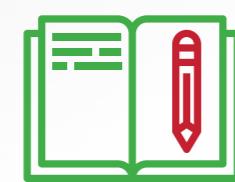


76%

local employees



Staff turnover rate went down by **17%**



600 hrs

of Leadership courses to Senior and Line managers.



82%

staff would recommend working at Grit.

2020/21 Focus points:



Maintain women in leadership positions over

40%



Maintain local representation over

65%



Launch an Employee program around well-being and work-life balance.

Working towards Gender Equality, Diversity and Inclusion:

1. Women with Grit:

women with **grit**



Women with Grit was first founded in 2017 under the name Women in Property Networking. As the name states, the aim of this group was to get all women in property together in a view to network and exchange experiences. The aim is to create a safe space for

working women to share, inspire and uplift each other as women in the workplace. In 2019/20 there have been 3 networking events: 1 in Mauritius, 1 in Johannesburg (South Africa) and 1 virtual event with approximately 150 participants in total.

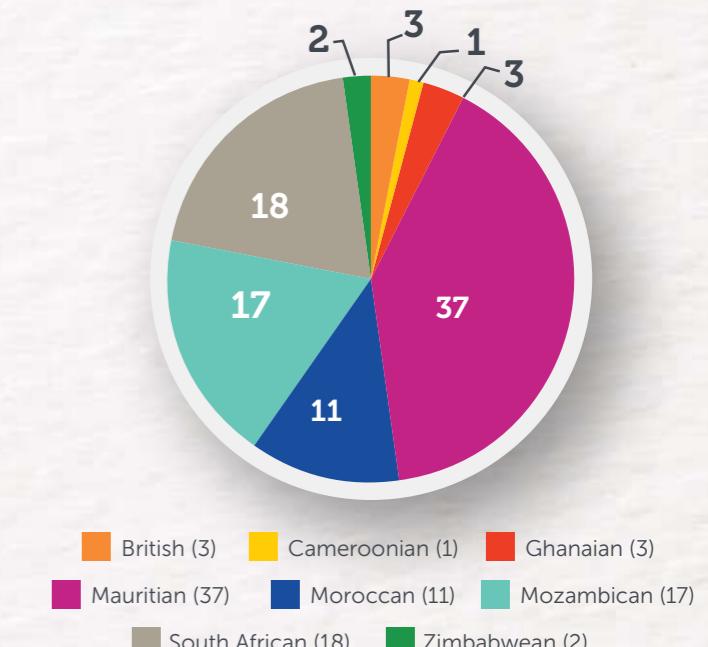
Initiatives taken in 2019/20 towards maintaining Local Representation:

2. Diversity and inclusion

We embrace diversity in every form. At Grit, inclusion and diversity is a normality and statistics speak for themselves: 76% of our employees are local and 47% are female. We recruit the best talent based on skills and attitude and not on demographics.

Our work culture evolves around celebrating differences and sharing cultural customs. We believe that Grit has the most culturally diverse workforce with staff from 8 nationalities.

Nationalities within Grit



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Grit encourages its talents to network and support other organisations aligned to its values.

Janesh Chuttoo, our Legal Advisor, has been appointed as a Member on the advisory Council of the United Nations Global Compact Network in Mauritius (UNGC Local Network) on July 10th 2020.

The UNGC is the world's largest corporate sustainability initiative and through its different networks aims to:

Do business responsibly by aligning strategies and operations with the Ten Principles of human rights, labour, environment and anti-corruption; and

Take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.

The 10 core principles on which the UNGC's actions are based are broadly as follows:

- Human Rights;
- Labour;
- Environment;
- Anti-corruption.

The board of the Global Compact Network (Mauritius) Foundation's mandate would notably be to advance the cause of the UNGC in relation to the 10 principles. The UNGC Mauritius will actually have a regional reach for UNGC, with seats for Madagascar, Seychelles and at a later stage, Reunion island.

Grit also introduced a monthly gathering called #LetsTalk. These sessions last 15-20 minutes and are meant to provide an opportunity for every employee to openly discuss any concerns they may have in the workplace, to present new ideas and to make suggestions on the logistics and daily running of the business. They also provide a means for management to update employees on the numerous initiatives being implemented from the different committees of the business. Grit continued its #LetsTalk sessions virtually throughout COVID-19 lockdown where employees were able to share their experiences and lifestyle adjustments they were going through during this challenging time.

Human Capital:

1. Talent Attraction and retention.

In the last year, the Group has invested resources in attracting young new talents which has lead to an overall human capital increase of 33% from June 2019 to July 2020.

Our retention levels also rely on attractive compensation and benefit programs. We review our Short and Long-Term Incentive bonus scheme regularly, and our remunerating policy is reviewed yearly to ensure we stay competitive.

The recruitment of talent has been a focus of the HR department to ensure the best culture-fit and person-job fit. A thorough competence analysis has been created, together with a revamped recruitment process and this combination has proven effective as our staff turnover rate went from 26.5% in June 2019 to 9.5% in June 2020.



Janesh Chuttoo, Legal Advisor and Board Member of the UNGC.

COVID-19 and the community:

The COVID-19 pandemic has affected many of the poorer communities in Mauritius. On March 20th 2020, the Government of Mauritius ordered an immediate lockdown and many families had not had the time to buy food or didn't have the means to stock up food for a long period of time. Sanitizers and masks were out of stock on the island and many people were left in a vulnerable state.



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Grit decided to create the COVID Relief Fund donations were collected from Grit employees, partners, families and friends. Through this, Grit was able to purchase, pack and distribute food packs to needy families across the island.

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

In July 2020, Grit, along with preferred development partner Gateway Real Estate Africa, made another donation of 55,000 masks to the Mauritius Diabetes Association. Mauritius currently ranks 7th in the world with 22% of the population being affected by diabetes, therefore making those affected extremely vulnerable amidst COVID-19.



Bronwyn and the GREA team at the Mauritius Diabetes Association

Our Supporting for local suppliers:

In 2019, Grit has implemented strict procurement rules for the appointment of suppliers. Local suppliers are to be appointed as far as possible in each of our jurisdictions. Through this, Grit wants to ensure that business is being given to local businesses and thus contribute to the local economy and job creation.

All Life Matters: Educational Day

In December 2019, Grit held a Children's Educational day at All Life Matters farm. 36 children, including their parents and teachers, from Terre de Paix were invited to come to the farm for a half day of fun, food and education. Terre de Paix is a Non-Governmental Organisation with a mission to improve the lives of the

poorer communities in Mauritius particularly children in distress. [www.terredeprix.org]

The objective of the day was to create an energized environment out of their usual environment while making it fun and educational. The Educational day provided the opportunity for the children to be taken on a tour by ALM staff where they were told about animal care and how the farm works. The aim was to instill a notion of empathy and care for animals in these children. The day also included jumping castles, face painting, a balloon shape making class and lunch.



Employee Engagement:

We have an 'open-door' culture, based on feedback and involvement of all stakeholders in our day-to-day operations and projects and where employee engagement is highly encouraged. Employee surveys are conducted twice a year to encourage interaction and involvement in the Group's projects. These surveys also provide us with empirical data on employee engagement.

In Q1 of 2019, 71% of our employees participated on our eNPS Survey and our Employee Net promoter Score¹ was 27. An increase of 8 points compared to April 2019's survey. The highest scores were recorded for Corporate culture, Atmosphere, People at work and Leadership.

Our average engagement currently sits at 3.9 over 5 which represents 78% of our staff and when asked if they would recommend Grit as a place of work 82% were in agreement.

Our overall Human capital strategy is based on feedback we receive from these surveys, thus enabling us to implement the following:

- A 'Roles and Responsibilities review program' launched across the Group.

- A 6-month KPI program targeting organisational, team and individuals' Key Performance Indicators was rolled out across the company.
- Improvement of internal communication by using more interaction and with effective use of digital platforms.
- Improved work-life balance.
- The hiring of new resources in departments that needed additional back up.

The Grit Internship Program

Creating workplace opportunities for students and young graduates has been a key focus for Grit this year. Since Grit's incorporation in Mauritius, we have created an internship program whereby young graduates are given a chance to experience the real workplace. Last year, Grit had 6 internships on offer in various departments.

Leadership Program

- Strengthening leadership capabilities is a key objective of Grit's 'Human capital strategy'. The aim is to ensure that leaders are continuously updated with the appropriate knowledge and skills for heightened performance.



The Grit Team on a Zoom call during lockdown in April 2020

1. Employee Net Promoter Score (eNPS) is a metric used by companies to gauge employee satisfaction and loyalty within their organisation. It is based on the Net Promoter Score system from Bain & Company, Satmetrix Systems, Inc., and Fred Reichheld, that gauges customer loyalty. (source: <https://www.bamboohr.com/hr-glossary>)

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- Grit has implemented a leadership programme called P.E.R.F.O.R.M, with the help of a leadership coach. This included numerous seminars, strategic workshops and one-on-one coaching sessions. The initiative amounted to an overall of 600 hours of training provided in the last 12 months. Grit now has consolidated organisational, team and individual goals for optimal leadership and employee engagement.

Well-being

- Our employees' well-being is extremely important to us and we want to make sure that they feel valued and have work-life balance. Grit provides support and services to assist in employees' personal wellbeing. There is an 'open-door' culture between Management and staff to encourage interaction, may it be formal or informal.

With COVID-19 lockdown being implemented very suddenly in Africa and Mauritius, Grit implemented a 'Lockdown Support Committee' whereby employees were able to express their experiences and challenges they were going through while being in lockdown.

Health and Safety

- The Management of our Health and Safety risks are of utmost importance to the success of our business. We have implemented a few training sessions such as Practical Fire training and First Aid courses.



Our Health and Safety team on a fire training session.

2020/21 Focus points:

- Maintain gender equality by providing equal opportunities for women in the workplace.
- Maintain local representation high by providing work opportunities to the local workforce on all business levels and departments of the company.

Expand our Women with Grit network to various jurisdictions and allow more women to share their experiences and insights.

Continue supporting the local economy with a view to kickstart businesses that have suffered the pandemic.

- Implementation of an integrated employee handbook aimed at guiding employees from their joining date: this will include a recap of all employees related policies, procedures and guidelines in our policy manual which will enable employees to have a clear overview of the organizations' operations, business model and values.
- Strengthen the performance management with 360° feedback and introduce a calibration committee to review the scoring and employee data: this will help promote diversity, inclusion, fairness and equality.
- Launch a program focused on employee's well-being and ecofriendly initiatives: these would include emphasis on environment, outdoor team session around environmental initiatives and will help to promote interaction amongst employees of all departments and levels.

GOVERNANCE

At Grit, we believe that acting with the system of rules, practices and processes, for proper direction and control of the Company is of utmost importance, whilst acting in a fair and responsible manner.

Our way of conducting business is always aligned with our values, which are then embedded into policies and procedures, creating clear lines of accountability and oversight. However, we also believe that with the pace of time, we also need to be flexible, innovative and creative.

This section provides a brief overview of governance being a major component of ESG. However, further detailed information on governance is disclosed in the Corporate Governance section on page 160 to page 161

2019/20 Achievements:



Holding virtual **Board meetings** due to the **travel ban** caused by **COVID-19**.



Set up of the **Corporate Governance** Compliance Committee.



Set up of a **separate Related Party** Transactions Committee.



Compulsory training in **GDPR & Money Laundering** for all staff.

2020/21 Focus areas:



Enhancing **Board Evaluation** process



Continued **compliance training** with the **UK Code of Corporate Governance** 2018, ahead of redomiciling to Guernsey and being **Premium Listed** on the **LSE**.



Appointment of additional **Non-Executive Independent Director(s)**



GOVERNANCE

Corporate Governance Statement	102
Board of Directors	112
Executive committee	118
Organisational structure	122
Audit Committee report	124
Remuneration Committee report	130
Nomination Committee report	144
Risk Committee report	148
Investment Committee report	154
Social & Ethics Committee report	160
Directors' report	162
Statement of Directors' responsibilities	166
Statement of compliance	167
Certificate from the Company secretary	167

CORPORATE GOVERNANCE STATEMENT

CHAIRMAN'S INTRODUCTION

I am delighted to introduce the Corporate Governance Report for the 2020 financial year. The Board continues to embrace high standards of Corporate Governance, and for the year under review, the Company was operating under the principles and provisions of the National Code of Corporate Governance for Mauritius (2016) (**MRU Code**) and King IV. On 29 July 2020, the Company delisted off the JSE and therefore is no longer required to comply with King IV.

The Group expects to announce its intention to apply for a premium listing of its securities on the official list of the FCA and admission to trading on the main market of the LSE. Accordingly, the Company is taking steps to ensure compliance with the UK Corporate Governance Code 2018 (**the UK Code**) going forwards.

This report details how the Board has considered and applied the principles and provisions of the MRU Code.

GOVERNANCE FRAMEWORK

The Board seeks to maintain strong corporate governance structures and processes by working within a clearly defined governance framework, which enables the delivery of sustainable growth to all stakeholders.

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

The Board has approved the key senior governance positions, an organizational chart and a statement of accountabilities (as set out below), which are all reviewed from time to time in line with the strategy of the Group.

BOARD OF DIRECTORS

The Board is primarily responsible for setting the Group's strategy for delivering long-term value to our stakeholders.

Pg.112 - Biographies | Pg.105 - Roles and Responsibilities

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



For each committee, the roles and responsibilities are defined in a charter duly approved by the Board and reassessed on an annual basis, which are available on the Company's website at <https://grit.group/governance/>.

Executive Committee

The Board has delegated the execution of the Group's strategy and the management of the Group's daily operations to the C-Suite (to which the Executive Directors are members) and to the Senior Management Team (together referred to as the "Executive Committee").

Pg.118 Members.

STATEMENT OF ACCOUNTABILITIES AND COMPLIANCE

Corporate Governance can be defined as the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes:

- Ethical culture
- Good performance
- Effective control
- Legitimacy

It is the intention that the principles of integrity and the highest ethical standards are upheld by all who serve the Company and its stakeholders. The Board sets general strategies and policies and ensures the implementation with the support of the Executive Committee, with one of their duties being the oversight and implementation of good governance.

OUR APPROACH TO GOVERNANCE

Governance helps us to:

- ensure our shareholders receive a good return on their investment;
- behave with integrity;
- treat our customers, employees, suppliers and local communities properly; and
- respect the environment.

In the Governance Report, we describe the responsibilities of the Board and its Committees, the key activities during the financial year 2019/20 and the focus for the financial year 2020/21.

BOARD LEADERSHIP AND COMPANY PURPOSE

Long-term sustainable success

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

Grit's strategy is to become the real estate partner of choice to blue chip tenants, resulting in a quality portfolio, creating a platform to deliver on shareholder returns. Grit seeks to ensure sustainable income and capital growth, thus generating long-term value for shareholders. Grit intends to achieve this through growing its property portfolio based on quality hard currency long-term leases and strong country tenants, focusing on countries with existing Real Estate Investment Trust (REIT) structures, and developing strategic partnerships in existing jurisdictions that will strengthen in country resources.

Sustainability is detailed through the Company's choice of investments. Grit also prioritise its Responsibility (including environmental, social and governance responsibilities) and its role as a good corporate citizen.

Effective and entrepreneurial approach

The Board is responsible for creating and delivering shareholder value by setting the strategic direction of the Group. The Executive Committee has day-to-day responsibility for implementing this strategy and it is the Board's role to hold management accountable for ensuring that it is delivered. The work of the Board should complement, enhance and support the work of the Executive Committee. Information about our strategy is on pages 6 to 99. The Board is made up of a number of talented individuals, with in-depth commercial experience from a range of industries. This

diversity helps create an effective and entrepreneurial Board as each member has a fresh perspective to bring to discussions. See pages 112 and 114 for more information about the Directors.

The Non-Executive Directors provide effective challenge and review, bringing wide experience, specific expertise and a fresh objective perspective to major decisions. The emphasis is on growth and on an entrepreneurial approach with a strong governance culture.

To ensure that the Board remains effective, in 2020 we engaged ONE Advisory Limited, an independent Board evaluator, to carry out an external Board effectiveness evaluation, following which a detailed action plan has been put in place. The process and actions of this evaluation are detailed on page 108.

Culture

The Board recognises the importance of ensuring a healthy and supportive culture within the Group. We monitor this through direct employee engagement and discussions with the Executive Directors, the Group HR Manager and other members of Executive Committee. We assess and monitor this in the following ways:

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

The Company has dedicated Committees, which prioritise specific matters:

- Culture - through the Social & Ethics Committee
- Stakeholder transparency - through the Audit/Social & Ethics Committees
- Ensuring compliance with Board approved strategy and policy - through all Committees.

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The tone and culture set by the Board impact all aspects of the Company as a whole and the way in which employees behave.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

By governing our organisation in a way that supports the establishment of an ethical culture, leading with integrity and being socially responsible, Grit seeks to facilitate a continued existence.

The Board's desired culture and values are outlined in the Business Model section of the Strategic Report on page 34.

The Board members also strive to set a strong example for Management and the wider workforce in conducting themselves appropriately and in line with the Group's values and supporting policies. Information on the Company's approach to investing in and rewarding its employees is set out in the Human Capital section and in the Remuneration Committee report, other than the "Workforce" section in this Corporate Governance Statement.

Our policy is to maintain ethical standards in the conduct of our business and in our relations with whomever we associate – our colleagues, directors, shareholders, customers, associates and suppliers, as well as governmental bodies, the public and the media. Our integrity and reputation for ethical practices are among our most valued assets and are essential aspects of our sustained profitability.

The Company has a duly approved Code of Ethics and Business Conduct policy, which is reviewed annually. The Board regularly monitors and evaluates compliance with its Code of Ethics. The policy can be viewed on the Company's website at <https://grit.group/governance/>.

Resourcing

The Board ensures that the necessary resources are in place for the Company to meet its objectives. The Board has an integral role in the Company's budget setting and capital allocation processes, and in monitoring availability of credit/debt capital facilities. The Board also receives reports from the Executive Committee on any development gaps in key roles and the plans to address these.

Our commitment to stakeholder engagement

In addition to our key stakeholder groups, the Board recognises our shareholders as an important stakeholder group, with whom we maintain an active dialogue. During the financial year 2019/20, we undertook a comprehensive calendar of events. By providing regular forums for meeting and communicating with shareholders, their advisers and the investment community, we ensure that we understand the views and opinions of our investors and are kept informed of any concerns that may arise. We are also able to give updates on our results and

developments within our businesses. We communicate using a variety of forums including regulatory news announcements, interviews, investor and analyst calls, one-to-one meetings, roadshows, site tours and capital markets events.

Prior to the outbreak of COVID-19, the CEO and the CFO attended shareholder roadshows across a number of key countries in Europe, Asia and Africa. At the AGM in 2019, shareholders were able to hear from, and put questions to the Board on a range of matters.

Workforce

Grit recognises that its people are its most important asset in achieving the Company's business strategy. To succeed, therefore, we need the right people with the right skills and values in place at the right time. Grit's leadership champions an inclusive and supportive working environment, facilitating high performance of a talented, diverse and motivated workforce who is empowered and engaged, in line with Grit HR Strategy set out below.

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

-  attracting, identifying, developing and retaining high-performing talent across all areas of the business;
-  developing and supporting the growth of transformational leadership and management;
-  enabling the development of a high-performance culture in which staff performance is encouraged, recognised, rewarded, enhanced and managed effectively;
-  fostering a value-based culture focused on diversity, inclusivity, well-being and positive engagement;
-  developing a total reward approach which is valued by staff and facilitates organisational objectives; and
-  providing excellent core HR digitisation processes across all business areas to enable the availability of consistent data analytics across the organisation.

The Group also has a dedicated Human Capital department to deal with workforce matters and has a forum called #Letstalk, which sessions are held every couple of weeks and where the employees are updated on the business and various workstreams and ideas/opinions are exchanged openly.

In addition, as part of good corporate governance, a Whistleblowing policy has been implemented (a copy of this policy is available at <https://grit.group/governance/>), which sets out the whistleblowing rules and procedures.

The purpose of this policy is to ensure that no employee should feel at a disadvantage in raising legitimate concerns. A culture of openness and accountability is essential in order to prevent such situations occurring and to address them when they do occur. During the year, the Whistleblowing policy was amended to provide all stakeholders the same mechanism for lodging any concerns.

The Board has appointed the Chairman of the Risk Committee to act as an Independent point of contact in the Group's whistleblowing procedure.

DIVISION OF RESPONSIBILITIES

Board Roles and Responsibilities

There is a clear division between executive and non-executive responsibilities. The Company operates a unitary tier board, whereby the roles of the Chairman of the Board and CEO are separately held, and their responsibilities are clearly established, set out in writing and regularly reviewed by the Board.

The Chairman is responsible for the leadership of the Board and its overall effectiveness in directing the Company and promoting an open environment for challenge and debate. He encourages participation by all Directors, thereby facilitating constructive relations and creating the right atmosphere to promote a culture of open debate. Along with the other Non-Executive Directors, he ensures that the Executive Directors are accountable for the agreed objectives of the Company. Further information about the Directors is available on pages 112 to 114, while pages 144 to 147 explain how the Nomination Committee considers the skills and diversity on the Board and Non-Executive Director independence.

Papers to the Board are distributed via a board portal in a timely manner (7 days in advance of each of the Committee and Board meetings), which provides

effective and efficient distribution. Efficient and timely methods of informing and briefing Board members prior to scheduled meetings are in place.

Directors have unrestricted access to all Company information, records, documents and property to enable them discharge their responsibilities effectively.

The Directors have unfettered access to the advice and services of the Company Secretary. They may seek independent professional advice on the affairs of the Group, in appropriate circumstances, if they believe that such actions will best serve the interests of the Group.

The Board retains responsibility for the approval of certain matters which include Group strategy, annual budget, dividend payment and major investments and disposals. There is an approved Board Charter for decisions by the Board, which is reviewed periodically. The Board has delegated a number of its responsibilities to the Risk, Audit, Investment, Social & Ethics, Nomination and Remuneration Committees. The Charters of these Committees can be found at <https://grit.group/governance/>. In addition, there are separate reports from each of the Committees outlined on pages 124 to 161, which detail both the roles of the respective Committees and their actions during the year.

The day-to-day running of the Group is delegated by the Board to the Chief Executive Officer, who is supported by the Executive Committee in the delivery of strategy and review of operational and financial performance.

Their key responsibilities are set out below, which have been duly approved by the Board:

Chairman

- Responsible for the effective running of the Board and ensuring it is appropriately balanced to deliver the Group's strategic objectives;
- Promoting a boardroom culture that is rooted in the principles of good governance and enables challenge, debate and transparency;
- Ensuring that the Board as a whole plays a full and constructive part in the development of strategy and that there is sufficient time for boardroom discussion; and
- Promoting effective engagement between the Board and its shareholders.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Senior Independent Director (SID)

- Providing a sounding Board for the Chairman in matters of governance or the performance of the Board;
- Available to shareholders if they have concerns, which have not been resolved through the normal channels of communication with the Company;
- To lead at least annually a meeting of the Non-Executive Directors, without the Chairman present, to appraise the performance of the Chairman; and
- Acting as an intermediary for Non-Executive Directors when necessary.

Non-Executive Directors (NED)

- Providing constructive challenge to our executives, help to develop proposals on strategy and monitor performance against our KPIs;
- Ensuring that no individual or group dominates the Board's decision making;
- Promoting the highest standards of integrity and corporate governance throughout the Company and particularly at Board level;
- Determining appropriate levels of remuneration for the senior executives; and
- Review the integrity of financial reporting.

Chief Executive Officer (CEO)

- Executing the Group's strategy and commercial objectives together with implementing the decisions of the Board and its Committees;
- Keeping the Chairman and Board apprised of important and strategic issues facing the Group; and
- Ensuring that the Group's business is conducted with the highest standards of integrity, in keeping with our culture.

Chief Financial Officer (CFO)

- Supporting the CEO in executing the Group's strategy and commercial objectives
- Provide financial leadership to the Group
- Responsible for presenting and reporting accurate and timely financial information

Managing the capital structure of the Group

Company Secretary - Intercontinental Fund Services Limited

- Secretary to the Board and its committees;
- Develop the Board and committee agendas and collate and distribute papers;
- Advise on regulatory compliance and corporate governance;
- Ensure compliance with Board procedures; and
- Responsible for the organisation of the Annual General Meeting.

Executive Committee

The Executive Committee comprises of the Executive Directors, C-Suite and the Senior Management Team (SMT). This Committee is responsible for the Group's operational activities, developing strategy proposals for consideration by the Board and implementing the Board's directives and policies. Other responsibilities include providing leadership to all employees, developing, implementing and managing the annual budget, and internal controls, governance, risk management, ethics and authority levels.

To assist the Executive Committee, there are a number of supporting committees, which meet monthly and/or on an ad hoc basis when required. These committees are:

- Valuation committee;
- Sustainability committee - EcoGrit;
- Internal HR committee;
- Internal Investment committee;
- Compliance with Corporate Governance committee;
- Related Party committee

Board Meetings

Board and Committee meetings are to be held at least 4 times in a year. However, over and above set quarterly meetings, the members of the Board and Committees are reached out to provide their comments on any matter and ad hoc meetings are held. It is proposed to increase the frequency of the Board and Committee meetings going forward to align with the business practice of a premium listed company.

The Board is satisfied that each of the directors is able to allocate sufficient time to the Company to discharge their responsibilities effectively.

Board committee meetings

Board members and attendance during the year under review

The Board met twelve times during the year

	Independent	No. of meetings*	Attendance
Bronwyn Corbett ⁽¹⁾	No	12/12	100%
Leon van de Moortele ⁽²⁾	No	11/12	92%
Peter Todd ⁽³⁾	Yes	12/12	100%
Ian Macleod ⁽⁴⁾	Yes	11/12	92%
Nomzamo Radebe ⁽⁵⁾	No	9/12	75%
Catherine McIlraith ⁽⁶⁾	Yes	11/12	92%
David Love ⁽⁷⁾	Yes	11/12	92%
Sir Samuel Jonah ⁽⁸⁾	Yes	9/12	75%
Bright Laaka ⁽⁹⁾	No	2/12	17%

*Please read 11/12 as 11 meetings attended out of 12.

- (1) Mrs. Corbett was appointed to the Board on 12 May 2014 and is a member of the Investment Committee and Social and Ethics Committee.
- (2) Mr. van de Moortele was appointed to the Board on 30 June 2015 and is a member of the Risk Committee.
- (3) Mr. Todd was appointed to the Board on 14 August 2014 and is the Chairman of the Board as from 13 April 2018. He is also the Chairman of the Nomination Committee and the Investment Committee. He is a member of the Remuneration Committee and Social and Ethics Committee.
- (4) Mr. Macleod was appointed to the Board on 30 June 2015 and was the Chairman of the Remuneration Committee. He sadly passed away on 14 June 2020. He has also been a member of the Audit Committee, Risk Committee, Nomination Committee and Investment Committee.
- (5) Mrs. Radebe was appointed to the Board on 24 November 2017 and is a member of the Nomination Committee, Investment Committee and Social and Ethics Committee.
- (6) Mrs. McIlraith was appointed to the Board on 24 November 2017 and is the Chairman of the Social and Ethics Committee, Audit Committee and Risk Committee. She has been a member of the Remuneration Committee and was appointed as the Chairman of the Remuneration Committee, effective as from 04 August 2020, after the demise of Ian.
- (7) Mr. Love was appointed to the Board on 4 December 2018 and is a member of the Audit Committee, Risk Committee and Social and Ethics Committee.
- (8) Sir Jonah was appointed to the Board on 21 February 2019 and is a member of the Remuneration Committee, Investment Committee and Social and Ethics Committee. He was appointed as a member of the Investment Committee, effective as from 04 August 2020.
- (9) Mr. Laaka was appointed to the Board as the permanent alternate director to Mrs. Radebe on 29 November 2018. Following the death of Mr Macleod, Mr. David Love was appointed as the Senior Independent Director (SID) on 04 August 2020.

Mr Jonathan Crichton was appointed to the Board as Independent Non-Executive Director on 17 September 2020 to fill in the casual vacancy following the demise of Mr. Macleod. He is, as at date of this report, also a member of the Risk Committee and the Audit Committee.

The Company Secretary

Intercontinental Fund Services Limited (IFSL) is the statutory Company Secretary of the Company and is appropriately empowered to fulfill duties and provide assistance to the Board. The Board can remove the Company Secretary from office by virtue of the Company's constitution.

The Board as a whole and Directors individually are assisted by IFSL, which provides detailed guidance as to how their responsibilities should be discharged in the best interests of the Company. The Company Secretary also provides a central source of guidance and advice to the Board and the Company, on matters of ethics and good corporate governance and assists with the appointment of Directors to the Board.

COMPOSITION, SUCCESSION AND EVALUATION

Director appointments and the Nomination Committee ("Nomco")

For information on the procedure for appointment of new Directors to the Board and the role of the Nomco in this process, refer to the Report on page 144. This report also describes the work of the Committee in succession planning for Board and senior management positions, as well as information on the Company's diversity approach.

Appointments to the Board are made, on the recommendation of the Nomco, solely on merit with the overall objective of ensuring that the Board maintains the correct balance of skills, length of service and knowledge of the Group to successfully determine the Group's strategy.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The size and composition of the Board and its various committees are reviewed on an annual basis and the current size and composition are considered appropriate for the Company.

Board composition and re-election / Independence of NEDs

Apart from the two Executive Directors, the Board currently includes six Non-executive Directors (including the Senior Independent Director and the Chairman), who all bring considerable knowledge, skills and experience to the Group and all of whom, save for Nomzamo Radebe, are considered independent. In addition, Bright Laaka is appointed as the permanent alternate to Nomzamo Radebe.

The independence of our Non-Executive Directors is reviewed by the Board from time to time to ensure that they remain capable of providing unbiased and objective contribution to boardroom discussions.

Peter Todd is a founder of the Osiris Group of companies which provides corporate finance and administrative services to global clients, including the provision of Directors' services. Peter sits as an Administrative Director on many companies incorporated in Mauritius, (acting as Director to fulfill the requirement to have resident Directors for global business companies) and was a Director of certain companies that became associated with Grit. However, he has resigned as a Director of such companies that had an association with Grit. In the past and on an ad hoc basis, certain of the Osiris companies have provided administrative services to Grit.

Sir Samuel Jonah is the founder and controlling shareholder of Mobus Properties (Ghana) Limited ("Mobus"), a privately-held Ghanaian property investment, development and management company focusing on commercial and residential property development. On 14 April 2018, Grit announced the acquisition of a 47.5 per cent interest in Capital Place Limited from Mobus for US\$8.5m. The acquisition was financed through the issue of shares to Mobus and as a result, Mobus is currently a shareholder of Grit (not substantial shareholder).

David Love is the Chief Financial Officer of Knight Frank Investment Management ("KFIM") in the UK. For the purposes of the audited financial statements for the year ended 30 June 2020, Knight Frank LLP were appointed as Independent Valuer for the Grit's existing portfolio. KFIM is a totally independent and different business unit than Knight Frank LLP and the valuation team involved in the engagement. Knight Frank LLP

highlight that there is a clear separation between the businesses.

The Board has considered these relationships for each of Peter Todd, Sir Samuel Jonah and David Love and does not consider that their independence as Non-executive Directors of Grit is impacted.

Diversity in the Board

Gender balance of the Board

June 2019	Male 5 Female 3
June 2020	Male 4 Female 3
December 2020	Male 5 Female 3

Demographics of the Board

June 2019	White 6 Black 2
June 2020	White 5 Black 2
December 2020	White 6 Black 2

All directors are subject to retirement by rotation and re-election by the Company's shareholders annually at the Company's AGM.

As is best practice, the Board is continually assessed to ensure it maintains an appropriate balance of skills and experience. During the year under review, the untimely passing of Ian Macleod was the only change to the Board. Subsequent to year end, on 17 September 2020, Mr Johnny Crichton was appointed as Independent Non-executive Director.

The specific reasons why the Board considers that each director's contribution is, and continues to be, important to the Company's long-term sustainable success are set out in the Directors' biographies on pages 112 and 113.

Board Evaluation

In Q2 and Q3 of the calendar year 2020, an external evaluation of the Board, its Committees, the Chairman of the Board and Company Secretary was undertaken, facilitated by ONE Advisory Limited. Following a briefing provided by the Chairman of the Board, each of the Directors was issued with a questionnaire to elicit the views and opinions of individual Directors on all aspects of the effectiveness of the Board and its Committees. These included composition, experience, dynamics, the Chairman's leadership, and the extent to which the Board and its Committees fulfil their roles and responsibilities with particular regard to strategy, oversight of risk and succession planning, as well as covering progress with the areas for development identified in the previous year's external evaluation.

The review highlighted that the Board and its Committees are operating effectively and adding value.

Areas of improvement noted during the year include:

- Interactions with shareholders in respect of the Group's remuneration arrangements and incentive schemes;
- Improvements in the Group's system of internal controls and finance function; and
- Improvement in the Group's internal monthly reporting.

Key initiatives agreed as a result of the evaluations include:

- Scheduling Board and Committee meetings with a minimum of one week between same, where practicable, to ensure sufficient preparation time and to allow the Chairman of each Committee sufficient time to prepare reports for the Board on the outcomes of each Committee meeting;
- Ensuring that all Board and Committee Packs are circulated a minimum of 7 days in advance of each Board and Committee meeting;
- The finalisation of succession planning for the Group's executives and Senior Management (SMT);
- The use of both internal and external pay gaps and pay ratios when determining executive remuneration;
- The scheduling of a 2021 strategy day at which the Group's management will provide a presentation in relation to how the Group effectively identifies, assesses, monitors and responds to the organisation's key risks; and
- The attendance by all Board members at the Company's AGM to ensure that all Board members, and in particular the Chairman of the respective Committees, are present to respond to any shareholder's queries.

One advisory, in consultation with the Chairman of the Board and of each of the respective Committees, has put in place appropriate action plans in response to the evaluation findings and will review progress during the course of the financial year 2020/21.

Training and development

In addition, new appointees are appropriately familiarised with the Group's business in accordance with the Group's approved induction programme.

The programme aims to familiarise newly appointed incoming directors with the Group's operations, Senior Management (SMT) and its business environment. They are also provided with guidance pertaining to, and to induct them in their fiduciary duties and responsibilities, including but not limited to the SEM Listing Rules, the UK Listing Rules and EU Market Abuse Regulation compliance. Directors continue to receive ad hoc briefings and trainings from time to time on relevant new laws and regulations, as well as on changing economic dynamics risks.

A list of trainings followed by the directors is maintained during each financial year, which enables the Board to review the professional development and ongoing education of directors. As part of the Board Evaluation process, information in this respect is collected.

AUDIT, RISK AND INTERNAL CONTROL

Audit Committee and independent auditors

For further information on the Company's compliance with the Code provision relating to the Audit Committee, including a report on the function of the Group's internal auditors, and external auditors, please refer to the Audit Committee Report on pages 124 to 128.

Please also refer to:

- the Independent Auditors' Reports; and
- Page 166 for the Board's statement on the Annual Report and accounts being fair, balanced and understandable.

Risk management and internal control

Risk management is key to our business at Grit. The Board recognises that effective risk management is key to the long-term sustainable success and future growth of the business and the achievement of the Group's strategic objectives. The Board has delegated the monitoring responsibility to the Risk Committee. Risk management is embedded in the Company's decision-making. There is an ongoing robust process for identifying, evaluating and managing the principal risks faced by the Group, together with a process for identifying those emerging risks which may impact the Group in the future.

The Board is responsible for overseeing and regularly reviewing the current risk management and internal control mechanisms.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

KPMG, appointed as Internal Auditor in June 2018, has also carried out an Enterprise Risk Assessment (ERA) for the Company, following which, the Internal Audit Plan had been approved. The ERA is being subject to review and amendments.

Information on the Company's approach to risk is set out in the Risk Management Framework section of the Strategic Report on pages 36 to 44 and in the Risk Committee Report on pages 148 to 153.

Conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. A Non-Executive Director's independence could be impinged, where a Director has a conflict of interest. Accordingly, the Board operates a policy that restricts a Director from voting on any matter in which they might have an interest. Prior to all major Board decisions, the Chairman requires the Directors to confirm that they do not have a potential conflict with the matter being discussed and in the affirmative, the Director is excluded from discussions and/or voting.

Directors are required to notify the Company as soon as they become aware of a situation that could give rise to a conflict or potential conflict of interest. The register of conflicts of interest is regularly reviewed by the Board to ensure it remains up-to-date. The Board are satisfied that potential conflicts have been effectively managed throughout the period. The Company Secretary maintains the register of interests and a copy is available to the shareholder upon written request to the Company Secretary.

Information Technology ("IT") Governance ("ITG")

The Board is ultimately responsible for ITG within Grit. The Risk Committee has the duty to ensure that the IT risks insofar as they relate to financial reporting and the going concern status of the Company are adequately managed. At quarterly Risk Committee meetings, IT reports are submitted to report on the performance of the IT infrastructure and whether all associated risks are being managed properly. At the same time, monthly performance monitoring reports are pulled from the IT system and submitted to the CFO and the COO. Where a need for significant expenditure on IT is identified, the C-Suite, the Risk Committee and ultimately the Board would approve any budget prepared in that respect.

The management of IT and information security governance has been outsourced to an IT service provider.

Grit has IT related policies, which include, but are not limited to the following:

IT Information Security and Acceptable Use Policy;
 • Information Policy;
 • Information Technology Policy;
 • Internet and Email Policy;
 • Mobile Device Security Policy;
 • Computer Virus Policy;
 • Software Policy;
 • Access codes and Passwords Policy; and
 • Physical Security Policy.

The IT Information Security and Acceptable Use Policy can be found on Grit's website at <https://grit.group/governance/> and in accordance with such policy, restrictions are placed over the right of access to information.

REMUNERATION

The Company's remuneration policies and practices are designed to support strategy and promote long-term sustainable success. The Board considers that they are aligned to the Company's purpose and values and linked to the successful delivery of the Company's long-term strategy.

Information about the Company's remuneration policy and the rewards made to the Company's employees is set out in the Remuneration Committee report on pages 130 to 143.

Special resolutions passed during the last financial year

Annual General Meeting 2019

1. SPECIAL RESOLUTION NUMBER 1 – GENERAL AUTHORITY TO ISSUE SHARES FOR CASH ON A NON-PRE-EMPTIVE BASIS

RESOLVED AS A SPECIAL RESOLUTION that the Company be granted a general authority to allot and issue shares (including any options or convertible securities that are to be converted into shares) for cash and sell shares from treasury (as applicable), to such person/s on a non-pre-emptive basis as detailed in the notice of the meeting.

The management of IT and information security governance has been outsourced to an IT service provider.

2 SPECIAL RESOLUTION NUMBER 2 – ANTECEDENT DISTRIBUTIONS (REDUCTION IN STATED CAPITAL)

RESOLVED AS A SPECIAL RESOLUTION that the Company be authorised to make a distribution to shareholders as antecedent distributions by reducing the Company's stated capital by an amount not exceeding US\$12.2m in accordance with the provisions of section 62 of the Mauritian Companies Act, 2001 and subject to satisfying the solvency test in terms of section 6 of Mauritian Companies Act, 2001.

3 SPECIAL RESOLUTION NUMBER 3 – SHARE BUY-BACK

RESOLVED AS A SPECIAL RESOLUTION that the Company be authorised to make market purchases of its own shares on such terms and in such manner as the Directors shall from time to time determine as elaborated in the notice of the meeting.

It was noted that all the resolutions put to the meeting had been passed by the requisite majority of shareholders.

A copy of the AGM minutes is available on the website at <https://grit.group/governance/>

Disclosures required by publicly traded companies under Rule 7.2.6R of the UK Listing Authority's Disclosure and Transparency Rules

The following disclosures are made pursuant Rule 7.2.6R of the UK Listing Authority's Disclosure and Transparency Rules (DTR).

As at 30 June 2020:

Details of significant direct or indirect holdings of securities of the Company are set out in this Integrated Report. The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities or on voting rights.

There are no persons who hold securities carrying special rights regarding control of the Company.

All ordinary shares carry one vote per share without restriction. Holders of unlisted options and performance rights do not have voting rights.

The Company's rules about the appointment and replacement of Directors are contained in the Company's constitution and accord with the Mauritus Companies Act 2001 (2001 Act). Amendments to the

Company's constitution must be approved by the Company's shareholders by passing a special resolution.

The Company may exercise in any manner permitted by the 2001 Act, any power which a public company limited by shares may exercise under the 2001 Act. The business of the Company is managed by or under the direction of the Directors. The Directors may exercise all the powers of the Company except any powers that the 2001 Act or the constitution requires the Company to exercise in a general meeting.

Subject to any rights and restrictions attached to a class of shares and in compliance with the 2001 Act, the Company may allot and issue unissued shares and grant options over unissued shares, on any terms, at any time and for any consideration, as the Directors resolve. This power of the Company can only be exercised by the Directors.

The Company may reduce its share capital and buy-back shares in itself on any terms and at any time. However, the 2001 Act sets out certain procedures which must be followed in relation to reductions in share capital and the buy-back of shares.

BOARD OF DIRECTORS

Grit is led by an effective unitary tier Board, whose role is to promote the long-term sustainable success of the Company, generating value for stakeholders. The Board, being well aware of their legal duties, act in accordance with the Company's purpose, culture, values and strategy. The Board is committed to the highest standards of business integrity, transparency and professionalism in all of its activities so as to ensure the continued success of Grit.

The Directors do not have a relationship with the organisation or with the majority of shareholders, other than set out under Note 34 of the AFS on Related Parties.



Peter McAllister Todd [61]
British
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed to the Board: 14 August 2014
Appointed as Chairman: 12 April 2018

Peter is a qualified attorney and began his career as the senior tax manager at Arthur Andersen and Associates in Johannesburg. He joined TWS Rubin Ferguson in 1993 as a tax partner and was instrumental in listing several companies on the JSE.

In 2000, Peter established Osiris Group in the British Virgin Islands and Mauritius to provide international corporate finance and administrative services to global clients. Peter has significant understanding of the property industry in the UK, South Africa and the rest of Africa.

Other listed directorships: Nil

Committees: Investment (Chairman), Nomination (Chairman), Remuneration and Social & Ethics

Residency: Mauritius



Bronwyn Corbett – [39]
Chief Executive Officer
South African
EXECUTIVE DIRECTOR
Appointed to the Board: 12 May 2014
Appointed as CEO: May 2014

Bronwyn Corbett is a founding member and the CEO of Grit.

Born in South Africa, Bronwyn qualified as chartered accountant, served on several property company boards and played a key role in listing South Africa's largest sovereign underpinned real estate investment trust (REIT), where she held the roles of both Chief Financial and Chief Investment Officer, before co-founding what would become Grit Real Estate Income Group.

Under Bronwyn's leadership, Grit has achieved consistent dollar-based distributions and returns and has grown the portfolio from two assets of US\$140m at listing to 52 assets, currently valued in excess of c.US\$820m across eight African jurisdictions.

Bronwyn was recognized as the 2019 EY Entrepreneur of the Year (Southern Africa) in the Exceptional Category and was also a past winner of the South African Institute of Chartered Accountants (SAICA) Top CA(SA) under 35 Award.

Other listed directorships: 1 (Letlolo La Rona Limited)

Committees: Investment and Social & Ethics

Residency: Mauritius



Leon Van de Moortele [45]
Chief Financial Officer
South African
EXECUTIVE DIRECTOR
Appointed to the Board: 30 June 2015
Appointed as CFO: April 2015

After completing articles with PwC, Leon moved to the Global Risk Management Services within PwC, where he became the Senior Manager in charge of Data Management. He is a Chartered Accountant and also holds an Honours Degree in Accounting Science.

In 2004, Leon moved to Solenta Aviation where he became Group Finance Director within 18 months. During his tenure as Group Finance Director, the Group expanded from 12 aircraft to 48 aircraft, operating in eight African countries (including South Africa, Mozambique, Algeria, Ghana, Gabon, Kenya, Tanzania and Ivory Coast).

Leon joined Grit in April 2015 as CFO, where he has continued to utilise his tax structuring knowledge and experience in operating in Africa to expand the asset base of the Group.

Other listed directorships: Nil

Committees: Risk Committee

Residency: Mauritius



Catherine McIlraith [56]
Mauritian
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the Board: 24 November 2017

Catherine holds a Bachelor of Accountancy, and has been a member of the South African Institute of Chartered Accountants since 1992. She served her articles at Ernst & Young in Johannesburg and then joined the Investment Banking industry. Catherine has held senior positions at Ridge Corporate Finance, BoE NatWest and BoE Merchant Bank in Johannesburg. In 2004, she joined Investec Bank Mauritius where she was Head of Banking until 2010.

Catherine held various independent non-executive board positions in Mauritius including AfrAsia Bank Ltd, Les Gaz Industriels Ltd and The Mauritius Development Investment Trust Co Ltd. She has also been a member of the Financial Reporting Council (FRC) and is a Fellow Member of the Mauritius Institute of Directors.

Other listed directorships: 7 (Astoria Investments Limited, CIEL Limited, Les Gaz Industriels Ltd, Barak Fund SPC Limited, MUA Limited and Mauritius Union Assurance Company Limited, Paradise Hospitality Group Limited)

Committees: Nomination, Social & Ethics (Chairman), Risk (Chairman), Audit (Chairman) and Remuneration (Chairman)

Residency: Mauritius



David Love [55]
New Zealander
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the Board: 4 December 2018

David Love is a Fellow Chartered Accountant, qualifying with Deloitte, and holds a BCom and LLB (Hons First) in Land Law, Equity and Trusts. He has over 20 years' experience in the real estate investment sector.

He has been instrumental in the completion of a number of high profile European real estate transactions including the listing of Picton Property Income Limited on the LSE and the formation of a £1.4b UK Property Authorised Investment Fund. David is currently the CFO of Knight Frank Investment Management.

Other listed directorships: 1 (Paradise Hospitality Group Limited)

Committees: Audit, Risk, Investment and Social & Ethics

Residency: United Kingdom



Sir Samuel Esson Jonah, KBE, OSG [71]
Ghanaian
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the Board: 21 February 2019

Sir Samuel Jonah is one of Africa's leading businessmen and internationally recognised as a leading business executive. He obtained a Master's degree in Management from Imperial College, London following which he worked for Ashanti Goldfields and became CEO of the company in 1986.

Sir Jonah was elected Foreign Member of the United States National Academy of Engineering in 2018.

An Honorary Knighthood was conferred on him by Her Majesty the Queen in 2003 and in 2006, he was awarded Ghana's highest national award, the Companion of the Order of the Star.

Other listed directorships: 2 (Roscan Gold Incorporation, Helios Towers UK)

Committees: Investment, Remuneration and Social and Ethics

Residency: Ghana

BOARD OF DIRECTORS (CONTINUED)



Johnny Crichton [65]
British

INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed to the Board: 17 September 2020

Jonathan ("Johnny") holds a combined Honours degree in History and Politics from the University of Exeter, UK and currently serves as an Independent Non-executive Director and is a member of the Risk Monitoring Committee of MCB Bank Ltd, the main subsidiary of MCB Group in Mauritius.

Johnny retired in 2012, after a 32-year career with HSBC where he held a wide range of senior positions in the Group covering corporate and retail banking as well as control support functions such as Audit and Risk. His last position was Head of Wholesale Risk Asia Pacific where he was responsible for the Asia Pacific corporate credit portfolio.

He also served as Head of Credit HSBC France and Head of International at HSBC Bank plc UK, with oversight of Sub Sahara Africa. His other assignments included posts in Asia-Pacific, Middle East and Europe.

Johnny is a fellow of the Mauritius Institute of Directors and a former fellow of the Financial Services Institute of Australia as well as the Institute of Financial Services, UK.

Other listed directorships: Nil

Committees: Audit and Risk

Residency: Mauritius



Nomzamo Radebe [43]
South African

NON-EXECUTIVE DIRECTOR
Appointed to the Board: 24 November 2017

Nomzamo Radebe is a qualified Chartered Accountant who has furthered her studies in real estate, with a successful career spanning over 20 years.

Nomzamo is the Chief Executive Officer of Excellerate Real Estate Services. She is a former Chief Investment Officer of Pareto Limited, and prior to this, she worked as a Director and in the Sasol Group treasury unit as a Treasury Operations Manager. Nomzamo was awarded the IPM Business Leader of the year 2016 and the Five Star Woman award by the Women Property Network in 2009.

Other listed directorships: 1 (Munich Reinsurance Company of Africa Limited)

Committees: Investment, Nomination and Social & Ethics

Residency: South Africa



Bright Laaka [40]
South African

INON-EXECUTIVE DIRECTOR (PERMANENT ALTERNATE TO NOMZAMO RADEBE)
APPOINTED TO THE BOARD: 29 NOVEMBER 2018

Bright has 17 years' experience in Business Development, Sales and Marketing. He holds a BSc (Agric), MSc Production Physiology and an MBA in Entrepreneurship.

Bright is the founder and CEO of Rural Development Alliance Group in South Africa. He is a member of the SA BRICS Agribusiness, a technical advisory and business development working group, as well as Alpha Africa Foundation, a non-profit organisation that primarily works in rural areas to improve the livelihood of community members.

Bright is also a former New Business Development Manager for two multinational companies listed on the New York Stock Exchange.

Other listed directorships: Nil

Committees: Investment, Nomination and Social & Ethics (as permanent alternate to Nomzamo Radebe)

Residency: South Africa



Commodity House Phase 1 - Maputo, Mozambique

DETAILS OF DIRECTORSHIPS HELD IN OTHER ORGANISATIONS

Peter Todd
Osiris Management Services Ltd
Osiris Secretarial Services Ltd
Osiris Corporate Solutions (Mauritius) Ltd
Osiris International Trustees Limited
Starlite Aviation Operations Ltd
Starlite Africa Training Ltd
Carroll Industrial Holdings Ltd
Aspera Capital Management Ltd
Heavy Lift Charters Limited
Hover Aviation Insurance Ltd
Orbit Insurance Ltd
Snode Technologies Ltd
Daytona Technologies Ltd
Daytona Holdings (Mauritius) Ltd
Daytona Capital Management Ltd
Diaspora Technologies Ltd
SONS Investments Ltd
Cathral Investments Seventy Two (Pty) Ltd
GB Fund Services Ltd
Substantiation Investments SPC Ltd
Rock PHB Ltd
VATit Group Limited
Sandown Motors Ltd
Grit Services Limited

Bronwyn Corbett
Copapax Proprietary Limited
Bowwood and Main No 117 Proprietary Limited
Phamog Properties Proprietary Limited (under Voluntary Liquidation)
Choice Decisions 300 Proprietary Limited (under Voluntary Liquidation)
Atterbury Parkdev Consortium Proprietary Limited (under Voluntary Liquidation)
Delta International Bahrain SPC
Dorado 1 Ltd
Gateway Real Estate Africa Ltd (previously known as Gateway Delta Development Holdings Limited)
Africa Property Development Managers Ltd
Letlolo La Rona Limited
BGL Investments Limited
Beachcomber Hospitality Investments Ltd

Leon van de Moortele
Abland Diversified Holdings Limited
BGL Investments Ltd.
BH Property Investments Limited
Casamance Holdings Limited
CD Properties Limited
DIF 1 Co Ltd
Freedom Asset Management
GERANIA LTD
GMS Mauritius Limited
GR1T Capital Co Ltd
HM&K PROPERTIES LIMITED
IDC Kenya Investments Limited
Kitwe Mukuba Investments Limited
Leisure Property Northern (Mauritius) Limited
Lusaka Cosmopolitan Investments Limited
Mara Delta (Mauritius) Property Limited
Ndola Kafubu Investments Limited
Pangea Holdings 2 Limited
Pangea Holdings Limited
Paradise Consultancy Services Limited
Paxton Investments Limited
Transformers Holdings Mauritius Ltd
BME Kenya Investments Limited
GRIT MANAGEMENT SA (PTY) LTD
Grit Services Limited
IWH Kenya Investments Limited
SAL INVESTMENT HOLDINGS LTD.
Zambian Property Holdings Limited
ZIMPETO IMOBILIARA, LIMITADA
MALL DE TETE, LIMITADA
GATEWAY PROPERTIES, LIMITADA
Delta International Bahrain S P C
COMMOTOR, LDA
S & C IMOBILIARIA, LDA
DELTA TETE, LDA
COGNIS 1, LDA
Mara Viwandani Limited
Warehously Limited
MUKUBA MALL LIMITED
KAFUBU MALL LIMITED
GRIT ACCRA LIMITED

Leon van de Moortele (cont'd)
GRIT WEST AFRICA LIMITED
CADS DEVELOPERS LIMITED
Delta Tete Limitada
Van de Moortele Properties Pty Ltd
Orbit Africa Logistics
Gr1t Urban Logistics
Beachcomber Hospitality Investments Ltd

Catherine McIlraith
Les Gaz Industriels Ltd
CIEL Limited
Astoria Investments Limited
CIEL Finance Limited
MUA Limited
MUA Life Limited
Bolt Talents Solutions Ltd
Marina Joint Investment Limited
Canal Duplex Investment Limited
Que Pasa Investment Limited
Paradise Hospitality Group Limited
Barak Fund SPC Limited
The Mauritian Union Assurance Company Limited
Blue Roof Limited

Nomzamo Radebe
Munich Re-insurance Company of Africa Limited
Excellerate Property Services (Pty) Ltd
Excellerate Real Estate Services (Pty) Ltd, trading as JHI
JHI Retail Proprietary Limited
Gensec Property Services (Lesotho) (Pty) Ltd
Venus Africa Properties (Pty) Ltd
Drive In Trading (Pty) Ltd
Rehna Investments (Pty) Ltd

Samuel Jonah
Mobus Property Developers
Roscan Gold Incorporation
Jonah Capital
Iron Mineral Beneficiation Services
Helios Towers UK
University of Cape Coast

Bright Laaka (permanent alternate to Nomzamo Radebe)
Rural Development Alliance Group
Phetolo Health and Strategies & Solutions
Aria Energy
BrightVest Africa

David Love
AD Mathias Limited
Paradise Hospitality Group Limited

Johnny Crichton
Creator Management Company I Ltd
Creator I, LLC
Neobalano Carpus Ltd
Creator Management Company II Ltd
Credor II, LLC
Cycas
Latinia Limited
Creator Management III Ltd
Ardisia Limited
Commelina Ltd
Cydista Ltd
Creator Management IV Ltd
Carlina Ltd

EXECUTIVE COMMITTEE

The Board has delegated the execution of the Group's strategy and the management of the Group's daily operations to the Executive Committee, which comprises of the Executive Directors, the C-suite and the Senior Management Team (SMT).

The organisational chart is set out at pages 122 & 123.

Executive Directors & C-suite members



Bronwyn Corbett
CHIEF EXECUTIVE OFFICER

See Board of Directors on page 112 for Bronwyn's biography.



Moira van der Westhuizen
CHIEF OPERATING OFFICER
BCom (Hons), CA (SA)

Moira joined the company in May 2016, initially as the Chief Integration Officer. She holds a B Com (Honours) degree from the University of South Africa and is a qualified Chartered Accountant.

She has over 20 years of experience in finance, business and auditing, which included running her own accounting business for many years and then going into partnership as the Audit Partner in an Audit and Accounting practice. In 2008, she moved to Mauritius and worked for Investec Bank, and later CCI Global (Mauritius) Limited as the Group Financial Controller. As Chief Operating Officer, Moira brings a wealth of experience and expertise to the Company.



Darren Veenhuis
CHIEF STRATEGY OFFICER
CA(SA)

Darren joined Grit in October 2018 to head up the Company's investor relations function following its successful debut on the main market of the LSE earlier that year. A former Director and Head of CEMEA equity sales at Deutsche Bank (London), he successfully led the distribution of numerous initial public offerings, block trades and secondary market sell downs across local emerging market and London Stock Exchanges.

Prior to joining Deutsche Bank in 2006, Darren worked in Structured Syndicate at JP Morgan (London) and Ernst & Young in both London and South Africa. Darren is a qualified South African Chartered accountant, has been an associate member of the Institute of Chartered Accountants of England and Wales since 2010 and a CFA Institute Charter Holder since 2005.



Adam Nisbet
HEAD OF INVESTMENT
BSc. Hons. QS, CAPM

Adam joined Grit in May 2019 as Head of Investment. Previously Adam was with Collins Property Projects (a division of JSE-listed Tradehold Limited), where he held the position of Development Director responsible for all of the Group's development and refurbishment projects in Africa with direct involvement in the asset management function.

Prior to Collins, Adam cut his teeth in the property sector when he was appointed by Investec Bank in Durban to risk manage the bank's significant development finance positions across South Africa.

Adam brings considerable experience in property development throughout Africa with specific expertise in the development management from inception to final account of large commercial projects across industry sectors including industrial, office and residential.



Jaco van Zyl
HEAD OF TREASURY
BCompt (Hons), BCom, CA(SA) CertT

Jaco holds a BCom degree from the North West University, a BCompt (Honours) degree from the University of South Africa and he is a qualified Chartered Accountant. He also holds an Affiliate Membership with the Association of Corporate Treasurers (ACT).

After completing his articles, he moved to Federal Airlines as Financial Manager and ultimately assumed responsibility of the full finance function of the company operating in South Africa and Mozambique.

In January 2012, he joined the exploration drilling division, Geosearch of the JSE-listed group, Sentula Mining, as the Financial Manager and developed into the CFO for the Geosearch group. The group operated across SADC, East, West and Central Africa.

Since joining Grit in February 2016, Jaco has held various finance roles assuming responsibility for the Group's reporting and treasury function, effectively flowing funds within the Grit structure and maintaining debt facilities. Jaco was instrumental in the 2018 LSE listing and, in early 2019, formed the Treasury Department for the Group, which he now heads up.



Andries Smit
HEAD OF REAL ESTATE
BSc QS

Andries joined Grit in 2019 from Benir Projects (Pty) Ltd ("Benir"), an international projects and facilities management company. As Managing Director of Benir, Andries was responsible for the successful execution of multimillion-rand projects across multiple sectors.

His oversight duties included compiling client briefs and determining the scope of work, representing clients at professional team meetings, managing the execution of construction projects against timelines as well as co-ordinating the relocation arrangements of corporate departments. Other responsibilities included regular quality control inspections of sub-contractor works to ensure compliance to specifications.

Prior to joining Benir, Andries was the Managing Director of Motseng Selmec, a specialist facilities management and infrastructure group where he gained experience in telecommunication infrastructure management as well as FMCG facilities management.

As a former director of Comserv Mozambique Lda, an infrastructure maintenance company, Andries has first-hand experience of operating in that country.



Leon van de Moortele
CHIEF FINANCIAL OFFICER

See Board of Directors on page 112 for Leon's biography.

EXECUTIVE COMMITTEE (CONTINUED)

Senior Management Team (SMT)



Debby Kippen
GROUP ASSET MANAGER
B.Soc.Sci

Debby joined the company in 2017. She has over 30 years' experience in the Commercial Property Industry. After graduating from UCT, she started her career at Fedsure for a period of fifteen years, which was subsequently acquired by Investec Property Group. Initially, starting out in Marketing, she progressed into Retail Centre Management and Portfolio Management for the Kwa Zulu Natal (KZN) and Eastern Cape portfolios. Debby then joined Eris Property Group, where she headed up the KZN office as Regional Manager for KZN and Eastern Cape for 11 years, where she was responsible for growing the Group's business as well as managing existing assets for both third party and internal clients in commercial, retail and industrial portfolios.

During her career, she has also focused on the management of rural property developments in the Eastern Cape and northern KZN. She has represented property owners on various Association Boards and was the founding Chairperson of the Board for the Umhlanga Village UIP.

Prior to joining the Company, Debby was the General Manager at Broll Property and Facilities Manager for Broll Property Mauritius. As Group Asset Manager, Debby brings a wealth of experience and expertise to the business.



Bevan Smith
HEAD OF STRATEGIC PROJECTS
CFA, BCom (Acc) (Hons), CA (SA)
BCom (Acc) (Hons), CA (SA), CFA, MRICS

Bevan joined Grit in 2015 as an Investment Manager. During his career at Grit, Bevan has held various positions within the Company and is currently the Head of Strategic Projects. Bevan has closed multiple transactions for the Company, implemented various corporate initiatives and oversees Grit's hospitality portfolio.

Prior to joining Grit, Bevan held the position of Investment Principle at a private equity healthcare focused infrastructure fund, prior to which he was the Head of Finance at Accelerate Property Fund ("APF"), following his role in APF's successful listing on the JSE in 2013. Prior to joining APF, Bevan spent 3 years in EY's corporate finance division, where he gained experience in due diligence, valuations, lead advisory, business modelling and other related activities.

Bevan is a qualified South African Chartered Accountant, a CFA Institute Charter Holder and is a member of the Royal Institute of Chartered Surveyors.



Shabnam Bundhoo
HEAD OF GROUP FINANCE
FCCA

Shabnam joined Grit in June 2019 as the Head of Group Finance. She holds an ACCA and is now a fellow of the Association. Prior to joining Grit, Shabnam was with CCI Global (Mauritius) Limited ("CCI"), where she worked through the ranks to ultimately hold the position of Finance Director Africa, responsible for subsidiaries in Mauritius, South Africa and Kenya.

As a Board member of CCI, Shabnam was responsible for the company's growth into other sub-Saharan African regions, providing leadership to all aspects of financial stewardship and implementing business improvement processes and manage the audits. She was also involved in the budgeting process and strategic development of the business. She helped develop the Kenyan site from a hundred to 500 employees.



Terence Kretzmann
HEAD OF CORPORATE FINANCE
B.Com, B.Com (Hons), M.Com (Financial Management)

Terence joined Grit in August 2019 and has over 19 years' experience in finance and corporate finance related roles, having worked on a number of listings, de-listings, capital raisings, mergers and acquisitions, and private equity transactions in various industries across Africa with both listed and private companies.

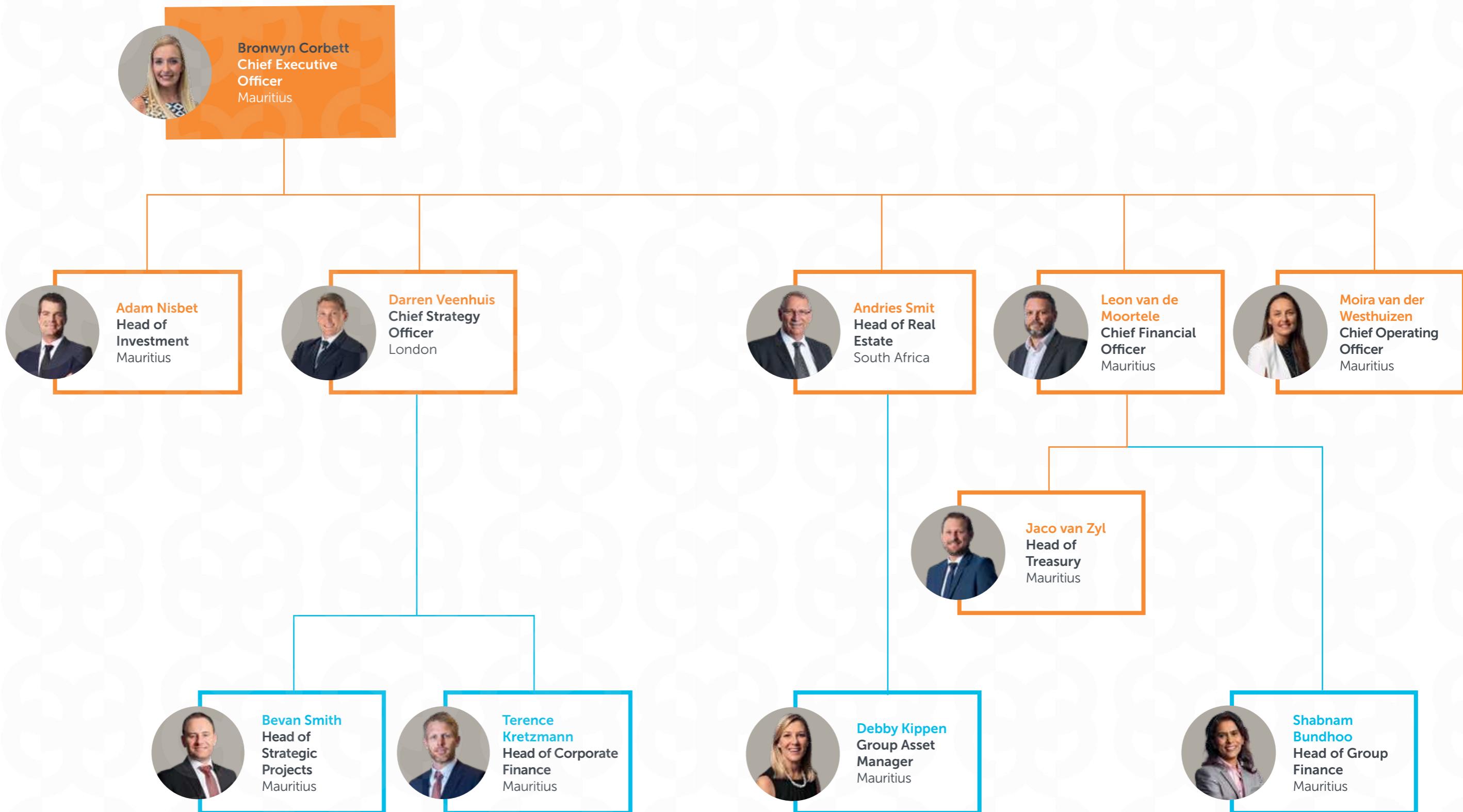
He holds a Masters in Financial Management from UCT, majoring in advanced corporate finance, strategic cost management and risk, and has completed the JSE approved executives programmes for sponsors dealing with ethics, corporate governance, takeover law, the JSE Listings Requirements and the Companies Act (South Africa).

Terence has previously served as the CFO of a JSE listed investment holding company and while at Tradehold, a JSE listed property investment company, completed the acquisition of a portfolio of 120 properties for R8bn (cUS\$500m).



Anfa Place Mall - Casablanca, Morocco

ORGANISATIONAL STRUCTURE



AUDIT COMMITTEE REPORT



Cathy McIlraith

Chairman of the Audit committee

The Audit Committee ("Committee") is primarily responsible for providing the Board with additional assurance regarding the efficacy and reliability of the financial information used by the Directors to assist them in the discharge of their duties and reviewing interim and annual financial statements and the integrated annual report.

2020/21 Focus Areas:

- Monitor compliance with the applicable code (s) of Corporate Governance
- Review our internal financial control procedures to ensure they continue to operate effectively

Committee Composition

During the year under review, the Committee was composed of three independent Non-executive Directors with a wide range of experience including finance and real estate. The Chairman, Catherine McIlraith is a Chartered Accountant and has an appropriate level of recent and relevant financial experience to discharge her duties as Chairman of the Committee.

On the 14 June 2020, sadly Ian Macleod passed away leaving the Committee with two members.

On the 17 September 2020, the Board approved the appointment of Johnny Crichton as an Independent Non-Executive Director, to fill in the vacancy post the demise of Ian Macleod, who is also a member of the Committee.

Cathy McIlraith

Chairman of the Audit committee

The Audit Committee ("Committee") is primarily responsible for providing the Board with additional assurance regarding the efficacy and reliability of the financial information used by the Directors to assist them in the discharge of their duties and reviewing interim and annual financial statements and the integrated annual report.

Meetings of the Committee

During the year under review, the Committee met four times in September 2019, November 2019, February 2020 and June 2020.

Members of the Committee	Independent	No. of meetings	Attendance
Catherine McIlraith, Chairman	Yes	4/4	100%
Ian Macleod	Yes	4/4	100%
David Love	Yes	4/4	100%

Members of the C-suite and Senior Management Team (SMT), including the Chief Executive Officer, the Chief Financial Officer, the Chief Operations Officer, the Head of Group Finance, the Head of Treasury and representatives of both the external and internal auditors are invited to attend each Committee meeting.

The External Auditors have unrestricted access to the Committee.

During the year, the Chairman of the Committee has met/discussed with the External Auditors without the presence of Management.

Roles and responsibilities

The Committee's roles and responsibilities are set out in the Audit Committee Charter ("Committee Charter"), which has been approved by the Board. This Committee Charter is available on the Company's website at <https://grit.group/governance/>

The Committee Charter is reviewed annually by the members of the Committee and the Board.

Key Responsibilities

External audit – Oversight and remuneration of the external auditor, assessing effectiveness and making recommendations to the Board on the appointment of, and the policy for non-audit services provided by, the external auditor;

Investment property valuations – Considering the valuation process and outcome and the effectiveness of the Company's valuers;

Financial reporting – Monitoring the integrity of the Company's financial statements and any formal announcements relating to financial performance, and considering significant financial reporting issues, judgements and estimates;

Internal audit – Monitoring and reviewing reports on the work performed by the internal auditor and reviewing effectiveness, including its plans and resourcing;

Annual report - Advise the Board on various statements made in the annual report, including those on going concern, risk and controls and whether, when read as a whole, the Annual Report is true, fair, balanced and understandable and provides the information necessary for the shareholders to assess strategy, business model and performance; and

Evaluations - Annually reviewing the expertise, resources and experience of the CFO and finance function and disclosing the results of the review in the integrated report.

In order to assess the financial statements, the Committee regularly reviews reports from members of the finance team and External Auditors who are invited to attend the Committee's meetings. Through face-to-face discussions and detailed written reports, the Committee is able to understand the business rationale for transactions and how they are being recorded and disclosed in the financial statements. The Committee also discusses accounting principles with the external auditor.

Key activities during the year:

- nominated and recommended PwC Mauritius for appointment as external auditors of the Group;
- approved the fees to be paid to the auditors and the auditor's terms of engagement;
- ensured that the appointment of the auditors complied with the provision of the Companies Act of Mauritius 2001, and any other legislation relating to the appointment of auditors;
- determined the nature and extent of any non-audit services that the auditor may provide to the Company;
- pre-approved any proposed agreement with the auditor for the provision of non-audit services to the Company;
- prepared a report, which has been included in the annual financial statements of the Company for the financial year under review;
- approved the Internal Audit plan;
- acknowledged, reviewed and discussed critical policies, judgments and estimates; and
- made submissions to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting.
- focus on working capital model

AUDIT COMMITTEE REPORT (CONTINUED)

- going concern assessment - refer to the Directors' report for full details
- hosted valuation meetings with the Independent valuers and with the Auditors
- discussions with the Independent valuers on the assumptions underlying the valuations, the methodology used and areas where a greater level of judgement was required - refer to the Investment property note in the annual financial statements and the CFO's report for further details on the valuations

On 29 July 2020, the Company completed its de-listing from the Main Board of the JSE Limited (the "JSE") and is now primarily listed on the LSE, with a secondary listing on the SEM.

On 3 August 2020, the Company's LSE stock quote was changed to Sterling, which is expected to provide broader access to investors in the United Kingdom and should result in improved liquidity over the medium term.

To facilitate the Group's eligibility for inclusion in the FTSE UK Index Series, the Group is intending to move to the premium listing segment on the LSE and is further exploring the possibility of redomiciling its corporate seat to Guernsey.

Under the SEM Listing Rules, the Company is required to prepare and publish its abridged audited annual financial statements for its financial year ended 30 June 2020 within 90 days of its financial year end. However due to the complexities around COVID-19, an extension has been sought from the SEM to report by the 31 December 2020, rather than the ninety days' requirement.

It is a requirement of the rules of each exchange that Grit's financial statements be audited. The financial statements should be signed-off by auditors accredited with the LSE. For SEM purposes, the financial statements should be signed-off by an audit firm approved by the Mauritian Financial Reporting Council under the Mauritian Financial Reporting Act 2004.

The Committee has fulfilled its statutory responsibilities in compliance with its terms of reference for the year under review.

Significant financial judgements, key assumptions and estimates

Any key accounting issues or judgements made by management are monitored and discussed with the Committee throughout the year.

Regulatory compliance

The Committee has complied with all the applicable regulatory and legal responsibilities.

Statutory Auditor

PricewaterhouseCoopers (Mauritius) ("PwC Mauritius"), the Company's appointed statutory auditor, being a licensed auditor under the Mauritian Financial Reporting Act 2004, has the authority to sign-off on the audited financial statements of Grit for SEM purposes.

However, PwC Mauritius is not accredited with the LSE and so the Board has resolved to appoint PricewaterhouseCoopers LLP ("PwC UK"), being a duly accredited auditor with the LSE to sign-off on the Company's audited non-statutory Group financial statements for LSE purposes.

The tenure of the statutory auditors is for one year, subject to annual re-assessment as set out below.

Annual review of the External Auditor

The Committee reviewed the independence, objectivity and effectiveness of the external auditors, and based on our satisfaction with the results of the activities outlined above, we have recommended to the Board that PwC Mauritius should be re-appointed. It is the Company's intention to migrate its corporate seat to Guernsey following which the Company would be required to appoint a Guernsey accredited auditor.

Following the year end audit, the Committee assessed the effectiveness of the External Auditor. The assessment took into account the views of Senior Management (SMT) with regard to the Auditor's resources, objectivity, character, knowledge, organisation, judgements and quality of reporting.

As part of their review, the Committee reviewed the audit plan, which was focused on risk and materiality, and considered the quality of their planning, whether the agreed plan had been met, the extent to which it was tailored to our business and its ability to respond to any changes in the business.

After taking all of these matters into account, the Committee concluded that PwC had performed their audit effectively, efficiently and to a high quality. Accordingly, the Committee has recommended to the Board that PwC Mauritius be reappointed as Auditor to the Group for the year ending 30 June 2021. Any feedback arising from the annual assessment are discussed with the External Auditor for implementation into the audit plan for the next year end audit.

The Committee has satisfied itself that the Group's Chief Financial Officer, as well and the Group finance function has the appropriate expertise and experience.

Non-audit services

The objective of maintaining the Non-Audit Services Policy is to ensure that the provision of such services do not impair the external Auditor's independence or objectivity.

During the year under review, the following Non-audit services were performed by:

	June 2020 (US\$'000)	30 June 2019 (US\$'000)
PwC Mauritius & PwC UK	1,292	51

Non audit services provided by PwC during the current year related to services for the Step up to Premium Listing on the London Stock Exchange.

Internal audit

Internal Audit ("IA") is an independent, objective assurance and consulting activity designed to add value and improve Grit's operations, thus forming part of our 3rd line of defence. The internal audit function has been outsourced to KPMG Advisory Services Limited ("KPMG") since 2018. There is no restrictions placed over the right of access by internal audit to the records of the organisation, to the Management of the organisation or to the employees of the Company.

KPMG examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance. KPMG provides the Audit Committee and the Board with a quarterly report of its findings and recommendations for each review performed, including agreed management actions from management which, along with other sources of assurance, is used by the Board in making its assessment of the Group's system of internal controls and risk management.

KPMG operates within defined boundaries of authority as set out by the Audit Committee and the Board and follows the internal audit plan which is prepared using a risk-based approach, considering changes in risk profiles and emergence of new risks. An updated IA plan for the period 2020-2022 has been set out to incorporate the changing risk landscape. Emerging risks are considered at each Audit Committee and the plan and areas to be covered are updated accordingly.

The methodology used is based on the identification of key inherent risks through an enterprise risk assessment carried out in order to define the IA plan. For each business process under review, the process level risks are identified, and the IA approach consists in the verification of key controls in terms of design and effectiveness, in view of eliminating or reducing the risks to an acceptable level, and the formulation of necessary recommendations.

An annual IA plan has been approved by the Audit Committee, with a projection until 2022.

Internal Audit projects – GRIT	2019	2020	2021	2022
IT review – Mauritius	x		x	
Internal Financial Close		x		
– Listings' disclosure requirements		x		
Finance – Review of manual entries	x			
Treasury	x			x
Corporate governance		x		
Real estate management		x		x
Investment management			x	
Facilities management			x	
Fund raising: equity and debt				x
Finance			x	
Procurement & contract management				
People management & payroll		x		
Follow-up on past findings		x		x

AUDIT COMMITTEE REPORT (CONTINUED)

Any improvement points identified through the reviews conducted by the internal audit function are discussed with GRIT Management who commit on the implementation of adequate remedial steps. The Audit Committee and the Board monitors the agreed deadline to close on remedial actions.

The internal audit team maintains its independence through its internal policies and procedures designed to manage its professional competence, independence and objectivity. The independence of the internal audit team is also governed by the terms of its engagement letter with the Group. The Committee intends to do a formal review of KPMG's effectiveness during the following reporting period.

The IA function has a direct reporting line to the Audit Committee and maintains an open communication channel with Management. The internal audit team has unfettered access to the records, Management or employees of Grit. This reporting structure allows KPMG to remain independent and report all items of significance to the Audit Committee.

Overall, the Committee has been pleased with the work performed by KPMG and with the additional assurance received from their reviews. Management have actively embraced any recommendations raised and have acted swiftly to implement the limited number of recommendations identified.

Terms of engagement and fees paid to external auditor

Prior to the commencement of the annual audit, the nature and scope of the audit was discussed with the external auditors. Following this discussion, the committee, in consultation, with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year ended 30 June 2020. The Committee considered the fee to be fair and appropriate.

Finance function

The Committee has reviewed the consolidated and standalone financial statements of the Group and is satisfied that they comply with International Financial Reporting Standards.

The External Auditors have expressed an unqualified opinion on the statutory annual financial statements for the year ended 30 June 2020.

We are satisfied with:

- That Leon van de Moortele, the CFO, has the appropriate expertise and experience to meet his responsibilities in that position as required by the SEM and the LSE;
- The expertise and adequacy of resources within the finance function; and
- The experience of the senior financial management staff.

Going Concern

The Committee reviewed whether it was appropriate to adopt the going concern basis in the preparation of the results.

Refer to page 164 in the Directors Report for details on the going concern assessment.

Integrated report

The Committee has reviewed and commented on the financial statements and the disclosure of sustainability issues included in this Integrated Report to ensure that they are reliable and do not conflict with the financial information disclosed in this Integrated Report. This Integrated Report was recommended to the Board for approval.



REMUNERATION COMMITTEE REPORT



Cathy McIlraith

Chairman of the committee

The Remuneration Committee ("Committee") is delegated with the authority from the Board to establish an independent role to review and make recommendations to the Board on the Group's remuneration policy and practices, the payment of bonuses and retention schemes. The Committee ensures that all employees, Executive and Non-executive Directors are appropriately remunerated in accordance with Grit's strategy as well as its short- and long-term incentive schemes.

2020/21 Focus Areas:

- Implement new Long Term Incentive Plan (LTIP).
- Assess need to extend COVID-19 related salary reductions.
- Seek advice on debts and challenges related to COVID-19
- Assessing impact of new legislation on the Cost to Company and Remuneration package (Contribution Sociale Généralisée, Solidarity Levy).

The Committee attended to all activities set out in the Remuneration Work-Plan during the year, and in accordance with the Remuneration Charter ("Charter"). The Charter (which can be found on the company's website – <https://grit.group/governance/>) is in line with the requirements of the National Code of Corporate Governance for Mauritius 2016 ("NCCGM"). The Committee Charter is reviewed annually by the Board.

The Committee assists the Board in an independent role, with matters including, inter alia, monitoring, reviewing and approving compensation policies and practices of the Company and administering the Company's share incentive schemes, making recommendations to the Board for its consideration and final approval.

Committee Composition

The Committee comprises of four Independent Non-executive Directors whose biographies are set out in the Board and Committees section of this annual report.

Meetings of the Committee

During the year under review, the Committee met three times, in November (2019), February and May (2020).

Independent Non-exec Director	November 2019	February 2020	May 2020
Ian Macleod*	✓	✓	✓
Catherine McIlraith – Chairman**	x	✓	✓
Peter Todd	✓	✓	✓
Sir Samuel Jonah	x	✓	✓
David Love	✓	✓	x

* Late Mr Ian Macleod, the former Chairman of the Remuneration Committee passed away on 14 June 2020 and as a result the composition of the Committee was re-assessed.

** On 4 August 2020, the Nomination and Board approved the appointment of Cathy McIlraith as Chairman of the Committee.

Summary of work in 2019/2020

- Endorsed revisions to the Remuneration Charter and Work-Plan
- Reviewed Executives, fixed and variable remuneration to align with LSE market remuneration norms
- Approved the quantum of the Short-Term Incentive ("STI") for 2019 financial year
- Reviewed and approved changes to STI weightings
- Amended the Remuneration policy in respect of medical cover for dependents. With effect from August 2019, medical cover paid by the company will be for employees only. The cost to the company of additional dependents will now be aligned to our retention policy and reward length of service.

The COVID-19 pandemic did not leave Grit unscratched and C-Suite had to take extraordinary measures to save employment. All the measures implemented that impacted remuneration were highlighted and approved in the May 2020 Committee meeting.

Among these measures were:

- 6 months voluntary salary reduction of our staff which started in June;
- Restructuring of some departments;
- Took advantage of the Wage Assistance Scheme provided by the Government of Mauritius in March, April and May 2020;
- Discussed and agreed that there would be no salary increases for the following financial year;
- No bonuses will be awarded for financial year ending 2020.

Roles and responsibilities

The Committee is responsible for:

- ensuring that the Company remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes;
- overseeing the setting and administering of remuneration executive Directors and Senior Management (SMT) in the Company;
- overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance;
- ensuring that the Remuneration Policy is put to a non-binding advisory vote at the Company's AGM once a year;
- reviewing the outcomes of the implementation of the Remuneration Policy for whether the set objectives are being achieved;
- ensuring that the mix of fixed and variable pay, in cash, shares or other elements, meet the Company's needs and strategic objectiveness;
- satisfying itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
- ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- considering the results of the evaluation of the performance of the CEO and other executive Directors, both as Directors and as executives in determining remuneration; and
- selecting an appropriate comparative group when comparing remuneration levels.

The Committee endeavours to ensure that:

- through its monitoring role, the remuneration practices are applied fairly and consistently, in accordance with the remuneration policy;
- remuneration practices are compliant with the laws, governance principles and regulations of the jurisdictions in which the Group operates;
- quality staff are attracted, rewarded and retained;
- remuneration is regularly benchmarked against other similar peer-groups;
- variable remuneration is linked to the achievement of Corporate and Individual Performance Factors as outlined in the remuneration policy;

REMUNERATION COMMITTEE REPORT (CONTINUED)

- short and long-term incentives are reviewed regularly, to support transparent and continuous improvements to the design of the variable remuneration plans aligned to the market;
- employees are remunerated responsibly and fairly where equal pay for work of equal value is afforded to all employees; and
- remuneration is aligned with the Group's objectives and long-term strategy and reflect the culture of the Group through a balanced mix of short and long-term performance-related pay where performance metrics remain effectively aligned with strategy.

Executive performance is closely aligned to business performance, with total remuneration being delivered through base and variable pay designed to reward achievement of long-term strategic targets. In a remuneration context, this means rewarding performance that reflects the strategic objectives of the Group.

The remuneration policy

The objective of the remuneration policy

The objective of the remuneration policy is to create a framework for managing and controlling remuneration, ensuring that the Group can effectively attract, retain and motivate the talent required to achieve desired business results.

The detailed policy sets out Grit's approach to remunerating all employees, across all elements of remuneration, including fixed and variable pay as detailed below.

The remuneration policy, and its application, is reviewed on an ongoing basis to ensure that the pay outcomes are competitive and in accordance with regulatory requirements.

During the coming year, the Committee will conduct a comprehensive review of its remuneration policy to ensure alignment with the Company's strategic aims, vision, attitude to risk and culture, aligned to the LSE peer groups.

Ongoing and transparent dialogue with shareholders is important to inform the Committee's thinking on remuneration matters.

A copy of the complete Remuneration Policy can be found on the company's website at <https://grit.group/governance/>

Remuneration philosophy

Grit has a performance-based remuneration philosophy that promotes the Group's entrepreneurial culture, recognising that remuneration, including short- and long-term incentives, play a key role in:

- facilitating the attraction and retention of staff;
- reinforcing the alignment of individual staff objectives with Grit business objectives;
- motivating individual and corporate performance to deliver shareholder value; and
- equal remuneration for work of equal value.

Grit's remuneration philosophy is to structure remuneration packages in such a way, that long and short-term incentives are aimed at achieving both the business objectives and delivering shareholder value.

The following guiding principles underpin the performance-based remuneration philosophy which applies to all staff:

Total remuneration: Grit Group adopts both guaranteed and variable pay to reward its staff. The variable pay currently comprises of a short-term incentive (STI) plan, a long-term incentive (LTI) plan and a Discretionary Bonus based on Outstanding Contributions to the business. The total remuneration will comprise an appropriate balance of these reward elements. In the context of a relatively newly established company embarking on a high growth phase, the mix of these elements will initially be weighted more heavily towards variable pay.

Market competitive: The Company's defined market position for Total Guaranteed Pay is at the 50 percentile or median, with a bell-shaped curve around the median, ranging from new entrants at the lower end to sustained high performers at the higher end of the pay-scale.

External benchmarking against the peer group is conducted every 2 years and Grit Group endeavours to pay at or around the industry specific median for on-target performance. The opportunity to earn remuneration at an outperformance level supports delivering higher reward to individuals only when the company achieves higher than target (expected) returns. The primary peer group for purposes of benchmarking pay will comprise of other similar sized property funds multi-listed on the London, Mauritius &

Johannesburg Stock Exchanges. Benchmarking is used only as a guide to determining market competitiveness of remuneration levels.

Performance linked: Grit Group's performance-based pay philosophy is designed to ensure that the executives have an element of their total remuneration tied to Grit Group's performance through variable pay. Variable remuneration will therefore be linked to pre-defined performance measures. Each year, the Committee will consider the performance measures to ensure that they are appropriate and challenging in the context of the prevailing business environment and reinforce the business strategy. The performance measures in the incentive plans will be limited in number and individual measures will be tailored to maximise accountability and will include non-financial measures.

Grit Group embraces defensible differentiation in pay whereby a greater proportion of reward is distributed to the highest performers.

Flexibility: As Grit requires specialist skills which are key to the success of the business, Senior Management (SMT) identifies critical skills and competencies required to support the business growth. The adopted remuneration structures must be able to adapt and evolve with changing business and human resource needs.

Affordability: Total remuneration costs need to be affordable at an individual corporate entity level and justifiable to employees and stakeholders.

Simplicity and transparency: The reward philosophy, principles and structures are to be openly communicated, to internal and external stakeholders, with the annual reward opportunity and alignment to individual performance being communicated to the individual. Remuneration structures must not be overly complex to communicate, administer and understand. Open communication assists in the engagement of employees by supporting an environment of trust and stakeholder confidence regarding remuneration issues.

Sustainability: The remuneration policy and practices are designed to support long term value creation for all stakeholders as well as compliance with regulatory changes.

Remuneration elements

The following table sets out the key elements of Grit's remuneration structure:

NO.	REMUNERATION ELEMENT	
1.	Guaranteed Package (Excluding Expatriate Allowances)	Grit Group applies the remuneration approach, also referred to as 'guaranteed package'. This is the non-variable element of total remuneration. The value of the guaranteed package reflects the individual's competencies and skills and is reviewed annually in June effective from July each year.
	Definition	
	Policy	Increases are discretionary and are determined with reference to projected consumer price inflation, affordability within the legal entity, skills scarcity, internal value (position in the job hierarchy), individual performance and external value (relative positioning to the market). External benchmarking is conducted every 2 years and Grit Group endeavours to pay at or around the industry specific median for on-target performance. Benchmarking will be conducted using local/country executive remuneration surveys as well as peer group companies.
	Strategic Intent and Eligibility	To attract, retain and motivate employees to achieve operational and strategic objectives. To reward all permanent employees for completion of their base role requirements and competencies.
	Performance Link	Individual performance and competence.

REMUNERATION COMMITTEE REPORT (CONTINUED)

NO. REMUNERATION ELEMENT

2. Benefits	
Definition	Medical Insurance benefit provided to all employees relevant to the jurisdiction. Benefits are benchmarked against market practices from time to time to ensure they remain competitive.
Policy	Participation in medical insurance schemes is relevant to the jurisdiction . Medical Insurance is compulsory unless the employee provides proof that he or she is a dependant of an alternative registered scheme. Contributions shall be in accordance with the plan selected in terms of job level, the cost of which shall be paid by the company and calculated as part of the Total Guaranteed Salary. However, the cost of the medical insurance is excluded from guaranteed salary in terms of calculating STI & LTI payments .
Strategic Intent and Eligibility	To enhance the employee value proposition available to employees relevant to the different jurisdictions.
Performance Link	None
Definition	Group Life and Disability
Policy	Risk benefits of: <ul style="list-style-type: none"> • 3x annual guaranteed salary (excluding medical insurance) Group Life Cover. • Disability Cover which is split into two categories: TTD –Total Temporary Disability of up to 75% of guaranteed salary (for the first 12 months) and PHI – Permanent Health Insurance of up to 75% of guaranteed salary (after 12 months of TTD cover up until retirement age of 65) is provided to all employees. Normal retirement age for the executive is 65 years.
Strategic Intent and Eligibility	To enhance employee value proposition available to all employees in all jurisdictions.
Performance Link	None

NO. REMUNERATION ELEMENT

3. Short-term Incentives (STI) – STI Plan and Discretionary Bonus	
Definition – STI Plan	A short-term incentive to reward Executives, Senior Management and key talent who achieve and exceed their individual and company annual performance targets. Participating Employees only become eligible to benefit from the STI scheme after successful completion of the 6-month probation period.
Policy	Performance is assessed against specific annual performance criteria (Key Results Areas – KRAs), both at a corporate level and an individual level. To receive payment, the recipient must be in the employ of the company at the time of payment and must not be under notice of termination or poor performance. STI awards will be paid annually between October and November once the financial figures have been finalised and audited. Awards are at the sole discretion of the Committee. Joiners starting on or after 1 st July will participate in the plan on a pro rata basis following the successful completion of the 6-month probation period. Details of the STI are set out in a separate document.
Strategic Intent and Eligibility	To encourage superior performance by rewarding key/strategic employees against the achievement of their KRAs. To attract, motivate and retain strategic employees who are accountable for, and contribute to, the achievement of key short-term business performance measures.
Performance Link	The STI plan is a key driver of the company's strategy. This is demonstrated through the careful selection of performance criteria (Key Results Areas - KRAs) that are aligned to the company's strategy. The performance metrics are consistent with long-term value creation.
Definition – Discretionary Bonus	An opportunity to formally recognize employees at any level who have made an exceptional contribution to the business, on a once-off or short-term basis, which is over and above the employee's normal job requirements and is worthy of recognition. OUTSTANDING CONTRIBUTION AWARD POLICY To provide employees with a tangible reward to an outstanding contribution of a short-term nature. To motivate employees to achieve excellence in their day-to-day business as they work towards achieving the Company's objectives. To reinforce the values of the Company by acknowledging outstanding achievements which embody the Grit values. Details of the Outstanding Contribution Award Policy are set out in another document.
Strategic Intent and Eligibility	To encourage a culture of going above and beyond the requirements of the job and recognising outstanding performance and contribution to the business at all levels in the Company.
Performance Link	Extraordinary performance over and above achievement of KRAs.

REMUNERATION COMMITTEE REPORT (CONTINUED)

NO. REMUNERATION ELEMENT

4. Long-term Incentive Plan

Definition	The purpose of the long-term incentive (LTI) is to create a strong link between performance and reward by providing a variable/at risk element of Senior Executive remuneration that focuses on performance and/or service over a period of generally five years. It aims to align the interests of Senior Executives with those of shareholders and to aid in maintaining a stable Senior Executive team.
Policy	<p>The LTI plan (the LTIP) is affected through the Share Trust (or the relevant future LTIP document that may apply). Company policy in relation to the LTI is reflected in the Rules of the LTIP.</p> <p>Details of the LTI are set out in a separate document and is supported by:</p> <ul style="list-style-type: none"> • LTI Scheme Rules • Offer letter
Strategic Intent and Eligibility	<p>Attract and Retain key employees.</p> <p>Align reward programmes with shareholder expectations.</p> <p>Link rewards to organisational success over a multi-year period.</p> <p>Link rewards to organisational success over a multi-year period.</p> <p>Provide wealth accumulation opportunities.</p> <p>Deliver market competitive total compensation.</p>
Performance Link	<p>The LTI plan is a key driver of the company's strategy. This is demonstrated through the careful selection of performance criteria (Key Results Areas - KRAs) that are aligned to the company's long-term strategy.</p> <p>The performance metrics are consistent with long-term value creation.</p>

Guaranteed package

Annual adjustments to Guaranteed Package are discretionary and are determined with reference to a projected consumer price inflation, affordability within the legal entity, skills scarcity, compa-ratio, internal value (position in the job hierarchy), individual performance and external value (relative positioning in the market). Appraisal of performance remains a major factor in the determination of an individual's guaranteed package.

Special adjustments at an Executive level, which may become necessary in the course of a year, which cannot wait until next annual review of salaries, must be pre-approved by the Remuneration Committee, CEO and CFO, as appropriate. Special Adjustments to Senior Management and Staff must be pre-approved by the Executives.

Adjustments may be made upon promotion to a higher level, with Executive promotions being subject to the approval of the Remuneration Committee, CEO and CFO, as appropriate and, promotions at a staff level, being subject to the approval of the Executives.

After a review of the benchmark data which now includes the UK Market as a result of the LSE Listing, the performance of the executives, as well as prevailing market conditions and the factors specified in the remuneration elements table above, the Executive Directors were awarded an increase in their cost to company package of 3.5%, effective on 1 July 2019. Resulting from COVID-19, the executives voluntarily agreed to a salary reduction of 20% from April 2020 for 3 months. The reduction has been reviewed to 10% as from July 2020 for an undetermined period.

Short-term incentive (STI) Plan

An **STI award** is an incentive award funded by corporate performance beyond minimum threshold levels. Such a reward is made to individuals who achieve a minimum moderated performance rating score each year. The STI is therefore a payment that varies each year in accordance with annual corporate performance factor (CPF) of the Group and the individual performance factor (IPF) of the individual.

The actual individual STI award is determined by a formula which is set each year by the committee and recommended to the Board for final approval. The generic formula is set out below:

$$\text{Individual STI Award} = [\text{Guaranteed package}] \times [\text{STI target\%}] \times [(CPF) + (IPF)]$$

$$\text{STI payment} = \text{TGP} \times \text{on-target \% (grade specific)} \times [(\text{Corporate Performance Factor} \times \text{weighting}) + (\text{Individual Performance factor} \times \text{weighting})]$$

Grit's strategy is to retain its Talents. The STI is one of the reward strategies put in place to recognise and retain our Talents. Previously, the STI was based on 4 categories as per below:

PARTICIPANTS		STI ON TARGET
Job Level 18-17		80%
Job Level 16-15		50%
Job Level 14-13		33.3%
Other Key Talent Job Level 11-12**		17%

Due to the business growth and increase in human capital, a new level of 'Middle Managers' has been created. To differentiate Middle Management from Key Talent, we introduced a new category of 25% for the Middle Management within our STI range.

PARTICIPANTS		STI ON TARGET
Job Level 18-17		80%
Job Level 16-15		50%
Job Level 14-13		33.3%
Job Level 12*		25%
Other Key Talent Job Level 11-12**		17%

The weights between the Corporate Performance and Individual Performance factors are as follows:

PARTICIPANTS	COMPANY	INDIVIDUAL
Job Level 18-17	70%	30%
Job Level 16-15	60%	40%
Job Level 14-13	50%	50%
Job Level 12*	40%	60%
Other Key Talent Job Level 11-12**	30%	70%

* Level 12 employees identified as Middle Managers, eligible to an STI of 25%. Criteria are:

- Forfeit of 13 months.
- Level 12 up (Middle Management not in Senior Management Team).
- Completion of a full year of employment.
- If probation is completed, but employed less than 1 year, STI is based on 17%.

** Level 12 employees not in a Middle Management position.

Individual Performance Factor (IPF)

Individual Performance Factor will be determined according to the overall performance evaluation outcome as set out below.

Moderated performance appraisal rating	Description	Individual Performance Factor (IPF for 2020 Financial Year)
1	Unsatisfactory Performance	0%
2	Needs Improvement	0%
3	Meets Requirements	80%
4	Exceeds Requirements	100%
5	Outstanding performance	120%

The Committee retains the discretion to review and moderate STI awards to avoid any unexpected outcomes. The Board approves the STI awards, considering the recommendations made by the Committee. Awards under the STI plan are not guaranteed and Management reserves the right to amend the design of the plan from time to time.

REMUNERATION COMMITTEE REPORT (CONTINUED)

Corporate Performance Factor (CPF)

The CPF is determined through the careful selection of corporate key results areas that are aligned to the company's strategy. These corporate KRAs are reviewed regularly and approved each year by the committee for ratification by the Board. Achievement against these KRAs will determine the CPF.

For 2019/2020, the corporate KRA was a target of 12% Total return.

Long-term incentive plan

The long-term incentive plan ("LTIP") reinforces the remuneration philosophy of 'performance-based pay' and helps to develop and maintain a performance-oriented culture. Performance-related pay is characterised by meaningful differentiation of variable pay in accordance with robust performance targeting and measurement over a sustained period.

The LTIP is a key driver of the strategic priorities of the Group. This is demonstrated through the careful selection of performance criteria (key results areas – KRAs) that are aligned to the Group's strategy and result in performance sustained over the longer term, in line with shareholder interests and long-term value creation.

The purpose of the LTIP is to provide a long-term performance and retention incentive scheme which aligns the interests of participants with the Company's shareholders, by motivating them, through participation, to increase the long-term growth in shareholder returns.

Award Criteria

The LTIP award criteria is set annually by the Board, on the recommendation of the Remuneration Committee.

The amount of an award will be based on both individual and Company performance. The gatekeeper for any award is the achievement of the distribution target for the financial year under review plus positive NAV movement (or 10% reduction if a result of Rights Offer).

Awards will be based on the level of employment and multiples of annual guaranteed salary, as follows:

Annual Guaranteed Salary x

Staff Level Allocation Multiplier x

$[(\text{Individual Performance Factor} \times \text{Individual Performance Weighting}) + (\text{Company Performance \%} \times \text{Company Performance Weighting})]$

Staff Level Allocation Multiplier:

STAFF LEVEL	ANNUAL ALLOCATION MULTIPLIER
Grade 18	3.5
Grade 17	3.0
Grade 14 – 16 (Exec Management)	2.5
Grade 13 – 14 (Senior Management)	2.0
Grade 12	1.0

Individual and Company Performance Weighting:

Individual and Company performance will be weighted according to the level of influence and area of impact that the Participant has on the results of the Company, as follows:

STAFF LEVEL	COMPANY	INDIVIDUAL
Grade 18	75%	25%
Grade 17	70%	30%
Grade 14 – 16 (Exec Management)	60%	40%
Grade 13 – 14 (Senior Management)	50%	50%
Grade 12	30%	70%

Individual performance will be measured against the achievement of individual key performance indicators over the previous financial year, as follows:

Moderated performance appraisal rating

DESCRIPTION		INDIVIDUAL PERFORMANCE FACTOR
1	Unsatisfactory performance	0%
2	Needs improvement	0%
3	Meets requirements	80%
4	Exceeds requirements	100%
5	Outstanding performance	120%

Company performance is weighted to achievement of distribution targets (70%) and NAV growth (30%), with such weighting being set annually by the Board.

Company performance is measured against the following criteria:

Distribution Target Metrics

TARGET	RESULT	AWARD ALLOCATION
0.0% - 7.39%	Not achieved	0%
7.4% - 8.89%	Achieved	100%
8.9% - 11.0%	Exceeded (120% of target)	120%
11.1% and above	Stretch (150% of target)	150%

NAV Growth Target Metrics

TARGET	RESULT	AWARD ALLOCATION
-10%	Failed	-50%
0.0%	Not achieved	0%
4.0%	Partially achieved (within 80% of target)	50%
5.0%	Achieved	100%
6.0%	Exceeded (120% of target)	120%
7.5%	Stretch (150% of target)	150%

The Committee shall prior to the vesting date in respect of an award assess and determine the extent to which the vesting criteria imposed by the Board have been achieved and make a recommendation to the Board in this regard. Subject to the vesting criteria having been achieved, the shares granted shall vest on the agreed vesting date. If the vesting criteria have not been met, the Board may extend the vesting date accordingly.

Participants are to maintain a performance level of 3 (meets requirements) and above during the vesting period in order to meet the vesting criteria. The vesting period will be extended by any period for which the participant's performance level drops below 'meets requirements' rating.

Our existing LTIP policy has been in place since it was approved by 92% of shareholders at the 2017 AGM. Following two non-binding advisory votes for consecutive years (2018 and 2019), more than 25% of our shareholders voted against our Remuneration Policy primarily due to the terms of the current LTIP scheme, citing the overruling power of the Committee to change the vesting period.

Accordingly, during the year the Committee commenced a comprehensive review of the Company's remuneration policy and, in particular, the terms of the current LTIP scheme. The purpose of the review was to ensure that the remuneration policy and LTIP scheme continued to align with the Company's strategic aims, vision, attitude to risk and culture, and was appropriately aligned with the UK Code of Corporate Governance. Completion of this review was delayed whilst the Company and its Directors and Senior Management (SMT) focused their attentions on securing the stability of the Company throughout the COVID-19 pandemic and migrating the Company to Guernsey. The review remains ongoing and the Committee recently re-engaged consulting with some of the Company's major shareholders on, amongst other things, the design and implementation of a new LTIP scheme to replace the existing LTIP scheme. It is intended that this new LTIP scheme for executives will be put before shareholders for approval together with a new remuneration policy at a general meeting to be held in the first quarter of 2021. Until such time as a new long-term incentive is approved by the Company's shareholders in general meeting, no further awards shall be granted to executive directors under the existing LTIP scheme. Furthermore, in respect of outstanding awards held by Executive Directors under the existing LTIP scheme, the Committee has decided that it will not retest the performance conditions applying to those awards to the extent that the performance conditions are not satisfied in full at the end of the original performance period.

Executive Director contracts

The Executive Directors do not have fixed term contracts with the Company. In October 2019, their notice periods were extended from 3 months to 12 months to ensure a succession in the event of termination and mitigating the risk of sudden loss of intellectual property.

There is no provision in the contracts for loss of office payments, other than those required by employment law.

Implementation of the remuneration policy

During the 2020 financial year, the remuneration policy of the Group was applied.

The remuneration and benefits for the executive management comprised the following elements:

REMUNERATION COMMITTEE REPORT (CONTINUED)

Executive Directors

2020

	Basic Salary (US\$'000)	Other Benefits (US\$'000)	Performance Bonus (US\$'000)	Total 2020 (US\$'000)
B Corbett	473	45	327	854
L van de Moortele	368	35	166	569

2019

	Basic Salary (US\$'000)	Other Benefits (US\$'000)	Performance Bonus (US\$'000)	Total 2019 (US\$'000)
B Corbett	487	25	92	569
L van de Moortele	384	37	57	478

Basic Salary:

Despite the 3.5% annual increase on basic salary implemented in July 2019, there has been a decrease in basic salary due to the voluntary 20% salary reduction taken by the Executive Directors for the period of April to June 2020.

Other Benefits:

Other benefits include car allowance, school allowance, medical aid benefits and subsistence and travel allowance. During the financial year, Bronwyn travelled extensively, resulting in an increase in her 'Other Benefits' from 2019.

Performance Bonus:

The performance bonus reflecting in 2020 was the short-term incentive (STI) awarded for the 2019 financial year. The Committee approved this STI award based on Corporate Performance Indicators (CPI) which was 79% based on dividend yield and NAV growth. The individual performance was rated by the Board members based on portfolio vacancy, cash-flow management, gearing target, cost of debt and controlled operating cost.

In addition to the executive emoluments disclosed above, Bronwyn Corbett received Non-executive Directors fees from an associate Lett Ole La Rona Limited amounting to US\$9,449 in the current year (2019: NIL).

Other Senior Management Team (SMT)

2020

	Basic Salary (US\$'000)	Other Benefits (US\$'000)	Performance Bonus (US\$'000)	Total 2020 (US\$'000)
Other Senior Management Team* (7)	1,011	215	190	1,416

2019

	Basic Salary (US\$'000)	Other Benefits (US\$'000)	Performance Bonus (US\$'000)	Total 2019 (US\$'000)
Other Senior Management Team* (7)	644	65	71	780

Basic Salary and Other Benefits:

Although the number of Senior Management Team members remained the same as 2019, the increase is due to three members who joined Grit towards the end of the Financial year 2019 and have been employed full year in the financial year of 2020.

Performance Bonus:

The performance bonus reflecting in 2020 was the short-term incentive (STI) awarded for the 2019 financial year.

LTI Awards

Details of awards of share options granted pursuant to the Grit Share Incentive Plan which are held by the Directors are as follows:

Share options	Vesting Date	Option strike price	GROUP	
			30 June 2020 '000	30 June 2019 '000
Bronwyn Corbett			875	875
Opening balance of share options			341	341
- Initial award	30 June 2019	US\$140	534	534
- 2017 award	30 June 2022	US\$140		
Awards granted during the year	30 April 2025	US\$0.89	1,281	-
Options exercised during the year*			-	-
Options vested during the year		US\$1.40	(341)	-
Closing balance of share options			1,815	875
- Initial award	30 June 2019	US\$1.40	-	341
- 2017 award	30 June 2022	US\$1.40	534	534
- 2017 award	30 April 2025	US\$0.89	1,281	-
Leon van de Moortele			489	489
Opening balance of share options			216	216
- Initial award	30 June 2020	US\$140	273	273
- 2017 award	30 June 2022	US\$140		
Awards granted during the year	30 April 2025	US\$0.89	925	-
Options exercised during the year			-	-
Closing balance of share options			1,414	489
- Initial award	30 June 2020	US\$140	216	216
- 2017 award	30 June 2022	US\$140	273	273
- 2017 award	30 April 2025	US\$0.89	925	-

* In accordance with the rules of the GEST, Remco and the Board approved a portion (US\$224k) of the loan against these vested share options to be written off. See note 25.

	Date of grant of award	Number of Ordinary Shares	Vesting date for award
Bronwyn Corbett	30 June 2017	534,375	June 2022
	01 May 2020	1,280,906	April 2025
Leon van de Moortele	30 June 2015	215,862	June 2020
	30 June 2017	273,597	June 2022
	01 May 2020	924,897	April 2025

REMUNERATION COMMITTEE REPORT (CONTINUED)

Non-Executive Directors' fees

The table below sets out the Non-executive Directors' fees paid for years 2019 and 2020.

Non-executive Director name	Year ended 30 June 2020 (US\$'000)	Year ended 30 June 2019 (US\$'000)
Peter Todd	114	120
Ian Macleod	89	97
Catherine McIlraith	88	84
Nomzamo Radebe*	0	0
David Love	61	36
Samuel Jonah	57	20
Matshepo More**	0	45
Paul Huberman**	0	41

*Nomzamo Radebe is the representative for the shareholder Drive in Trading, which is a non-remunerated role.

**Neither of these were Board members for the financial year 2020.

Following discussions in the May 2020 Committee meeting, the Board agreed to a 20% reduction in their fees to align to the Group's voluntary salary reduction, a measure encouraged to support the business impacted by COVID-19 economic crisis.

The table below sets out the approved Non-executive Directors' fees for the year ending 30 June 2019 and 2020.

Board and Committees	FY 2020 US\$ (Annual fee)*	FY 2019 US\$ (Annual fee)
Non-executive Director	45,220	47,600
Additional Payments:		
Chairman of the Board	45,220	47,600
Senior Independent	22,610	23,800
Chairman of Audit committee	22,610	23,800
Chairman of a Sub-Committee	7,980	8,400
Member of a Sub-Committee	3,990	4,200

*Includes the 20% reduction in fees for the last quarter of financial year 2020.

The expected Non-Executive Director fees for the year ending 30 June 2021 are as follows:

Non-Executive Directors' remuneration	FY 2021 US\$ (Annual fee)
Board membership fees	
Chairman	85,700
Senior Independent	64,400
Members (4)	128,700
Committee fees	
<i>Audit committee</i>	
Chairman	21,500
Members (2)	7,600
<i>Risk committee</i>	
Chairman	7,600
Members (2)	7,600
<i>Nomination committee</i>	
Chairman	7,600
Members (2)	7,600
<i>Remuneration committee</i>	
Chairman	7,600
Members (2)	7,600
<i>Investment committee</i>	
Chairman	7,600
Members (2)	7,600
<i>Social and Ethics committee</i>	
Chairman	7,600
Members (3)	11,400

Note: The above expected NED fees include 10% reduction due to the COVID-19 cost saving initiatives and could be reviewed at a later stage.

The Non-executive Directors are not entitled to any remuneration in the form of share options or bonuses associated with the Company performance.

Non-Binding Advisory Votes at upcoming AGM

Both Grit's Remuneration Policy and its Implementation Report will be presented to shareholders for separate non-binding advisory votes thereon at Grit's upcoming AGM. In the event that 25% or more of shareholders vote against either the Remuneration Policy or the Implementation Report, or both, at the meeting, Grit will engage with shareholders through dialogue, requesting written submissions or otherwise, in order to address shareholders concerns, always with due regard to meeting Grit's stated business objectives while being fair and responsible toward both the employee and shareholders.

Results of AGM held in 2019

At the AGM held on 29 November 2019, the Remuneration policy and Implementation report were tabled and approved by shareholders.

The ordinary resolution relating to the non-binding advisory vote on the remuneration policy of the Company and ordinary resolution relating to the non-binding advisory vote on the implementation of the remuneration policy were voted against by more than 25% of the votes exercised by the Company's shareholders present in person or represented by proxy at the AGM. Accordingly, through the announcement issued to advise of the results of the AGM 2019, dissenting shareholders, were invited to consult the executives of GRIT.

NOMINATION COMMITTEE REPORT



Peter Todd

Chairman of the Nomination Committee

The Nomination Committee (the "Committee") has the primary objective to ensure plans are in place for orderly succession to both the Board and the Executive Committee, including senior management positions.

2020/21 Focus Areas:

- Succession planning and development; and
- Promoting diversity and inclusion at all levels

Committee Composition

The Committee consists of three Non-executive Directors, two of which are independent. During the year under review, the Committee comprised of the Directors in the table below.

Meetings of the Committee

During the year under review, the Committee met two times, in November 2019 and June 2020.

The Committee met only two times during the year since there were no proposal to appoint any prospective Independent Non-executive Directors and no curriculum vitae was to be tabled for consideration. Therefore, a Nomination Committee was not held in September 2019 and February 2020.

Members of the Committee	Independent	No. of meetings	Attendance
Peter Todd	Yes	2/2	100%
Ian Macleod* (Deceased on 14 June 2020)	Yes	1/2	50%
Nomzamo Radebe	No	2/2	100%
Catherine McIlraith (Appointed on 17 July 2020)	Yes	N/A	N/A

At the request of the Committee, the CEO, CFO, members of the Senior Management Team and external advisers may be invited to attend all or part of any meeting, as and when appropriate.

Roles and responsibilities

The Committee's roles and responsibilities are set out in the Nomination Committee Charter which has been approved by the Board. This Charter is available on the Company's website at: <https://grit.group/governance/>. The Committee Charter is reviewed annually by the Board.

Key Responsibilities

- reviewing the Board structure, the size and composition of the various committees and making recommendations;
- overseeing an adequate split between Executives and Non-executives;
- identifying and nominating new Directors for approval by the Board;
- ensuring that appointments to the Board are formal and transparent;
- ensuring induction and training of Directors;
- ensuring formal succession plans for the Board, CEO and Senior Management (SMT);
- performing an annual review of the proper and effective functioning of the Board and the various committees;
- agreeing, on an annual basis, all measurable targets for achieving gender and race diversity on the Board;
- considering the performance of Directors and take steps to remove Directors who do not make an appropriate contribution;
- sourcing and recommending to the Board a replacement for the CEO should the need arise; and
- ensuring plans are in place for orderly succession to both the Board and Senior Management (SMT) positions and oversee the development of a diverse pipeline for succession.

The annual evaluation of the effectiveness of the Board, its Committees and its individual Directors is conducted annually in September.

Key Activities during the Year under Review:

- discussed the key skills and experience needed on the Board in the context of future strategic direction and structural reform, including any areas requiring strengthening;
- conducted the search for independent Non-Executive Directors with the relevant skills and experience;
- considered the succession plans for the Board and the Executive Committee, including the rest of Senior Management;
- discussed the potential impact to the diversity of the Board when considering potential candidates for appointment to the Board;

- considered the diversity of the Board and the Executive Committee, including the rest of Senior Management, including the individuals noted as potential successors.
- considered any vacancies, new appointments or changes that would enhance the effectiveness of the Boards, with regard to group oversight and governance of subsidiary companies with due regard to local regulatory or legal requirements and best practice, and ensured an appropriate level of independent scrutiny at subsidiary level; and
- considered the independence of the Non-executive Directors.

Board appointment and re-election process

Although members of the Board are appointed by the Company's shareholders at the AGM, the Board has the authority to appoint Directors to fill any vacancy that may arise from time to time. These appointments are ratified by shareholders at the following AGM.

The Committee is tasked with identifying and recommending suitable Board candidates for the Board's consideration through a formal process. Directors are appointed based on their specific skills set, industry expertise and experience as well as the overall level of contribution they can make to the activities of the Group.

In accordance with the Company's Constitution, all directors are subject to retirement by rotation and re-election by the Company's shareholders annually.

Board changes during the year

A number of changes to the Board took place during the financial year under review, and during the period post the balance sheet date:

- Mr Ian Macleod passed away on 14 June 2020;
- Mr Catherine McIlraith was appointed as a member of the Nomination Committee effective as from 17 June 2020;
- Mr David Love was appointed as the Senior Independent Director (SID) on 04 August 2020;
- Mr David Love was appointed as a member of the Investment Committee effective as from 04 August 2020;
- Mrs Catherine McIlraith was appointed as the Chairman of the Remuneration Committee effective as from 04 August 2020; and
- Mr Jonathan Crichton was appointed to the Board as an Independent Non-executive on the 10 September 2020.

The Board extends its deepest condolences and sympathies to Ian's family and friends and would like to take this

NOMINATION COMMITTEE REPORT (CONTINUED)

opportunity to express its gratitude for his significant and highly valued contribution to the Company over the past five years, for all the good work done and advice given by Mr Ian Macleod, during his tenure as a Director.

Diversity - Valuing, Encouraging, and Supporting a Diverse Workforce

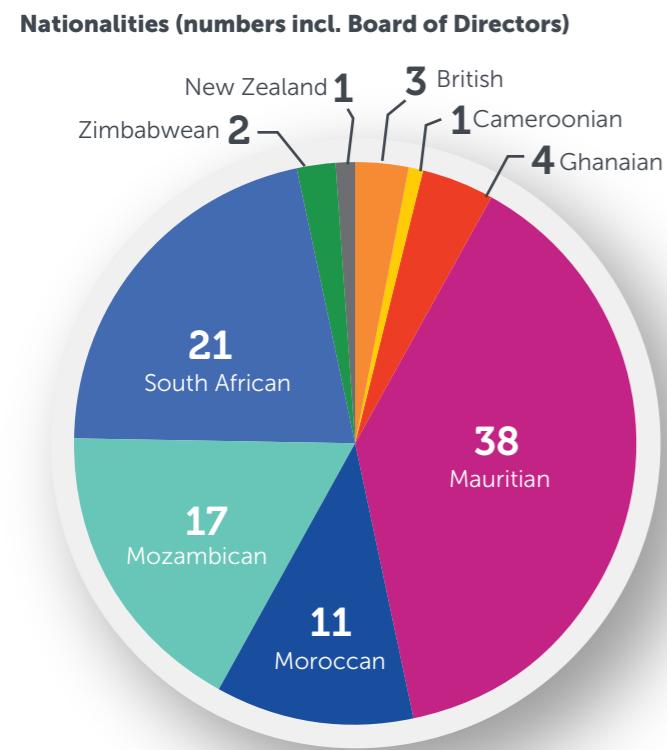
It takes diverse thinking and backgrounds to authentically understand the different segments of the Grit Group market. As an African business doing business on the African continent, Grit is committed to diversity, inclusion and localization.

Creating an environment of collaboration and mutual respect, Grit is committed to bringing together a wide range of people with diverse values, differing backgrounds, and varied experiences to leverage its knowledge base in the region where it operates.

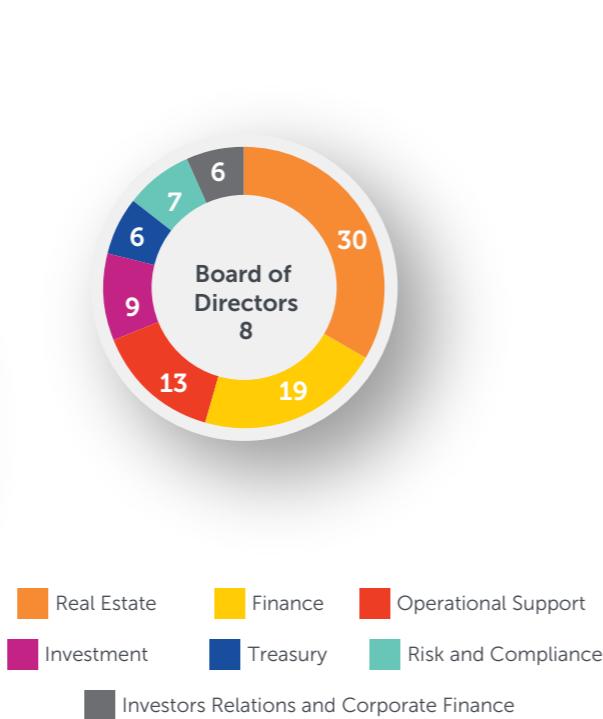
More broadly, the Company is committed to creating inclusive workplaces that welcome a diverse group of people, regardless of gender, gender identity, gender expression, transgender status, sexual orientation, class, race, religion, creed, colour, marital or family status, age, nationality, political association or disability.

Nationality of employees as at 30 June 2020

Grit has a diversified working force with employees having different nationalities as follows:



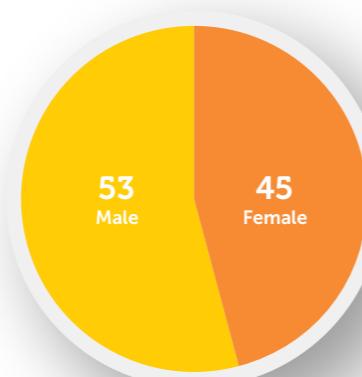
Headcount per department (numbers)



Diversity is considered at every level of recruitment. All appointments to the Board, and elsewhere, are made solely on merit with the overriding objective of ensuring that the Board maintains the correct balance of skills, length of service and knowledge of the Group to successfully determine the Group's strategy.

Gender Diversity (numbers incl. Board of Directors)

June 2020



Succession planning and development

As Directors, we have a duty and the responsibility to ensure the long-term success of the company, which includes ensuring that there is a pipeline of able and experienced people in the business for potential future Board and Senior Management appointments. Succession planning is a continuous process that identifies necessary competencies required by an organisation and works to assess, develop and retain a talent pool of employees to ensure a continuity of leadership within the organisation, for all critical positions. The Board views succession planning as crucial to the Company's sustainability. The Committee ensures that, as Directors retire, candidates with the necessary skills and experience are identified to ensure that the Board's competence and balance is maintained and enhanced, taking into account the Group's current and future needs.

In considering Executive Director succession, we address continuity in, and development of, the Management Team below Board level. Current Executive Directors have a long tenure. Whilst there are no immediate vacancies at Board level, we recognise that it is important to develop internal talent. Our development planning encourages employees to fulfil their potential and grow in their roles.

RISK COMMITTEE REPORT

REPORT



Cathy McIlraith

Chairman of the Risk Committee

The Board's responsibility for the establishment of a robust risk management system has been delegated to the Risk Committee (the "Committee") and is undertaken with the support of the internal audit function. The Committee provides support to the Board on the risk appetite and risk management of the Group and further identifies the risk areas of the Company's operations to be covered in the scope of the internal and external audits.

2020/21 Focus Areas:

- Ongoing review of the Group Wide Risk Register, Specific Emerging Risk Register and Risk Management Framework
- Continuous monitoring of the impact of COVID-19 on Company's business
- Review of the Enterprise Risk Assessment done by Internal Auditor, along with the Internal Audit Plan

Board
Overall responsibility for risk management and internal control
Sets strategic objectives and risk appetite
Sets delegation of authority limits for Senior Management
Risk Committee
Monitors and reviews the Group's risk registers
Identifies and evaluates key risks and tolerance levels and ensures they are appropriately managed
C-Suite
Reviews risks in line with business strategies and plans
Amends risks to align with strategy of company
Senior Management Team
Manages the Group's risk management procedures and identifies risks
Maintains the Group's risk registers
Reviews the operation and effectiveness of key controls
Provides guidance and advises to staff on risk identification and mitigation plans

Committee Composition

As at 30 June 2020, the Committee comprised of four Non-executive Director's, three of which are independent, as per table set out under "Meetings of the Committee".

Ian Macleod passed away on 14 June 2020 and as a result of his demise, it was required to re-assess the composition of the Committee.

On 17 September 2020, the Board approved the appointment of Jonathan Crichton as an Independent Non-executive Director. Mr Crichton is also a member of the Committee as at the date of this Report.

Meetings of the Committee

During the year under review, the Committee met four times in September 2019, November 2019, February 2020 and June 2020. The June 2020 meeting was held by teleconference, as a result of Directors not being able to travel to Mauritius, since the borders were closed, following the proliferation of the COVID-19.

Members of the Committee	Independent	No. of meetings	Attendance
Catherine McIlraith - Chairman	Yes	4/4	100%
Ian Macleod*	Yes	3/4	75%
David Love	Yes	4/4	100%
Leon van de Moortele	No	4/4	100%

*Ian Macleod passed away on 14 June 2020.

The Committee liaises closely with the Audit Committee and may invite any relevant persons to attend Committee meetings. The Chairman also reports all matters to the full Board.

Roles and Responsibilities

The Committee's roles and responsibilities are set out in the Risk Committee Charter, which has been approved by the Board. This Charter is available on the Company's website at <https://grit.group/corporate-governance/>

The Committee Charter is reviewed annually by the Board.

Role of the Committee

The Committee has an independent role, operating as an overseer and a maker of recommendations to

the Board for its consideration and final approval. The Committee does not assume the functions of Management, which remain the responsibility of the Executive Directors, officers and other members of Senior Management Team (SMT).

The role of the Committee is to assist the Board to ensure that:

- i. The Company has implemented an effective policy and plan for risk management that will continue to enhance the Company's ability to achieve its strategic objectives; and
- ii. The disclosure regarding risks is comprehensive, timely, accurate and relevant.

Responsibilities

The Committee performs all the functions as is necessary to fulfil its role as stated afore and including the following:

- i. Oversee the development and annual review of a policy and plan for risk management to recommend for approval to the Board;
- ii. Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes;
- iii. Make recommendations to the Board concerning the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the Board;
- iv. Oversee that the risk management plan is widely disseminated throughout the Company and integrated in the day-to-day activities of the Company;
- v. Ensure that risk management assessments are performed on a continuous basis;
- vi. Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- vii. Ensure that Management considers and implements appropriate risk responses;
- viii. Ensure that continuous risk monitoring by Management takes place;
- ix. Liaise closely with the Audit Committee to exchange information relevant to risk;
- x. Express the Committee's formal opinion to the Board on the effectiveness of the system and process of risk management; and
- xi. Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.

RISK COMMITTEE REPORT (CONTINUED)

Key Activities during the Year under Review:

- reviewed and approved the Risk Management enhancement project (enhancements to the Group Wide Risk Register, having a simplified version for reporting to the Committee and reviewed amendments to the risk management policy);
- routinely reviewed the Group Wide Risk Register;
- identified and monitored specific emerging risks, such as (a) Impact of COVID-19 on the business (refer to various disclosures throughout the Integrated Annual Report) and (b) Mauritius added to the EU blacklist (the Group has not been impacted by this);
- monitored of the risk management activities;
- regularly reviewed the following registers for the Group:
 - Litigation Register,
 - Warranties/Guarantees/Indemnity Register and enhancements thereto to also cater for same linked to potential investments (based on draft agreements),
 - Related Party Register (enhancements thereto and requesting Directors to provide updates as regards

their list of directorships and shareholdings).

- Compliance with covenants Register;
- reviewed the Committee Charter and Work Plan;
- reviewed the Group's insurance policies and adequacy of insurance coverage;
- reviewed of the Committee Report and other related statements set out in the Integrated Annual Report;
- took note of the Corporate Tax Reports and Treasury Reports circulated to the Committee on a quarterly basis, including risks highlighted therein;
- received regular IT updates and took note of the risks highlighted in IT reports and updates on the various IT projects;
- reviewed the Group's various IT policies;
- approved the Data Protection Policy and took note of the steps taken to finalise the Transfer Pricing Policy;
- took note of the requirements to enhance cybersecurity;
- acknowledged the working capital model and going concern assessment.

Risk Management

Risk Management Process

Risk Management Activity	Methodology and Response
Identification of risks Risks are identified through workshops between the Directors, members of the C-Suite and Senior Management Team (SMT), and appointed Risk Champions using analytical techniques, independent reviews as well as historical data and past experience. The continuous review of the Group's strategy and operating environment ensures that Grit does not become complacent and that any changes to the risk factors are considered in a timely manner.	<ul style="list-style-type: none"> • Discussions with key employees at all levels. • Use of various risk identification tools including questionnaires, workshops, monthly management reports, etc. • Analysis and moderation of information received. • Alignment with Group strategic objectives, risk appetite, Grit's core values and significant business decisions.
Identification of existing controls Grit has put in place policies, processes and procedures for all business units, as well as various systems controls.	<ul style="list-style-type: none"> • Meetings with members of the C-Suite and Senior Management Team (SMT) and appointed Risk Champions to identify existing controls for each identified risk. • Identification of risk owners. • Process walkthroughs to corroborate controls.
Risk assessment Following the identification of a potential risk, the members of the C-Suite and Senior Management Team (SMT) and Risk Champions undertake a detailed assessment process to: <ul style="list-style-type: none"> • Gain sufficient understanding of the risk to allow an effective and efficient mitigation strategy to be determined; • allow the root cause of risks to be identified; • estimate the probability of the risk occurring; and • understand the Group's current exposure to the risk and the "target risk profile" which will be achieved following the completion of mitigation plans. 	<ul style="list-style-type: none"> • Continuous engagement with key stakeholders to measure the likelihood/impact of identified risks. • Ratings linked to inherent risks (prior to implementing existing or planned controls) and to residual risks (after implementing existing or planned controls). • Stress-test the Group's income statement, balance sheet and cash flow position over a period of two years or more, using the working capital model, in order to establish the "target risk profile" post implementation of mitigation plans.
Risk response and action plan The risks identified are documented in a group wide risk register, which is a Live document. Controls and procedures are implemented in response to identified risks with the aim of reducing the Group's risk exposure, so that it is aligned to or below our risk appetite. The mitigation plans are in place for our key risks.	<ul style="list-style-type: none"> • Documentation of risks in a group wide risk register. • Analysis of the impact of identified risks in isolation and when combined with other risks. • Analysis of risk ratings against appetite level. • Perform gap analysis as well as risk and reward assessment. • Establishment of short, medium or long-term risk responses. • Deployment of risk improvement plans aligned with risk appetite. • Creation of risk mitigating actions timelines and trackers.

RISK COMMITTEE REPORT (CONTINUED)

Risk Management Activity	Methodology and Response
Monitoring <p>As part of our risk management procedures, the Risk department, the Senior Management Team (SMT) and Risk Committee routinely conduct monitoring exercises to ensure that risk management activities are being consistently applied across the Group, that they remain sufficiently robust and to identify any weaknesses or enhancements which could be made to the procedures.</p> <p>Monitoring activities include:</p> <ul style="list-style-type: none"> the regular review and updating of risks and the Group wide risk register; independent third-party reviews of the risk management process to provide further assurance of its effectiveness; informing the Board about new risks and changes to existing risks; monitoring how the risk profile is changing for the Group; and providing assurance that risks are being managed effectively and where any assurance gaps are in existence, identifiable action plans are being implemented. 	<ul style="list-style-type: none"> Regular monitoring of risk management activities. Review of risk management performance using risk indicators and rating of residual risks. Regular review of the relevance of risk management actions for specific risks.
Reporting <p>Continuous reporting is done through the various forums and via several channels.</p>	<ul style="list-style-type: none"> Risk dashboard (analysis of the principle risks) in monthly management reports. Reporting to the Board and Risk Committee. Top-down feedback per the Group's risk management framework and continuous improvement. Continuous engagement with members of the C-Suite and Senior Management Team (SMT).

Risk Tolerance

The Group's risk tolerance is set by the Board and is the level of risk that the Group is willing to accept in order to achieve its strategic objectives.

An overall LOW tolerance to risk has been set.

When considering risk, the following main categories of risk are covered:

- Strategic/External;
- Risk & Compliance;
- People and Culture;
- Information Technology;
- Operational; and
- Financial.

In March 2020, June 2020 and October 2020, the members of the Committee have met separately (not as part of the planned quarterly Committee meetings) to review the risk score against the risk appetite and the following have been considered:

- Appropriateness of the controls;
- Understanding the changes to the scoring based on the situation, in particular as a result of the impact of the pandemic (COVID-19); and
- Understanding of the situation to justify amendments to the controls.

The Committee has also deliberated that though the overall risk appetite is LOW, there are instances where the risk score may be higher than the risk appetite. In such circumstances, such risks are closely monitored.

INVESTMENT COMMITTEE REPORT



Peter Todd

Chairman of the Investment Committee

The Company's primary investment strategy is to produce attractive total investment returns to its shareholders which are both robust and sustainable for the long term. The Company targets a minimum total investment return in Mauritius of 12% per annum and intends to achieve this through a combination of growth in income returns together with NAV growth. NAV growth is achieved through organic growth in the portfolio through attractive investment acquisitions together with the Company's recent shift towards a modicum of participation in development focused transactions which have been commercially de-risked.

For this purpose, the responsibility to ensure that the Company acts in line with its investment strategy has been delegated to the Investment Committee (the "IC"), in accordance with the Investment Committee charter, a copy of which is available at <https://grit.group/corporate-governance/>

The Committee Charter is reviewed annually by the Board.

2020/21 Focus Areas:

- Ongoing review of the Investment Charter and the Investment Process flow
- Ongoing alignment of growth through the investment pipeline towards ideal targeted asset class and geographic exposures limits
- Specific focus on the investment pipeline being strategically geared towards resilient asset class and geographies
- Strategic focus within the investment space regarding attracting co-investment partners into existing and new opportunities to organically recycle and generate fresh capital for the purposes of growth
- Strategic focus on the potential disposal of assets within the portfolio which have reached the top of their valuation cycle
- Strategic focus on the deployment of recycled and fresh capital raised into the most yield accretive pipeline for the maximum benefit of shareholders
- Close monitoring of related party transactions
- Continued discussions with management and chair regarding deals in the pipeline and their ongoing viability leading up to final closure
- Opportunistic approach to the distressed opportunities in light of COVID-19

IC Composition

As at 30 June 2020, the IC comprised of four Non-executive Director's, three of which are independent.

	Independent	No. of meetings	Attendance
Peter Todd - Chairman	Yes	7/7	100%
Ian Macleod*	Yes	6/7	86%
Sir Sam Jonah	Yes	5/7	71%
Nomzamo Radebe**	No	6/7	86%
Bronwyn Corbett***	No	6/7	86%

* Ian Macleod passed away on 14 June 2020 and as a result of his demise, it was required to re-assess the composition of the IC and David Love was appointed in his stead.

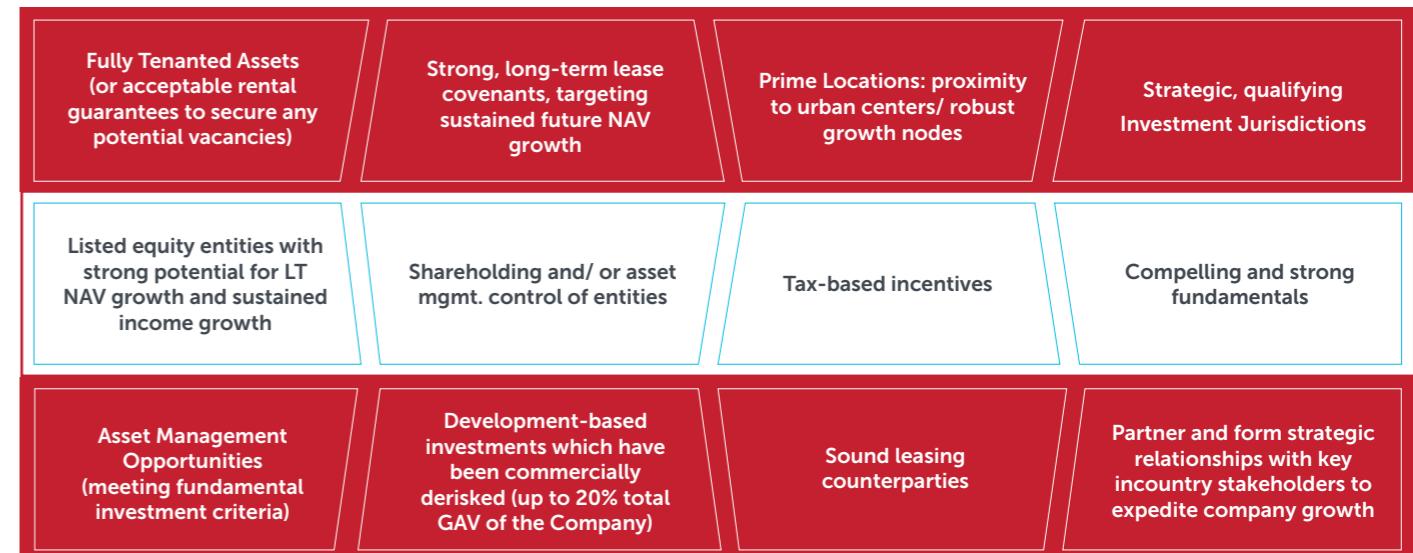
** Nomzamo Radebe attended 5 out of 7 meetings and Bright Laka, as permanent alternate to Nomzamo Radebe attended the IC meeting on 15 July 2019 in the latter's absence (hence total of 6 meetings attended).

*** Bronwyn Corbett is an Executive Director.

Meetings of the IC

During the year under review, the IC met seven (7) times on 15 July 2019, 20 August 2019, 10 September 2019, 23 September 2019, 25 November 2019, 10 February 2020 and 4 June 2020. The June meeting was held by teleconference, as a result of Directors not being able to travel to Mauritius, since the Borders have been closed, following the proliferation of COVID-19. The Head of Investment liaises closely with the Chair of the IC prior to the meetings of the IC to discuss the papers that would be tabled at the IC. The Chair also reports all matters to the Board.

Key Elements



The Key Elements are:

- Invest in assets which contain strong, long-term lease covenants promoting sustainable income returns, the terms of which are likely to yield strong NAV growth for the company in the future;
- Invest primarily in fully tenanted assets or those with acceptable rental guarantees in place to secure any potential vacancies;
- Invest in prime locations, being in close proximity to urban centers or within a strong growth node outside of urban centers, within each qualifying jurisdiction.

INVESTMENT COMMITTEE REPORT (CONTINUED)

- (i). Target the following countries for investment: Morocco; Mozambique; Mauritius; Kenya; Zambia; Tanzania; Botswana; Uganda; Ghana; Ivory Coast; Seychelles; Senegal; Rwanda and Cape Verde.
- (ii). Target the following countries for investment, specifically where there is the presence of a strong corporate counter-party, and where the terms of a proposed transaction will largely mitigate the macro-economic risks of the country: Ethiopia; Tunisia; Reunion and Maldives.
- (iii). Target investment into listed equity entities where the circumstances warrant such investment, being the following primary factors:
 - Strong potential for long term NAV and sustainable income growth within the listed equity being targeted;
 - Strong potential for the listed equity company which is being targeted to grow significantly in its targeted areas of investment (which are to be in line with the investment strategy of Grit);
 - Shareholding and/or asset management control of the entity, in the ability to drive the asset management and investment processes for the medium to long term as well as yield additional income for the company through application of their human capital in the asset management field;
 - Significant tax-based incentives through the listed equity nature of the entity and the jurisdiction in which it falls.
- (iv). Target investment into qualifying opportunities which shows compelling and strong fundamentals and/or which could yield growth in asset management opportunities for the company, but which must also meet the fundamental investment criteria of Grit;
- (v). Participation in development-based investments which have been commercially de-risked, up to 20% of the total Gross Asset Value (GAV) of the Company. This will boost the Total Returns of the Company, through the security of more attractive income yields and significant NAV upside potential upon successful completion. The following criteria should be largely complied with on development-based investments:
 - Strong leasing counter-parties to sufficiently de-risk the development opportunity secured in the form of binding and unconditional pre-let agreements;
 - Sufficient pre-letting/pre-sale hurdles concluded with acceptable leasing counter-parties;

- Detailed technical, legal and property due diligence investigations having been successfully concluded by the company and/or its associated partners in order to gain comfort on any delivery risks that may exist;

- The necessary development related agreements commercially acceptable to the Company being executed in order to mitigate the delivery risk during the development period;

- Development / steering committee established to participate and form part of all development processes in order to stay close to the ongoing development decisions that are being taken throughout the process;

- Client representative, being a trusted independent third party, appointed and forming part of the development committee processes and professional team meetings in order to engage the development team with the company's best interest in mind, thereby further mitigating any risks that may arise during the delivery process;

(vi). Thereafter, investment will be focused on countries with incoming REIT legislation that have high oil/resource underpinned growth (along with alternative economic income to show diversity and sustainable growth), stable governments and navigable property rights; and

(vii). Partner and form strategic relationships with key in-country stakeholders to expedite company growth.

While it is not intended that the Company should rigidly follow all the policies set out in the Investment Charter, yet it sets out the guiding criteria for selecting investments. The Company can source ad hoc transactions where there is a view to creating value, provided that the risks are deemed to be commercially acceptable and in line with the Company's long-term strategic objectives.

Further details about the Investment Focus is set out in the Investment Charter, providing information on the Investment Guidelines, Investment gates (see below) and definitions, strategic countries, locality focus, sectoral focus, leasehold land and diversification. The charter further provides brief information on the investment process and deal parameters.

Investment Gates

Gate 1: Country Criteria	
Respiration of Funds	The flow of funds from foreign territories into Mauritius and the associated conversion of foreign currency into USD and Euro.
Political Risk	History of political unrest and the ability to change legislation that could affect our investment.
Currency Risk	The risk of fluctuating local currency FX rates vs USD.
Land Tenure	The strength of title to land and legislation of ownership.
Debt	The ability or cost to raise debt

Gate 2: Target Criteria	
Sector	Commercial; Retail; Residential; Industrial; Hospitality; Education; Medical
Country Economic Forecast	A rating/synopsis of the overall state of the country from an economic perspective - i.e. stable/unstable.
Ease of Cost and Management	The ease and the cost necessary to ensure the functional operation/management of the property.
Economic Factors	E.g. - GDP, GDP Growth, GDP per capita, Currency Volatility, Key Exports, Extent of Foreign Direct Investment, Consumer Price Index and Interest Rate.
Demographic Study	The study of characteristics of a given population over time or space. This includes (but is not limited to) factors such as: the size, structure, and distribution of these populations as well as spending power and cost per capita.
Pipeline	The existing collection of prospective investment opportunities. The ability to expand the Company's portfolio once the Company has entered into the market (both existing and new stock).

Gate 3: Fundamental Criteria	
Ownership Structure	The extent of the respective ownership interests of the parties - expressed as a percentage shareholding.
Infrastructure	Direct-investment into site infrastructure (that alleviates in-country government expenditure that would have otherwise had to be spent) in exchange for tax rebates, deducted as a percentage of building costs over a finite period of time.
Road Access	The ease with which end-users can access the property using existing tarred roads.
Total Cost (incl. VAT)	The total purchase consideration payable by the Company in exchange for ownership of the asset, inclusive of VAT, determined in relation to the percentage of the asset to be held by the Company as a proportion of the asset's fair market value.
Debt Required	The amount of money that needs to be borrowed from a financial institution as a percentage of the Total Cost (incl. VAT).
MDPH Equity Requirement	The amount of money that needs to be provided internally as a percentage of the Total Cost (incl. VAT)
MDPH Risk Budget Amount	An equity amount required to cover initial expenses to analyze a deal. These costs are at risk at the analysis stage as the deal is not yet guaranteed to conclude.
Initial Property Yield	Net operating property income expressed as a percentage of purchase price/development cost.
Further Development Phases	The future development of undeveloped portions of the property which comprise the broader master plan of the scheme. Future phases are typically demand-driven, and may include the extension of an existing asset, or the construction of additional uses to complement existing uses.
Pre-Let Status vs. Condition	The proportion of a property scheme that is let to tenants who have signed binding lease offers/lease agreements prior to the acquisition of the property. The Company's hurdle pre-let conditions are 60% (retail); 70% (other) of GLA.

INVESTMENT COMMITTEE REPORT (CONTINUED)

Roles and Responsibilities

The IC is responsible for making recommendations to the Board on decisions affecting the portfolio and investment opportunities to grow the portfolio. The Board will determine the Committee's authority level.

The role of the IC entails:

- (i). Understanding the Company's investment goals and how the objectives support the Company's mission;
- (ii). Adopting, periodically reviewing, and revising the Investment Policy;
- (iii). Monitoring the performance of invested funds and ensuring that investments are made in accordance with the Investment Policy; and
- (iv). Provide recommendations on all aspects related to acquisitions, disposals, co-investment, refurbishments and development-based transactions with the aim of facilitating robust and sustainable growth within the portfolio.

Key Activities during the Year Under Review

The format of the IC meetings is usually to address, *inter alia*, the following main points:

- (a). Structuring the reporting to the IC to cover segments divided into SADC, East Africa, North and West Africa and Mauritius & Indian Ocean;
- (b). Follow up and provide accurate and timeous feedback on current pipeline transactions that have been tabled to the IC;
- (c). Facilitate robust debate in relation to the interrogation of current deals in the pipelines and the status of due diligence conducted;
- (d). Discuss and provide updates as regards means for funding prospective deals/acquisitions/disposals (including having discussed on impact of not having been able to do a capital raise as planned in last quarter of 2019);

- (e). Approving risk budgets and monitoring the approval to enter into transaction documentation at the relevant stages of investment process, particularly in relation to transactions;
- (f). Monitoring and ensuring that regulatory processes of pipeline transactions are being adhered to in terms of the requirements under the relevant listed exchanges in which the Company operates;
- (g). Amending the Investment Committee Charter to include the "Code of Honour" of the Company, as well as an updated Investment Process Flow along with pertinent details related to targeted investment jurisdictions, investment gates, sectoral diversification, etc.
- (h). Ensuring the importance of educating investors about the evolution in strategy of the Company and ensuring annual planned review of the IC Charter.

As stated under "Meetings of the IC", during the year under review, the IC met seven (7) times and the main matters discussed / approved / noted for the year under review have been in line with the above matters.

Investment Activity

Details regarding the Investment Activity been set out on pages 62 to 67 of this report, which provides for information regarding the transactions concluded in 2019/2020 and information regarding the acquisition pipeline.



Absa House - Ebene, Mauritius

SOCIAL AND ETHICS COMMITTEE REPORT



Cathy McIlraith

Chairman of the Social and Ethics Committee

The Social and Ethics Committee ("Committee") was established to assist the Board with the oversight and reporting on organizational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships.

The commitment to sustainable development involves ensuring that the Company conducts business in a manner that meets existing needs without knowingly compromising the ability of future generations to meet their needs.

2020/21 Focus Areas:

- Implement our Sustainability policy and framework.
- Improve our Sustainability Reporting by following EPRA Best Practices.

This report should be read alongside the Responsibility sections on pages 86 to 99, which provide further information on Grit's Environmental, Social and Governance related activities.

Composition of the Committee

The Committee consists of five Non-executive Directors, four of whom are independent and the Chief Executive Officer.

Members of the Committee	Independent	No. of meetings	Attendance
Catherine McIlraith	Yes	3/3	100%
David Love	Yes	3/3	100%
Peter Todd	Yes	2/3	66%
Sam Jonah	Yes	2/3	66%
Nomzamo Radebe	No	3/3	100%
Bronwyn Corbett	No	3/3	100%

Meetings of the Committee

The Committee met three times during the year in November 2019, February 2020 and June 2020.

Roles and Responsibilities

The Committee is responsible for:

- advising and providing guidance on the effectiveness of Management's efforts in respect of social, ethical and sustainable development related matters;
- monitoring compliance with legislation; monitoring employment equity and fair labour practices;
- monitoring the Company's status as a good corporate citizenship;
- reviewing the framework, policies and guidelines for safety, health, social investment, community development, environmental management, climate change and asset protection and security;
- reviewing and considering reports from operations in the Company covering sustainability matters and give input in respect of the annual integrated report to focus on the impact of the Company in the economic, environmental and social spheres
- ensuring facilitated participation, co-operation and consultation within the Company on safety, health, social investment, community development, environmental matters, climate change and asset protection with government, industry, national and international organisations and institutions;
- reviewing and monitoring the Company's stakeholder engagement plans, guidelines and practices;
- providing guidance in relation to the promotion of good sustainability practice such as Environmental, BBBEE and stakeholder engagement policies;
- monitoring compliance with the Code of Ethics and Business Conduct Policy; and
- reviewing and monitoring the Company's stakeholder engagement plans, guidelines and practices.

The Committee acts in accordance with the Social and Ethics Committee Charter which has been approved by the Board. This Charter is available on the Company's website at <https://grit.group/governance/>. The Committee Charter is reviewed annually by the Board.

Key activities during the year:

- ongoing review of the related party register;
- monitoring the Tip-Offs Anonymous reports received from Deloitte for any Whistleblowing reports. There have been no tips-offs recorded;
- reviewed and received feedback from Head of Investor relations on stakeholder engagement, which included investor feedback on results roadshow;
- reviewed the Health and Safety reports prepared by Head of Real Estate;
- reviewed the "Corporate Social Responsibility" reports detailing the various initiatives that the Group supports;
- reviewed the Committee Charter;
- reviewed and monitored the Transformation KPI's;
- became a member of the UN Global Compact in Mauritius and Janesh Chuttoo, our in-house legal counsel, has been appointed onto their Board; and
- Formalising the Sustainability Policy and framework.

During the year, it was decided to form EcoGrit, which is comprised of Grit employees. EcoGrit assists the S & E committee. Members from EcoGrit attend the S & E committee meetings to report back on activities. As at date of this Report, the EcoGrit is a subset of the Sustainability Committee.

The Company has a zero-tolerance policy in respect of committing or concealment of fraudulent acts by employees, contractors or suppliers.

The Committee has further responsibility in terms of advising the Board on all relevant aspects that may have a significant impact on the long-term sustainability of the Company and which influence the Company's triple bottom line reporting.

Grit promotes the highest standards of ethical behavior among all persons involved in the Group's operations in line with its adopted Code of Ethics and Business Conduct Policy for the Company, which can be found on the Company's website at <https://grit.group/corporate-governance/> under "Policies".

DIRECTORS' REPORT

The Directors present their Annual report and audited financial statements for the year ended 30 June 2020.

The Board assumes responsibility for leading and controlling the organisation and meeting all legal and regulatory requirements.

This Integrated Report contains forward-looking statements, which involve unknown risks, uncertainties and other factors, which may cause the actual results, financial conditions, operations and performance or achievement of the Company, or industry results, to be materially different from future results, financial condition, performance or achievements expressed or implied by such forward-looking statements.

These forward-looking statements are based on Management's or Directors' judgments and future expectations/ assumptions. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, global and local market and economic conditions, industry factors, as well as regulatory factors.

GRIT is not under any obligation to (and expressly disclaim any such obligation to) update or alter its forward-looking statements, whether as a result of new information, future events or otherwise. We therefore advise readers to be careful in interpreting any forward-looking statements in this Report.

Strategic Report

For the review of the business and its likely future developments, see the Strategic report on pages 6 to 99 of this integrated annual report.

Results and Dividends

The financial statements set out the results of the Group for the financial year ended 30 June 2020 and are shown on pages 178 to 183.

The total dividend for the year is US\$5.25cps and was paid as an interim dividend, which was the Company's twelve distribution.

Key Stakeholders

The long-term success of the Group is dependent on its relationships with its key stakeholders. On pages 30 to 33, we outline the ways we have engaged with the key stakeholders, their expectations of us, the outcomes from 2020 and our focus areas for 2021.

Employees

The Board recognises the importance of attracting, developing and retaining the right people. In accordance with best practice, we have employment policies in place which provide equal opportunities for all employees.

Directors

The details of the Directors of the Company, who were/ are in office during the year and up to the date of the signing of the financial statements, are set out on pages 112 to 114. Each Director served throughout the year, but sadly Ian Macleod passed away on the 14 June 2020.

After the demise of Ian Macleod in June 2020, the Board re-assessed the various vacancies on the Committees and Board and the suitability of existing members, also considering the requirements of the Mauritius Code of Corporate Governance. The following appointments have therefore been made:

- On 24 July 2020, Catherine McIlraith, an Independent Non-executive Director ("INED"), was appointed to the Nomination Committee;
- On 4 August 2020, David Love was appointed as Senior Independent Director and was also appointed to the Investment Committee; and
- On 4 August 2020, Catherine McIlraith was appointed as the Chairman of the Remuneration Committee. Catherine McIlraith remains the Chairman of the Audit Committee, the Risk Committee and the Social and Ethics Committee;
- On 17 September 2020, Johnny Crichton was appointed to the Board as a INED and as a member of the Audit Committee and Risk Committee.

The Executive Directors have service contracts with the Company. Copies of these service contracts are available to shareholders for inspection at the Company's registered office and at the Annual General Meeting (AGM).

Details of the Directors' remuneration and service contracts are set out on pages 107 to 121.

Directors' Interests in Grit Shares

The interest of the Directors in the shares of the Company at 30 June 2020 was as follows:

Director	Direct beneficial holding	Indirect beneficial holding	Total number of Shares held as at 30 June 2020	Direct beneficial holding	Indirect beneficial holding	Total number of Shares held as at 30 June 2019
BA Corbett	79,758	6,635,674*	6,715,432	79,758	5,696,549	5,776,307
LP van de Moortele	-	2,133,734*	2,133,734	-	1,202,187	1,202,187
Nomzamo Radebe	-	3,875,000	3,875,000	-	3,875,000	3,875,000
Samuel Jonah	-	5,567,564	5,567,564	-	5,567,564	5,567,564
Peter Todd	-	8,437	8,437	--	-	-
Bright Laaka	-	5,812,500	5,812,500	-	5,812,500	5,812,500
Total	79,758	24,032,909	24,112,667	79,758	22,153,800	22,233,558

*Includes vested and unvested share options from awards made via the Grit LTIP plan.

There have been no changes to the number of shares held by the Directors, both directly and indirectly, from the financial year-end date to the date of approval of these annual financial statements.

Directors' Indemnity

Directors' and officers' liability insurance is maintained by the Company. The policy provides for the risks arising out of the acts or omissions of the Directors and Officers of the Grit Group. The cover does not provide insurance against fraudulent, malicious or wilful acts of omissions.

Share Capital

During the year, 9,839,511 Ordinary Shares were issued at a price of US\$1.40 per share as settlement for the acquisition of 23.75% of the Letlolo La Rona Limited on 28 November 2019.

Number of shares	
Shares in issue at 1 July 2019	306,396,035
New issue	9,839,511
Total issued shares at 30 June 2020	316,235,546

Related Party Transactions

The Company has a Related Party Transactions Policy in place and all the related party transactions have been conducted in accordance with such policy. Refer to note 34 in the Annual Financial Statements.

Post Balance Sheet Events

Details of post-balance sheet events are given in note 40 of the financial statements.

Political Donations

No political donations have been made by the Company or its subsidiaries during the financial period (2019: NIL).

Auditors

It will be proposed at the next AGM in December 2020 for the re-appointment of PwC Mauritius and PwC UK.

The Directors who held office at the date of approval of this Directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

It is the Company's intention to migrate its corporate seat from Mauritius to Guernsey and this will go to shareholders for vote at the next AGM to be held on 28 December 2020. A consequence of the migration

DIRECTORS' REPORT (CONTINUED)

will be that the Company will be required to appoint a new statutory auditor under Guernsey law.

Going concern

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

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

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

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

Two scenarios of the severe but plausible downside were modelled.

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

1. Reduced revenue as a result of potential rental concessions provided to a range of tenants, particularly in the retail and hospitality sectors, and extended assumptions on vacancy take up:
 - A delay in vacancy take up of 12 months for all vacant space;
 - Additional rental concessions of 30% on all non-essential services tenants in the retail sector; and
 - Average rental concessions and deferrals of approximately 35% across the hospitality sector.
2. Cumulative decline in property valuations:
 - 30% peak to trough (December 2019 to June 2022) declines on all retail assets;
 - 30% Peak to trough (December 2019 to June 2022) valuation declines on hospitality assets in Mauritius where government support is pending, and declines of 15% on hospitality assets in Mauritius where government support has been obtained and on the hospitality assets in Senegal; and
 - 5% decline in valuations of light industrial assets from June 2020 to June 2022;
 - 5% decline in valuations of corporate accommodation from June 2020 to June 2022;
 - Weighted average decline of 6.7% in valuations of office sector assets from June 2020 to June 2022.
3. Exchange Rates:
 - A 10% weakening of the Euro against the US Dollar over the next 12 months; and
 - A weakening of local African currencies against the US Dollar ranging from 12% (in the case of the

Mauritian Rupee) to 47% (in the case of the Zambian Kwacha) over the analysis period.

4. Facilities and Finance costs:

- All non-committed debt facilities (i.e. overdraft facilities or other facilities where the financier has the right to unilaterally amend the terms of the agreement) are assumed to be repaid with 1 months' notice.
- An increased cost of funding ranging from 0.25% (in the case of all Mauritian financiers) up to 4% (in the case of Kenyan financiers).
- 5. Dividends -Cash dividends are significantly reduced / stopped over the going concern period to maintain liquidity as a result of the assumptions above.

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

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

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

While the base case and first severe but plausible models show that the Company and Group have adequate financing facilities and maintains its covenants throughout the going concern period, the inherent

uncertainty in future property valuations as a result of the COVID-19 pandemic are such that, in the event that property valuations across the portfolio decrease more severely or quickly than expected, as in the second scenario, then it may indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and are referenced in the external auditors' Independent Audit Opinion on pages 170 to 181. The Company and Group financial statements do not include the adjustments that would result if they were unable to continue as a going concern.

Annual General Meeting (AGM)

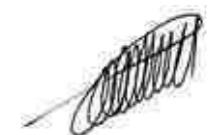
The 2020 AGM of GRIT will be held at Grit's offices at 3rd Floor, La Croisette Shopping Centre, Grand Baie, Mauritius on 28 December 2020 at 1 pm – Mauritian time (9 am – UK time)

The Notice of Meeting together with explanatory notes is contained in the circular to shareholders distributed on 30 November 2020.

The Strategic report and Directors' report have been approved by the Board of Directors and signed on its behalf by:



Bronwyn Corbett
Chief Executive Officer



Leon van de Moortele
Chief Financial Officer

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

On behalf of the Board



Bronwyn Corbett
Chief Executive Office



Leon van de Moortele
Chief Financial Officer

STATEMENT OF COMPLIANCE

We, the Directors of Grit Real Estate Income Group Limited, confirm to the best of our knowledge that the Company has fully complied with all of its obligations and requirements under the

- Code of Corporate Governance for Mauritius 2016 ("the Code") for the year ended 30 June 2020.



Peter Todd

Chairman

14 December 2020



Bronwyn Corbett

Chief Executive Officer

CERTIFICATE FROM THE COMPANY SECRETARY

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act, 2001 in terms of Section 166(d), for the year ended 30 June 2020.



Intercontinental Fund Services Limited

Company Secretary

14 December 2020



ANNUAL FINANCIAL STATEMENTS

Independent Auditors' Report

PWC Mauritius

170

PWC UK

176

Annual Financial Statements

180

Independent auditors' report

To the Shareholders of Grit Real Estate Income Group Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Grit Real Estate Income Group Limited (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2020, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The Grit Real Estate Income Group Limited's accompanying consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 30 June 2020;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standard) (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Material uncertainty related to going concern – Group and Company

In forming our opinion on the consolidated and separate financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's and Company's ability to continue as a going concern. The directors have modelled both a 'base case' and a 'severe but plausible' downside scenarios considering both its liquidity position and its covenants which relate to both individual properties and the property portfolio as a whole. The Group has a number of secured financing facilities that contain covenants requiring the Group to maintain specified financial ratios including loan to value ratios, debt service and interest cover ratios.

The inherent uncertainty in future property valuations as a result of the Covid-19 pandemic are such that in the event that property valuations across the portfolio decrease more severely or quickly than expected, even after taking mitigating actions such as stopping cash dividends, the Group may be in breach of some individual property and Group wide covenants and would need to negotiate a waiver with its lenders and, or, pay down debt through either existing or new currently uncommitted facilities to avoid borrowings becoming payable immediately.

These conditions, along with other matters explained in note 1 to the financial statements indicate the existence of a material uncertainty related to going concern which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

In concluding there is a material uncertainty related to going concern, our audit procedures included:

- Obtaining and understanding management's going concern assessment;
- Testing the integrity of the model by utilising internal experts on data and model integrity;
- Testing the key inputs to the model by agreeing back to supporting documentation such as rent rolls for the properties and expense expectations;
- Agreeing terms of the financing arrangements back to source documents including term dates and covenants (which were subsequently recalculated);
- Challenging management to provide supporting documentation that all financing facilities were legally committed;
- Agreeing the 'base' case assumptions back to a board approved forecasts; and
- Considering recent history of forecasting accuracy and also the recent experience of trading under COVID-19 to determine whether both the base case and the 'severe but plausible' downside model scenarios are appropriate in particular in terms of rental receipts and property valuations; and
- Reading and considering the disclosure of Going Concern in the financial statements in particular in the Directors' report and the Basis of Preparation.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
The Group - Valuation of investment properties, either held directly or through joint ventures and associates – \$572.1m (2019: \$573.7m) and \$193.9m (2019: \$183.6m)	Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this area.
See Note 3 Investment, Note 8 Investments in Associates and Joint Ventures properties and Note 1 Summary of significant accounting policies.	Material valuation uncertainty due to COVID-19
The Group holds significant investment properties which are fair valued each year under IAS 40 with the change in fair value being reflected in the income statement.	We considered the adequacy of the disclosures made in Note 1 (Summary of significant accounting policies) and Note 3 (Investment Properties). These notes explain that the valuers reported on the basis of a material valuation uncertainty and consequently that less certainty and a higher degree of caution should be attached to the valuations as at 30 June 2020.
The valuation of these properties is carried out for management by third party valuers, Knight Frank and REC (the "valuers").	Assessing the valuers' expertise and objectivity
The valuers were engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards and the requirements of International Accounting Standard 40 'Investment Property'.	We assessed the valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between the Group and the valuers.
The valuers have included a material valuation uncertainty clause in their valuation reports as at 30 June 2020. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic. This represents a significant estimation uncertainty in relation to the valuation of investment properties.	Assumptions and estimates used by the valuers
In determining the valuation of a property, the valuers take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation.	We read the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards.
For developments, the residual appraisal method is used, by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium.	We assessed the appropriateness of the key assumptions used across the portfolio, corroborating yields, Estimated Rental Values and other assumptions to comparable information where available.
The valuation of the Group's property portfolio was identified as a key audit matter given that the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property. The wider challenges currently faced by the real estate occupier and investors in the markets as a result of COVID-19 further contributed to the subjectivity for the year ended 30 June 2020. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.	In instances whereby comparable information has not been readily available we have sought to understand the valuers' rationale and experience in the local market and have recomputed their valuations based on discounted cash flow models factoring in the sensitivity to the overall valuation based on their assumptions;
	Our internal valuation experts have then recomputed the valuation for each investment property based on the method employed by the external valuer to ascertain the reasonableness of the underlying valuation and performed separate sensitivity analysis where appropriate;
	Other detailed inputs to the model such as current rents, expenses, existence of original title deeds have been agreed back to supporting documentation;
	We, along with our internal valuers, held discussions with management and held separate calls with each of the respective valuers to discuss and challenge their approach, particularly in light of COVID-19, the key assumptions and their rationale behind the more significant valuation movements during the year. Where necessary we had follow up calls with management and their external valuers to confirm/clarify information and assumptions;
	The valuation commentaries provided by the valuers and supporting evidence, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate;
	Considered the disclosure in the accounts including critical accounting estimates; and
	Discussed with the Audit Committee the procedures that we carried out and our findings.

Independent auditors' report

To the Shareholders of Grit Real Estate Income Group Limited

Key audit matter	How our audit addressed the key audit matter	Key audit matter	How our audit addressed the key audit matter
<p>The Group - Accounting of acquisitions in the year</p> <p>Valuation of investment properties, either held directly or through joint ventures and associates - \$572.1m (2019:\$573.7 m) and \$193.6m (2019:\$183.6m).</p> <p>See note 3 Investment properties, note 8 Investments in associates and joint ventures and Note 1 Summary of significant accounting policies.</p> <p>During the year, the Group acquired one property with outright control (Club Med Cap Skirring) for €16.2m and made a further investment in the Group's existing investment in LLR (Letole La Rona) of \$11.3m, which subsequently is accounted for as an associate. The size of the acquisitions as well as the complex nature in which these have been contracted means that the accounting was determined to be a significant risk and we spent considerable time auditing the transactions.</p>	<p>Our audit procedures for the acquisition have included:</p> <ul style="list-style-type: none"> • Obtaining, reading and ensuring that the sale and purchase agreement is consistent with the facts accounted for; • Agreeing amounts of money paid out to bank statements and where consideration was paid in shares, ensured the fair value of consideration was appropriately recognised; • Obtained and viewed the original title deeds; • Assessed the accounting treatment as an asset acquisition as opposed to business combination; • Considered the accounting treatment for the additional 6.25% investment in LLR in line with IAS 28 and IFRS 13. Specifically we challenged management whether the fair value of assets acquired should be the Net asset value (NAV) or the LLR share price; • Agreed the acquisition and additional investment to the Board and investment Committee minutes; • Considered the parties involved in the transactions and whether these should have been described as related party; and • We ensured that the asset acquired was appropriately recognised as investment property under IAS 40. <p>We discussed and communicated our findings to the Audit Committee.</p>	<p>The Group and the Company – COVID-19</p> <p>The COVID-19 pandemic has had a significant impact on the performance of the Group and Company during FY20. As a result, the pandemic has brought increased estimation uncertainty to certain areas of the financial statements.</p> <p>The key areas of the financial statements most impacted by the increased estimation uncertainty are described below:</p>	<p>In response to the key areas identified as being significantly impacted by COVID-19, we performed the following procedures:</p> <ol style="list-style-type: none"> i) Refer to the "material uncertainty related to going concern" section above for details of how we considered the impact of COVID-19 in our audit procedures over going concern; ii) Refer our Key Audit Matter above for details of how we considered the impact of COVID-19 in our audit procedures over an increased risk of estimation uncertainty over investment property valuations; and iii) Refer to our Key Audit Matter above for details of how we considered the impact of COVID-19 in our audit procedures over the recoverability and valuation of receivable balances.
<p>The Group - Recoverability and valuation of receivable balances</p> <p>Other loans receivable (\$42.4m) and trade and other receivables (\$32.5m).</p> <p>See note 11 Other loans receivable and note 13 Trade and other receivables and Note 1 Summary of significant accounting policies.</p> <p>Grit has a number of other assets and receivables due to its business model as material trade receivables. We became aware that a number of tenants have either requested rent concessions or payment holidays. This is consistent with trends we are seeing across the real estate sector internationally.</p> <p>Combined with the material value of trade and other receivables, the jurisdictions within which the Group operates and COVID-19, we determined this a significant risk, warranting specific audit focus in this area.</p>	<p>Our audit procedures on the recoverability of receivable balances have included:</p> <ul style="list-style-type: none"> • Auditing management's assessment of trade and other receivables with a focus on the ageing profile, credit worthiness of counter parties, and post year-end debtor balances settled; • We circularised debtors / receivables in the first instance as it gives us better audit evidence. Where we did not receive responses we followed up and subsequently carried out additional procedures including vouching of receivable balances settled post year end to cash payments received; • Obtained management's IFRS9 expected credit loss model and tested this through: • Vouching the integrity of the model and agreeing forward looking data to independent external sources; • Reviewed legal correspondence relating to receivables balances under dispute; • Performed sensitivity analysis over the credit rating issued to receivables balances; • Challenged management on overdue receivables that could not be supported through external confirmations or post year-end cash receipts; • Held discussions with local in-country auditors on specific outstanding receivables. 	<p>The Company - Fair valuation of investments in subsidiaries and impairment of related party loans receivable</p> <p>At 30 June 2020, investments in subsidiaries and related party loans receivables amounted to \$ 448.2m (2019 - \$505m). Investments in subsidiaries are carried at fair value through profit or loss. Fair value is mainly determined by reference to the underlying fair value of the subsidiaries' net assets. Related party loans receivable are carried at amortised cost and assessed for impairment. The amounts are significant to the Company's financial statements.</p>	<p>Our audit procedures have included the following:</p> <p>Verified the computation of the fair value for investments in subsidiaries. We have reviewed the net assets' values of each subsidiary and discussed the fair value with management where necessary.</p> <p>Held discussion with local in-country auditors to review the net assets of the subsidiaries.</p> <p>Assessed the related party loans receivable for impairment by assessing the counterparty's ability to repay and their net assets positions.</p> <p>Obtained management's IFRS 9 model and tested this through vouching the integrity of the model and agreeing forward looking data to independent sources.</p>

Independent auditors' report

To the Shareholders of Grit Real Estate Income Group Limited

Other Information

The directors are responsible for the other information. The other information comprises all of the information in the annual report but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition to the responsibilities described above and our work undertaken in the course of the audit, the Financial Services Commission Circular letter CL280218 requires us to report certain matters as described below.

Corporate Governance Report

Our responsibility under the Financial Services Commission Circular letter CL280218 ("Circular") is to report on the compliance with the Code of Corporate Governance ("Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has, pursuant to the Circular, complied with the requirements of the Code.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

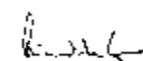
we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor of the Company and some of its subsidiaries;

we have obtained all the information and explanations we have required; and

in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers
14 December 2020



Olivier Rey, licensed by FRC

Independent auditors' report

To the directors of GRIT Real Estate Income Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, GRIT Real Estate Income Group Limited's non-statutory group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 30 June 2020 and of its loss and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

We have audited the financial statements, included within the Integrated Annual Report 2020 (the "Annual Report"), which comprise: the Consolidated statement of financial position as at 30 June 2020; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated statement of changes in equity for the year then ended; and the related notes to the financial statements, which include a description of the significant accounting policies.

We have not audited the separate financial statements of the Company, which comprise: the Separate statement of financial position as at 30 June 2020; the Separate income statement; the Separate statement of comprehensive income; the Separate statement of cash flows, and the separate statement of changes in equity for the year then ended; and the related notes to the financial statements, which are presented alongside the group financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern - Group

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Directors have modelled a 'base case' and 'severe but plausible' downside scenarios considering both its liquidity position and its covenants which relate to both individual properties and the property portfolio as a whole. The Group have a number of secured financing facilities that contain covenants requiring the Group to maintain specified financial ratios including loan to value ratios, debt service and interest cover ratios.

The inherent uncertainty in future property valuations as a result of the COVID-19 pandemic are such that in the event that property valuations across the portfolio decrease more severely or quickly than expected, even after taking mitigating actions such as stopping cash dividends, the Group may be in breach of some individual property and Group wide covenants and would need to negotiate a waiver with its lenders and, or, pay down debt through either existing or new currently uncommitted facilities to avoid borrowings becoming payable immediately.

These conditions, along with other matters explained in note 1 to the financial statements indicate the existence of a material uncertainty related to going concern which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

In concluding there is a material uncertainty related to going concern, our audit procedures included:

- Obtaining and understanding management's going concern assessment;
- Testing the integrity of the model by utilising internal experts on data and model integrity;
- Testing the key inputs to the model by agreeing back to supporting documentation such as rent rolls for the properties and expense expectations;
- Agreeing terms of the financing arrangements back to source documents including term dates and covenants (which were subsequently recalculated);
- Challenging management to provide supporting documentation that all financing facilities were legally committed;
- Agreeing the 'base' case assumptions back to a board approved forecasts;
- Considering recent history of forecasting accuracy and also the recent experience of trading under COVID-19 to determine whether both the base case and the 'severe but plausible' downside model scenarios are appropriate in particular in terms of rental receipts and property valuations; and
- Reading and considering the disclosure of Going Concern in the financial statements in particular in the Directors' report and the Basis of Preparation.

Our audit approach

Overview

	<ul style="list-style-type: none"> Overall group materiality: \$8 million (2019: \$8.5 million), based on 1% of total assets. Specific group materiality: \$1 million (2019: \$1.6 million) applied to property and other income, administrative expenses, provisions and working capital balances. We performed audit work over the complete financial information for 1 significant component and 14 other components. We engaged local PwC offices in Mauritius, Morocco and Mozambique to assist with component audits. BDO in Zambia, GT Botswana and EY Senegal also carried out work on respective local components. In addition, we conducted specific audit procedures on certain balances and transactions in respect of a number of other reporting entities, as well as performing procedures over group wide estimates, judgement and transactions centrally. The total coverage obtained from our work accounted for [90%] of revenue and 88% of profit before tax.
	<ul style="list-style-type: none"> Valuation of Investment properties; Accounting for acquisitions during the year; Recoverability and valuation of receivable balances; and COVID-19

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Independent auditors' report (continued)

To the directors of GRIT Real Estate Income Group Limited

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties, either held directly or through joint ventures and associates - \$572.1 million (2019: \$573.7 million) and \$193.9 million (2019: \$183.6 million) See note 3 Investment properties' Note 8 Investments in Associates and Joint Ventures and Note 1 Summary of significant accounting policies. The Group holds a significant number of investment properties which are fair valued each year under IAS 40 with the change in fair value being reflected in the income statement. The valuation of these properties is carried out for management by third party valuers Knight Frank and REC (the "valuers"). The valuers were engaged by the Directors and performed their work in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards and the requirements of International Accounting Standard 40 'Investment Property' The valuers have included a material valuation uncertainty clause in their valuation reports as at 30 June 2020. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic. This represents a significant estimation uncertainty in relation to the valuation of investment properties. In determining the valuation of a property, the valuers take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. For developments, the residual appraisal method is used, by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium. The valuation of the Group's property portfolio was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property. The wider challenges currently facing the real estate occupier and investors markets as a result of COVID-19 further contributed to the subjectivity for the year ended 30 June 2020. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.	Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this area. Material valuation uncertainty due to COVID-19 We considered the adequacy of the disclosures made in Note 1 (Summary of significant accounting policies) and Note 3 (Investment Properties). These notes explain that the valuers reported on the basis of a material valuation uncertainty and consequently that less certainty and a higher degree of caution should be attached to the valuations as at 30 June 2020. We discussed this clause with management and obtained sufficient appropriate audit evidence to demonstrate that management's assessment of the suitability of the inclusion of the valuation in the consolidated statement of financial position and disclosures made in the financial statements are appropriate. Assessing the valuers' expertise and objectivity We assessed the valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between the Group and the valuers. We found no evidence to suggest that the objectivity of the valuers was compromised. Assumptions and estimates used by the valuers We read the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards. We assessed the appropriateness of the key assumptions used across the portfolio, corroborating yields, Estimated Rental Values and other assumptions to comparable information where available. In instances whereby comparable information has not been readily available we have sought to understand the valuers' rationale and experience in the local market and have recomputed their valuations based on discounted cash flow models factoring in the sensitivity to the overall valuation based on their assumptions. Our internal valuation experts have then recomputed the valuation for each investment property based on the method employed by the external valuer to ascertain the reasonableness of the underlying valuation and performed separate sensitivity analysis where appropriate. Other detailed inputs to the model such as current rents, expenses, existence of original title deeds have been agreed back to supporting documentation; We, along with our internal valuers, held discussions with management and held separate calls with each of the respective valuers to discuss and challenge their approach, particularly in light of COVID-19, the key assumptions and their rationale behind the more significant valuation movements during the year. Where necessary we had follow up calls with management and their external valuers to confirm/clarify information and assumptions; The valuation commentaries provided by the valuers and supporting evidence, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate; Considered the disclosure in the accounts including critical accounting estimates; and Discussed with the Audit Committee the procedures that we carried out and our findings. Overall findings We concluded that while some of the assumptions used were at the more optimistic end of a reasonable range overall the assumptions used in the valuations by the valuers were supportable in light of the evidence obtained and materially appropriate. The disclosures in relation to the material valuation uncertainty and sensitivities around key judgements and estimates within the financial statements are sufficient and appropriate to highlight the increased estimation uncertainty as a result of COVID-19.
Accounting of acquisitions in the year Valuation of investment properties, either held directly or through joint ventures and associates - \$572.1 million (2019: \$573.7 million) and \$193.9 million (2019: \$183.6 million). See note 3 Investment properties, note 8 Investments in associates and joint ventures and Note 1 Summary of significant accounting policies. During the year the Group acquired one property with outright control (Club Med Cap Skirring) for €16.2 million and made a further investment in the Group's existing investment LLR (Letlolo La Rona) of \$11.3 million, which subsequently is accounted for as an associate. The size of the acquisitions as well as the complex nature in which these have been contracted means that the accounting was determined to be a significant risk and we spent considerable time auditing the transactions.	Our audit procedures for the acquisitions have included: <ul style="list-style-type: none">Obtaining, reading and ensuring that the sale and purchase agreement is consistent with the facts accounted for;Agreeing amounts of money paid out to bank statements and where consideration was paid in shares, ensured the fair value of consideration was appropriately recognised;Obtained and viewed the original title deeds;Assessed the accounting treatment as an asset acquisition as opposed to business combination;Considered the accounting treatment for the additional 6.25% investment in LLR in line with IAS 28 and IFRS 13. Specifically we challenged management whether the fair value of assets acquired should be the Net asset value (NAV) or the LLR share price. We concluded that management's view to use NAV was not unreasonable given the lack of liquidity and trading on the Botswana Stock exchange;Agreed the acquisition and additional investment to the Board and investment Committee minutes;Considered the parties involved in the transactions and whether they should have been described as a related party; andWe ensured that the asset acquired was appropriately recognised as investment property under IAS 40. We discussed and communicated our findings to the Audit Committee and are satisfied that the accounting for the acquisitions during the year is in line with the accounting standards and disclosed appropriately in the financial statements.
Recoverability and valuation of receivable balances Other loans receivable of \$42.4million and trade and other receivables of \$32.5million See note 11 Other loans receivable, note 13 Trade and other receivables and Note 1 Summary of significant accounting policies. Grit has a number of 'other assets and receivables' due to its business model as well as material trade receivables. We became aware that a number of tenants have either requested rent concessions or payment holidays. This is consistent with trends we are seeing across the real estate sector internationally. Combined with the material value of trade and other receivables, the jurisdictions within which the Group operates and COVID-19 we determined this a significant risk, warranting specific audit focus in this area.	Our audit procedures on the recoverability of receivable balances have included: <ul style="list-style-type: none">Auditing management's assessment of trade and other receivables with a focus on the ageing profile, credit worthiness of counter parties, and post year end debtor balances settled;We circularised debtors / receivables in the first instance as it gives us better audit evidence. Where we did not receive responses we followed up and subsequently carried out additional procedures including vouching of receivable balances settled post year end to cash payments received;Obtained management's IFRS9 expected credit loss model and tested this through:Vouching the integrity of the model and agreeing forward looking data to independent external sourcesReviewed legal correspondence relating to receivables balances under disputePerformed sensitivity analysis over the credit rating issued to receivables balancesChallenged management on overdue receivables that could not be supported through external confirmations or post year-end cash receiptsHeld discussions with local in-country auditors on specific outstanding receivables. We challenged management to consider qualitative indicators as part of their expected credit loss assessment which identified specific tenants where the credit risk was increased as a result of the impact from COVID-19. Provisions were made to reflect the increased risk in light of our challenge. Overall, we are now satisfied with the recoverability and valuation of trade and other receivables at the year end and that any provision recognised is in line with the accounting standards and disclosed appropriately in the financial statements.

Independent auditors' report (continued)

To the directors of GRIT Real Estate Income Group Limited

Key audit matter	How our audit addressed the key audit matter
COVID-19	<p>In response to the key areas identified as being significantly impacted by COVID-19, we performed the following procedures:</p> <ul style="list-style-type: none"> i) Refer to the "material uncertainty related to going concern" section above for details of how we considered the impact of COVID-19 in our audit procedures over going concern; ii) Refer our Key Audit Matter above for details of how we considered the impact of COVID-19 in our audit procedures over an increased risk of estimation uncertainty over investment property valuations; and iii) Refer to Key Audit Matter above for details of how we considered the impact of COVID-19 in our audit procedures over the recoverability and valuation of receivable balances. <p>i) The Directors have carefully considered the appropriateness of the going concern basis of preparation in the Group's financial statements, including assessing the impact on the Group's working capital and projected covenant compliance of reductions in the value of investment property and decreases in net rental income over the forecast period.</p> <p>ii) The valuers have included a material valuation uncertainty clause in their valuation reports as at 30 June 2020. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic. This represents a significant estimation uncertainty in relation to the valuation of investment properties.</p> <p>iii) Based on the material value of trade and other receivables and the jurisdictions within which the Group operates we determined this to be an area of audit focus particularly in light of COVID-19.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

The Group's properties are spread across a number of statutory entities with the Group financial statements being a consolidation of these entities, the Company and the Group's associates and joint ventures. The Group has one financially significant component, being Freedom Property Fund SARL, which is subject to a full scope audit by our component team in Morocco.

Full scope audits were also performed on 14 other components of the Group due to their size by our component teams in Botswana, Mauritius, Mozambique, Senegal and Zambia. The above gave us coverage of 90% of consolidated revenue, 88% coverage of consolidated profit before tax and 94% coverage of total assets for the Group. All investment properties were audited by the Group audit team with the exception of Anfa Place which was audited by our component team in Morocco with sufficient oversight by the Group audit team.

The Group team's involvement comprised of conference calls, review of component auditor work papers, attendance at component audit clearance meetings and other forms of communication as considered necessary. In prior years senior members of the Group audit team performed site visits to the properties in Mauritius, Morocco and Mozambique. Due to COVID-19 this was not possible during the audit this year, however we increased our interactions with the teams virtually and in particular had very regular and frequent communication with the team in Mauritius. The Group engagement team directly performed the audit of the consolidation. This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	\$8 million (2019: \$8.5 million).
How we determined it	1% of total assets.
Rationale for benchmark applied	The key driver of the business and determinant of the Group's value is property investment valuation. On this basis, we set an overall Group materiality level based on total assets. In addition, a number of key performance indicators of the Group are driven by income statement items and we therefore also applied a lower specific materiality for testing property and other income, administrative expenses, provisions and working capital balances.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between \$0.5 million and \$4.6 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$0.4 million (2019: \$0.4 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/ auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the company's directors as a body for to enable the company to meet its filing obligations regarding the financial statements annual report applicable to its listing in London in accordance with our engagement letter dated 15 June 2020 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

Partner responsible for the audit

The engagement partner on the audit resulting in this independent auditors' report is Darryl Phillips.



PricewaterhouseCoopers LLP
Chartered Accountants
London
14 December 2020

Consolidated and separate statements of financial position

As at 30 June 2020

	Notes	GROUP		COMPANY		
		As at 30 June 2020 US\$'000	As at 30 June 2019 US\$'000	As at 30 June 2020 US\$'000	As at 30 June 2019 US\$'000	
Assets						
Non-current assets						
Investment properties	3	572,086	573,664	-	-	
Deposits paid on investment properties	3	4,500	8,500	-	-	
Property, plant and equipment	13	3,363	2,158	2,177	1,406	
Intangible assets	6	568	581	4	7	
Other investments	7	1	3,024	-	-	
Investments in associates and joint ventures	8	161,301	150,605	11,404	6,449	
Investments in subsidiaries	9	-	-	13,367	129,152	
Related party loans receivable	10	3	25,320	396,580	337,721	
Other loans receivable	11	39,575	29,226	-	-	
Trade and other receivables	13	2,858	-	-	-	
Deferred tax	12	24,471	20,484	-	-	
Total non-current assets		808,726	813,562	423,532	474,735	
Current assets						
Trade and other receivables	13	29,673	34,293	506	2,313	
Current tax refundable		697	693	-	-	
Related party loans receivable	10	138	166	38,250	38,126	
Other loans receivable	11	2,846	-	-	-	
Derivative financial instruments	21	39	-	-	-	
Cash and cash equivalents	14	3,578	15,164	34	230	
Total current assets		36,971	50,316	38,790	40,669	
Total assets		845,697	863,878	462,322	515,404	
Equity and liabilities						
Total equity attributable to ordinary shareholders						
Ordinary share capital	15a.	454,145	443,259	454,145	443,259	
Treasury shares reserve	15b.	(18,406)	(18,406)	-	-	
Foreign currency translation reserve		(4,072)	(36)	53	53	
(Accumulated losses) / retained earnings		(133,784)	(34,868)	(27,343)	41,490	
Equity attributable to owners of the Company		297,883	389,949	426,855	484,802	
Non-controlling interests		(614)	4,581	-	-	
Total equity		297,269	394,530	426,855	484,802	
Liabilities						
Non-current liabilities						
Redeemable preference shares	16	12,840	12,840	-	-	
Proportional shareholder loans	17	9,615	9,615	-	-	
Interest-bearing borrowings	18	337,620	163,738	22,985	2,422	
Obligations under leases	19	905	126	765	-	
Related party loans payable	10	3,918	-	-	-	
Deferred tax liability	12	57,419	44,410	-	-	
Total non-current liabilities		422,317	230,729	23,750	2,422	
Current liabilities						
Interest-bearing borrowings	18	50,030	182,359	1,820	11,540	
Interest-bearing borrowings - accrued interest	18	5,349	-	375	-	
Obligations under leases	19	254	46	146	-	
Trade and other payables	20	23,220	31,606	4,456	1,389	
Current tax payable		2,002	924	392	288	
Derivative financial instruments	21	4,043	43	-	-	
Related party loans payable	10	27,138	14,507	-	6,167	
Other financial liability	22	4,868	644	4,528	306	
Bank overdrafts	14	9,207	8,490	-	8,490	
Total current liabilities		126,111	238,619	11,717	28,180	
Total liabilities		548,428	469,348	35,467	30,602	
Total equity and liabilities		845,697	863,878	462,322	515,404	

These financial statements on pages 182 to 276 were approved for issue by the Board of Directors and authorised for issue on 14 December 2020.

Bronwyn Corbett

Leon van de Moortele

Consolidated and separate income statements

For the year ended 30 June 2020

	Notes	GROUP		COMPANY		
		30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000	
Revenue						
Net property income						
Gross rental income	23	47,954	43,558	-	-	
Straight-line rental income accrual	4	580	(824)	-	-	
Revenue		48,534	42,734	-	-	
Property operating expenses		(10,533)	(10,416)	-	-	
Net property income		38,001	32,318	-	-	
Other income		4,132	274	87,117	1,852	
Administrative expenses (including corporate structuring costs)		(20,131)	(15,271)	(8,190)	(5,856)	
Profit / (loss) from operations	24	22,002	17,321	78,927	(4,004)	
Fair value adjustment on investment properties		(44,523)	15,637	-	-	
Contractual receipts from vendors of investment properties		3,305	5,726	-	-	
Total fair value adjustment on investment properties	3	(41,218)	21,363	-	-	
Fair value adjustment on other investments	7	591	(795)	-	(727)	
Fair value adjustment on other financial liability	22	(4,224)	(516)	(4,222)	(178)	
Fair value adjustment on derivative financial instruments	21	(3,961)	(6)	-	-	
Fair value adjustment on investment in subsidiary	9	-	-	(115,785)	49,386	
Share-based payment expense		(109)	(156)	(109)	(156)	
Share of profits from associates and joint ventures	8	6,698	20,553	3,076	-	
Impairment of loans and other receivables	25	(6,883)	(1,051)	(4,536)	(4)	
Net impairment (charge) / credit on financial assets	26	(3,085)	(5)	(1,923)	74	
Gain from bargain purchase on associates		178	-	-	-	
Foreign currency (losses) / gains		(2,933)	(1,395)	140	1,282	
(Loss) / profit before interest and taxation		(32,944)	55,313	(44,432)	45,673	
Interest income	27	4,752	7,896	15,368	13,810	
Finance costs	28	(25,674)	(23,722)	(1,942)	(2,295)	
(Loss) / profit for the year before taxation		(53,866)	39,487	(31,006)	57,188	
Taxation	29	(13,382)	(13,417)	(394)	(290)	
(Loss) / profit for the year after taxation		(67,248)	26,070	(31,400)	56,898	
(Loss) / profit attributable to:						
Equity shareholders		(63,115)	28,035	(31,400)	56,898	
Non-controlling interests		(4,133)	(1,965)	-	-	
Basic and diluted (losses) / earnings per ordinary share (cents)*	30	(20.85)	9.68	(10.06)	19.06	

*The Company does not have any dilutionary instruments in issue.

The notes on pages 188 to 276 form an integral part of the financial statements.

Consolidated and separate statements of comprehensive income

For the year ended 30 June 2020

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
(Loss) / profit for the year	(67,248)	26,070	(31,400)	56,898
Retirement benefit obligation (net of taxation)	209	(1)	-	-
Loss on translation of functional currency (net of taxation)	(4,036)	(1,816)	-	-
Other comprehensive expense that will not be reclassified to profit or loss	(3,827)	(1,817)	-	-
Total comprehensive (expense) / income relating to the year	(71,075)	24,253	(31,400)	56,898
Attributable to:				
Equity shareholders	(66,942)	26,218	(31,400)	56,898
Non-controlling interests	(4,133)	(1,965)	-	-
	(71,075)	24,253	(31,400)	56,898

The notes on pages 188 to 276 form an integral part of the financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2020

	Notes	Ordinary share capital	Treasury shares reserve	Foreign currency translation reserve	Antecedent dividend reserve	Accumulated losses	Non-controlling interest	Total equity
GROUP		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 2018		328,394	(14,811)	1,780	-	(36,396)	(3,940)	275,027
Profit / (loss) for the year		-	-	-	-	28,035	(1,965)	26,070
Other comprehensive expense for the year		-	-	(1,816)	-	(1)	-	(1,817)
Total comprehensive income / (expense)		-	-	(1,816)	-	28,034	(1,965)	24,253
Share based payments		-	-	-	-	156	-	156
Ordinary dividends paid	32	-	-	-	(6,581)	(26,662)	-	(33,243)
Treasury shares		-	(3,595)	-	-	-	-	(3,595)
Antecedent dividend reserve	15a.	(6,581)	-	-	6,581	-	-	-
Ordinary shares issued	15a.	132,095	-	-	-	-	-	132,095
Share issue expenses	15a.	(10,649)	-	-	-	-	-	(10,649)
Non controlling interest on acquisition of subsidiary	15a.	-	-	-	-	-	10,486	10,486
Balance as at 30 June 2019		443,259	(18,406)	(36)	-	(34,868)	4,581	394,530
Balance as at 1 July 2019		443,259	(18,406)	(36)	-	(34,868)	4,581	394,530
Adoption of IFRS 16	42	-	-	-	-	(154)	-	(154)
Restated total equity at the beginning of the financial year		443,259	(18,406)	(36)	-	(35,022)	4,581	394,376
Loss for the year		-	-	-	-	(63,115)	(4,133)	(67,248)
Other comprehensive (expense) / income for the year		-	-	(4,036)	-	209	-	(3,827)
Total comprehensive expense		-	-	(4,036)	-	(62,906)	(4,133)	(71,075)
Share based payments		-	-	-	-	109	-	109
Ordinary dividends paid	32	-	-	-	-	(35,965)	-	(35,965)
Treasury shares	15b.	-	-	-	-	-	-	-
Ordinary shares issued	15a.	11,292	-	-	-	-	-	11,292
Antecedent dividend reserve	15a.	-	-	-	-	-	-	-
Share issue expenses	15a.	(406)	-	-	-	-	-	(406)
Dividends paid to non-controlling shareholders		-	-	-	-	-	(1,062)	(1,062)
Balance as at 30 June 2020		454,145	(18,406)	(4,072)	-	(133,784)	(614)	297,269

The notes on pages 188 to 276 form an integral part of the financial statements.

Separate statement of changes in equity

For the year ended 30 June 2020

	Ordinary share capital	Foreign currency translation reserve	Antecedent dividend reserve	Retained earnings / (accumulated losses)	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
COMPANY					
Balance as at 1 July 2018	328,394	53	-	12,228	340,675
Profit for the year	-	-	-	56,898	56,898
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	56,898	56,898
Share based payments	-	-	-	156	156
Ordinary dividends paid	32	-	(6,581)	(27,792)	(34,373)
Antecedent dividend reserve	15a.	(6,581)	-	6,581	-
Ordinary shares issued	15a.	132,095	-	-	132,095
Share issue expenses	15a.	(10,649)	-	-	(10,649)
Balance as at 30 June 2019	443,259	53	-	41,490	484,802
Balance as at 1 July 2019	443,259	53	-	41,490	484,802
Adoption of IFRS 16	42	-	-	(46)	(46)
Restated total equity at the beginning of the financial year	443,259	53	-	41,444	484,756
Loss for the year	-	-	-	(31,400)	(31,400)
Other comprehensive income / (expense)	-	-	-	-	-
Total comprehensive expense	-	-	-	(31,400)	(31,400)
Share based payments	-	-	-	109	109
Ordinary dividends paid	32	-	-	(37,496)	(37,496)
Antecedent dividend reserve	15a.	-	-	-	-
Ordinary shares issued	15a.	11,292	-	-	11,292
Share issue expenses	(406)	-	-	-	(406)
Balance as at 30 June 2020	454,145	53	-	(27,343)	426,855

The notes on pages 188 to 276 form an integral part of the financial statements.

Consolidated and separate statements of cash flows

For the year ended 30 June 2020

	Notes	GROUP		COMPANY	
		30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Cash generated from / (utilised in) operations					
(Loss) / profit for the year before taxation		(53,866)	39,487	(31,006)	57,188
Adjusted for:					
Depreciation and amortisation	5 & 6	594	392	266	91
Interest income	27	(4,752)	(7,896)	(15,368)	(13,810)
Dividend Income		-	-	(85,629)	-
Share of profits from associates and joint ventures	8	(6,698)	(20,553)	(3,076)	-
Finance costs	28	25,674	23,722	1,942	2,295
IFRS 9 charges / (reversals)		11,858	2,218	6,459	(70)
Foreign currency losses/(gains)		2,933	1,156	-	-
Straight-line rental income accrual	4	(580)	824	-	-
Amortisation of lease premium		(1,129)	-	-	-
Share based payment expense		109	156	109	156
Fair value adjustment on investment properties	3	41,218	(21,363)	-	-
Gain from bargain purchase on associates		(178)	-	-	-
Fair value adjustment on other investments	7	(591)	795	-	727
Fair value adjustment on other financial liability	22	4,224	516	4,222	178
Fair value adjustment on derivative financial instruments		3,961	6	-	-
Fair value adjustment on investment in subsidiary	9	-	-	115,785	(49,386)
		22,777	19,460	(6,296)	(2,631)
<i>Changes to working capital</i>					
Movement in trade and other receivables		(7,094)	(4,916)	(2,807)	1,593
Movement on deposits paid on investment properties		4,000	2,617	-	-
Movement in trade and other payables		(4,742)	5,994	3,164	(368)
Cash generated from / (utilised in) from operations		14,941	23,155	(5,939)	(1,406)
Taxation paid		(3,280)	(897)	(292)	(79)
Net cash generated from / (utilised in) operating activities		11,661	22,258	(6,231)	(1,485)
Acquisition of, and additions to investment properties		(42,573)	(107,587)	-	-
Additions to property, plant and equipment	5	(213)	(666)	(12)	(115)
Additions to intangible assets	6	(518)	(230)	(11)	(17)
Additions to other investments		(1)	-	-	-
Acquisition of associates and joint ventures		(2,335)	(14,053)	(1,878)	(6,113)
Dividends and interest received from associates and joint ventures		7,756	8,732	-	-
Dividends received		-	-	85,629	-
Interest received		4,635	5,415	-	13,810
Proceeds from disposal of property, plant and equipment		1	-	-	-
Related party loan receivables		-	(19,855)	(34,167)	(67,855)
Other loans repayment received		10,241	-	-	-
Related party loan payables		16,221	14,416	(6,298)	-
Proportional shareholder loans received		1,614	423	-	-
Other loans (advanced) / repaid		(278)	-	-	800
Net cash (utilised) / generated in investing activities		(5,450)	(113,405)	43,263	(59,490)
Proceeds from the issue of ordinary shares	15	-	126,124	-	126,124
Share buy back		-	-	-	-
Purchase of own shares	15b.	-	(3,595)	-	-
Share issue expenses	15	(406)	(4,678)	(406)	(4,678)
Dividends paid to non-controlling shareholders		(1,062)	-	-	-
Ordinary dividends paid	32	(36,479)	(33,147)	(37,496)	(34,373)
Proceeds from interest bearing borrowings	18	170,278	147,275	21,778	30,815
Settlement of interest bearing borrowings	18	(124,920)	(104,908)	(11,211)	(54,425)
Finance costs and debt initiation costs paid		(25,019)	(23,674)	(1,257)	(2,490)
Payments of leases		(338)	(3)	(146)	-
Net cash (utilised) / generated from financing activities		(17,946)	103,394	(28,738)	60,973
Net movement in cash and cash equivalents		(11,735)	12,247	8,294	(2)
Cash at the beginning of the year		6,674	(5,812)	(8,260)	(8,258)
Effect of foreign exchange rates		(568)	239	-	-
Total cash and cash equivalents (including overdrafts) at the end of the year	14	(5,629)	6,674	34	(8,260)

The notes on pages 188 to 276 form an integral part of the financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2020

General information

Grit Real Estate Income Group Limited (the "Company"; the "Parent") and its subsidiaries (together the "Grit Group" or "the Group") is a real estate company focused on real estate investment assets in pre-selected African countries (excluding South Africa). The Company is a public company incorporated and domiciled in Mauritius. The address of its registered office is 3rd floor, La Croisette Shopping Mall, Grand Baie, Mauritius. The Company currently holds its primary listing on the Main Market of the London Stock Exchange (LSE) while its listing on the Official Market of the Stock Exchange of Mauritius Ltd (SEM) is termed as a secondary listing. Subsequent to year-end the Company has delisted on the Main Board of the Johannesburg Stock Exchange (JSE) on 29 July 2020. Grit Real Estate Income Group Limited is the ultimate holding company of the Group.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Basis of preparation and measurement

The financial statements include the consolidated financial statements of the parent company and its subsidiaries ("the Group").

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB; the Financial Pronouncements as issued by Financial Reporting Standards Council, the LSE and SEM Listings Requirements; and, the requirements of the Mauritian Companies Act 2001. The financial statements have been prepared on the going-concern basis and were approved for issue by the board on 14 December 2020.

The financial statements have been prepared under the historical cost basis, except for investment properties and certain financial instruments that are measured at fair value through profit or loss and which are stated at fair value.

Going concern

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

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

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

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

Two scenarios of the severe but plausible downside were modelled.

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

1. Reduced revenue as a result of potential rental concessions provided to a range of tenants, particularly in the retail and hospitality sectors, and extended assumptions on vacancy take up:
 - A delay in vacancy take up of 12 months for all vacant space;
 - Additional rental concessions of 30% on all non-essential services tenants in the retail sector; and
 - Average rental concessions and deferments of approximately 35% across the hospitality sector.
2. Cumulative decline in property valuations of:
 - 30% peak to trough (December 2019 to June 2022) declines on all retail assets;

- 30% peak to trough (December 2019 to June 2022) valuation declines on hospitality assets in Mauritius where government support is pending, and declines of 15% on hospitality assets in Mauritius where government support has been obtained and on the hospitality assets in Senegal; and

- 5% decline in valuations of light industrial assets from June 2020 to June 2022;

- 5% decline in valuations of corporate accommodation from June 2020 to June 2022.

- Weighted average decline of 6.7% in valuations of office sector assets from June 2020 to June 2022

3. Exchange Rates:

- A 10% weakening of the Euro against the US Dollar over the next 12 months; and

- A weakening of local African currencies against the US Dollar ranging from 12% (in the case of the Mauritian Rupee) to 47% (in the case of the Zambian Kwacha) over the analysis period.

4. Facilities and Finance costs:

- All non-committed debt facilities (i.e. overdraft facilities or other facilities where the financier has the right to unilaterally amend the terms of the agreement) are assumed to be repaid with 1 months' notice.

- An increased cost of funding ranging from 0.25% (in the case of all Mauritian financiers) up to 4% (in the case of Kenyan financiers).

5. Dividends

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

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

- Peak to trough (December 2019 to June 2022) declines of 38% on all retail assets;

- Peak to trough (December 2019 to June 2022) valuation declines of between 23% to 37% on hospitality assets, dependent on the level of government support obtained by the respective tenants; and

- 12% - 14% decline in valuations of light industrial assets, corporate accommodation and office sector assets from June 2020 to June 2022.

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

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

Changes in accounting policies and comparability

The accounting policies have been applied consistently to all years presented unless otherwise stated in Note 42. Where necessary, comparative figures have been amended to be consistent with changes in presentation in the later years.

Functional and presentation currency

The consolidated financial statements are prepared and are presented in 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 by 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 as discussed further in Note 44.

1.2 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is a person or group that is responsible for allocating resources and assessing performance of the operating segments. The Group has determined the board as its chief operating decision-maker as it is the board that makes the Group's strategic decisions. Each operating entity has its own Segmental and Geographical allocation and it is not allocated to more than one sector. Depreciation and amortisation is not shown separately due to the immaterial nature thereof. (Refer to note 41)

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Critical judgements and estimates

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

Judgements

The principal areas where such judgements have been made are:

Unconsolidated structured entity

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

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

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

As the Group does not have both, power to direct the activities of DiT and an exposure to variable returns, the Group has exercised judgement on not to consolidate DiT but disclose it as an unconsolidated structured entity due to DiT being a related party. Refer to Note 34d. for disclosure of the transaction.

Acquisition of Letlolo La Rona Limited

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

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

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

The transaction for the 9,839,511 shares was recorded at the ruling share price of the day of US\$1.19, resulting in the acquisition being recorded at US\$11.3m. The difference between the agreed transaction price of US\$13.8m has resulted in a gain of US\$2.1m.

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

Freedom Asset Management (FAM) as a subsidiary

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

Grit Executive Share Trust (GEST) as a subsidiary

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

Gateway Real Estate Africa Ltd (GREA) as an associate

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

Acquisition of investment properties

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

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

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

Investments, associates and joint ventures

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

Estimates

The principal areas where such estimations have been made are:

Fair value of investment properties

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

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. The market activity is impacted in all sectors. As at valuation date, the valuers have considered to attach less weight to previous market evidence for comparison purposes, to form opinions of value. Indeed, the current response to COVID-19 means that an unprecedented set of circumstances are faced on which to base a judgement. The valuation is therefore reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty and a higher degree of caution should be attached to our valuation than would normally be the case, given the unknown future impact that COVID-19 might have on the real estate market. For the avoidance of doubt the material valuation uncertainty declaration does not mean that the valuation cannot be relied on as it only serves as a precaution and does not invalidate the valuation. There has been no change in the valuation methodology used for investment property as a result of COVID-19. For further details of the valuation method, judgements and assumptions made, see note 3.

Fair value of financial instruments

The Group have estimated the value of its obligation arising from its guarantee to de-risk 50% of PIC's exposure to the BoAML CRO. The Group's obligation is based on the occurrence or non-occurrence of uncertain future events (the probability of DiT defaulting on the BoAML facility). Therefore, the fair value of the obligation was based on the probability of DiT defaulting on the facility (management has assessed the risk of default as low for the years ending 30 June 2020 and 30 June 2019.) Refer to note 22 for the value of the obligation.

Fair value of investment in subsidiaries

The Company accounts for its investments in subsidiaries using the fair value method. The Company engaged with independent valuation specialists to determine the fair value as at 30 June 2020 of its underlying subsidiaries. The fair value of investment properties is determined using a combination of the discounted cash flows method and the income capitalisation valuation method, using assumptions that are based on market conditions existing at the end of the relevant reporting year.

Taxation

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

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COVID-19

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

1.4 Consolidation

Basis of consolidation

The financial statements incorporate the financial information of the Company and all entities which are controlled by the Group.

The Group has control of an investee when it has power over the investee, it is exposed to or has rights to variable returns from involvement with the investee and it has the ability to use its power over the investee to affect the amount of the investor's returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Group has the practical ability to direct the relevant activities of an investee without holding the majority of the voting rights. In determining whether de-facto control exists the Group considers all relevant facts and circumstances, including the size of the Group's voting rights relative to both the size and dispersion of other parties who hold voting rights.

- Substantive potential voting rights held by an entity in the Group and by other parties
- Other contractual arrangements entered into between the Group and the investee
- Historic patterns in the direction of the investee's relevant activities

The results of subsidiaries are included in the financial statements from the effective date of their acquisition to the effective date of their disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for a non-controlling interest.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary, both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in the non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets acquired, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest rate and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of any contingent consideration are not adjusted against goodwill, unless they are valid measurement period adjustments. Instead they will be recognised through profit and loss.

The acquirer's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 "Business combinations" are recognised at their fair values at acquisition date, except for non-current assets (or a disposal group) that are classified as held-for-sale in accordance with IFRS 5 "Non-current assets held-for-sale and discontinued operations", which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of an acquiree where there is a present obligation at the relevant acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for the Group's accounting purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill (gain on bargain purchase) is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus any non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. Where the net recognised amount of the identifiable assets acquired and liabilities assumed exceeds the fair value of the consideration transferred (including the recognised amount of any non-controlling interest in the acquiree), this excess is recognised immediately in profit or loss.

Any goodwill arising is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on the acquisition of foreign entities is considered an asset of the relevant foreign entity. In such cases the goodwill would be translated to the functional currency of the Group at the end of each reporting year with any adjustment recognised in equity through other comprehensive income.

Investment in subsidiaries

Group annual financial statements

The group annual financial statements include those of the holding company and its subsidiaries. The results of the subsidiary are included from the date control of the subsidiary is obtained (i.e. effective date of acquisition) until the date that control of the subsidiary is lost (i.e. disposal date). All intercompany transactions and balances are eliminated on consolidation.

Company annual financial statements

In the Company's separate annual financial statements, investment in subsidiaries are carried at fair value through profit and loss.

Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. Fair values are determined by reference to the underlying fair value of the subsidiaries' net assets.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided on such intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at the end of each reporting year.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Average useful life
Computer software	4 years

1.6 Investment properties

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the Group, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Investment properties are those which are held either to earn rental income or for capital appreciation or for both. Investment properties are subsequently carried at fair value. External, independent valuation companies, with professionally qualified valuers and recent experience in the locations and categories of properties being valued, value the Group's investment property portfolios on at least a biannual basis. If an investment property is not externally valued at a reporting date then a directors' valuation is undertaken. The fair values are based on market values, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuations are prepared by considering comparable market transactions for sales and letting and having regard for the current leases in place. In the case of lettings this includes considering the aggregate of the net annual market rents receivable from the properties and where relevant, associated costs. A yield which reflects the risks inherent in the net cash flows is applied to the net annual rentals to arrive at the property valuation.

Any gain or loss arising from a change in fair value of an investment property is recognised in profit or loss.

Under the revised IAS 40 "Investment Property", property that is under construction or development for future use as investment property is within the scope of IAS 40. As the fair value model is applied, such property is measured at fair value. However, where the fair value of investment property under redevelopment is not reliably measurable, the property would be measured at cost until the fair value of the investment property under redevelopment is complete.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.7 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost and subsequently at cost less accumulated depreciation and any impairment losses.

Item of property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual values.

Item	Average useful life
Furniture and fittings	6 years
Computer equipment	3 years
Office equipment	8 years
Office buildings	20 years
Plant and machinery	4 years
Motor vehicles	5 years
Right of use of land	15 years
Right of use of motor vehicles	5 years
Right of use of office	6 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The depreciation charge for each year is recognised in profit and loss.

The carrying amount of an item of property, plant and equipment is derecognised on disposal; or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from de-recognition of an item of property, plant and equipment is included in profit and loss when the item is derecognised. The gain or loss arising from de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Where the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its recoverable amount.

1.8 Financial instruments - recognition, classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Recognition, measurement and derecognition

Non-derivative financial instruments comprise investment in equity securities, trade and other receivables, cash and cash equivalents, loans and other borrowings and trade and other payables.

All non-derivative financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the relevant contractual arrangement.

Subsequent measurement

Subsequent to initial recognition, non-derivative financial assets are measured as stated below.

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the relevant year.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the Group's right to receive payment is established.

Related party loans receivables, other loans receivable, trade and other receivables and cash and cash equivalents are measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Investments at fair value through profit or loss

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses".

Trade and other receivables

Trade and other receivables including related party loans and other loan receivables that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired.

Unbilled income based on contractual amounts due within the year which have not been invoiced are included within trade and other receivables as income accrued.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with financial institutions and other short-term liquid investments that are readily convertible to a known amount of cash. These are initially recorded at fair value and subsequently measured at amortised cost. Cash and cash equivalents are classified as loans and receivables.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost. Any amounts received from tenants that relate to periods after the financial year end are recognised as deferred income and included under trade and other payables.

Bank overdraft and borrowings

Bank overdraft and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting year.

Preference share capital

Preference shares, which are redeemable through a put option, are classified as liabilities. Dividends on these preference shares are recognised in profit or loss as finance costs.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (including unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent comparable arm's length transactions, reference to valuations of other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.8 Financial instruments - recognition, classification and measurement (continued)

Impairment of financial assets

The Group assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The ECL model separates the assessment for impairment requirements into three stages:

1. On origination of the financial instrument, 12 month ECLs are recognised.
2. If the credit risk increases significantly and resulting credit quality is not considered low risk, full lifetime ECLs are recognised.
3. If the credit risk increases and the asset is considered impaired, full lifetime ECLs are recognised, as in stage 2.

An impairment loss is calculated as the difference between the asset's carrying value and the present value of the estimated future cash inflows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. Impairment losses have been recognised on inter-company assets as this is payable on demand with no interest.

1.9 Leases

As explained in note 1.1 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy and the impact of the change is described in note 42.

Policy applicable prior to 1 July 2019

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are invariably charged to profit or loss.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as income and the contractual amounts received are recognised as an operating lease asset. This asset is not discounted.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income from such operating leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the year they are incurred.

1.10 Income tax

Current tax assets and liabilities

Current tax for current and prior years is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior years exceeds the amount due for those years, the excess is recognised as an asset.

Current tax liabilities / (assets) for the current and prior years are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the relevant reporting year. Current tax payable also includes any tax liability arising from the declaration of dividends and payment of withholding taxes.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from temporary differences related to differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that a taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when temporary differences relate to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the relevant reporting year. For investment properties that are measured at fair value the presumption that the carrying amount of the investment properties will be recovered through sale has not been rebutted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the eventual current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, where they intend to settle the eventual current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the relevant year, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different year, in other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different year, to other comprehensive income.

1.11 Share capital

Ordinary share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new ordinary shares are shown as a deduction in equity, net of tax, from the proceeds of issue.

Treasury shares

The consideration paid for the purchase of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the 'Treasury shares reserve'). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares would be credited to retained earnings.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.12 Revenue and other income

Rental income

Revenue from the letting of investment property comprises gross rental income, retail parking income and recoveries of operating costs, net of value added tax. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Recoveries of costs from lessees, are separately disclosed under revenue in the "Recoverable property expenses" line and the associated costs are disclosed under operating expenditure. Rental income from lease agreements is not within the scope of IFRS 15.

Interest is recognised, in profit or loss, using the effective interest rate method.

Revenue from contracts with customers arises from transactions not associated with financial instruments, or investment properties. Revenue is recognised either when the performance obligation has been satisfied ("point in time") or as control of the goods or service is transferred to the customer ("over time"). This requires an assessment of the Group's performance obligations and of when control is transferred to the customer. When cash is received in advance of revenue being recognised, this is deferred on balance sheet as deferred income. When revenue is recognised in advance of cash being received, this is held on balance sheet as accrued income.

For each, revenue is measured based on the consideration specified in contracts with customers. Such amounts are only included based on the expected value or most likely outcome method, and only to the extent that it is highly probable that no significant revenue reversal will occur. In assessing whether a significant reversal will occur, the Group considers both the likelihood and the magnitude of the potential revenue reversal.

Details related to the nature and measurement of revenue are set out below:

Revenue	Types	Description	Nature, timing of satisfaction of performance obligations and measurements
Contractual rental income - IFRS 16	Rental -Office Commercial Rental -Retail Storage Rent Antennae Rental Rental -Office Gov Other Rental -Industrial	This is any income for the transferred right to use the asset.	The Group recognises lease payments received under an operating lease as income on a straight-line basis over the term as part of revenue. The Group did not need to make any adjustments to the accounting for assets held under operating leases as a result of the adoption of IFRS 16.
Retail parking income - IFRS 16	Parking Rental -Lease Rental Parking-Basement Rental Parking -Shade Parking Rental -Open	This is any income for the transferred right to use the asset.	The Group recognises lease payments received under an operating lease as income on a straight-line basis over the term as part of revenue. The Group did not need to make any adjustments to the accounting for assets held under operating leases as a result of the adoption of IFRS 16.
Recoverable property expenses - IFRS 15	Repairs and maintenance Electricity Cleaning Security Other Service Contracts Refuse & Waste Water Generator & Diesel Syndic Fees Marketing	Depending on the type of the lease contract, these can be either explicitly stated or implied in the lease contract that they are borne by the lessee	Utility recoveries are recognised over the year for which the services are rendered and match the expenses.

Other income

Interest earned on cash invested with financial institutions is recognised as it accrues using the effective interest method.

Dividend income is recognised, in profit or loss, when the Group's right to receive payment has been established.

Government grants received has been accounted in other income if the probability or obligation to repay the grant is unlikely. In the likelihood of the grants being repayable, it will be classified under trade payables or long term payables.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the year in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Long-term employee benefits - share based payments

Where equity settled share awards are made to executive directors, senior managers or certain other key employees, the fair value of the awards at the date of grant is charged to profit and loss over the full vesting period.

1.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions in Group entities

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the relevant reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the relevant year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate ruling at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations inclusion in the consolidation

Items included in each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (their functional currency). The results and financial position of all the Group entities that have a functional currency different from that of the presentation currency of the Company are translated into the presentation currency of the Company as follows:

- assets and liabilities are translated at the exchange rate ruling at the relevant reporting date;
- income and expenses are translated at the average exchange rates for each year; and
- any resulting exchange differences are recognised in other comprehensive income and are accumulated in the foreign currency translation reserve, a separate component of equity, until such time as the relevant foreign entity is disposed of at which time such translation differences are recognised in profit or loss.

1.16 Earnings per ordinary share and diluted earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the profit or loss by the weighted average number of ordinary shares outstanding during the relevant reporting period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

1.17 Ordinary dividend distributions and the antecedent dividend reserve

1.17a Ordinary dividend distributions

Ordinary dividends are recognised when they become legally payable. For all dividends this is when declared by the directors.

A dividend distribution to ordinary shareholders is accordingly recognised as a liability in the financial statements in the year in which the dividend is declared.

A "clean-out" dividend is an ordinary dividend that is paid to existing ordinary shareholders prior to a new issue of ordinary shares, for the purpose of limiting the quantum of the antecedent dividend(see below).

1.17b Antecedent portion of ordinary dividends

Not distributing the antecedent portion of ordinary dividends would result in existing ordinary shareholders' interests being diluted. This can arise due to the payment of an ordinary dividend based on a greater number of ordinary shares in issue, without having had the benefit of the cash flow from the new issues of ordinary shares (or the risks and rewards of ownership of any investment property purchased with the proceeds of the issue of new shares) in the financial year to which the dividend relates. Such distributions are made out of the antecedent dividend reserve.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle the obligation.

The amount recognised as a provision in each instance would be the directors best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation.

1.19 Contingent liabilities

The Company and its subsidiaries are party to cross guarantees securing certain bank loans. At 30 June 2020 and 30 June 2019, there was no liability that could arise for the Company from the cross guarantees. Where the Company enters into financial guarantee contracts and guarantees the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time that it becomes probable that the Company will be required to make a payment under the guarantee.

1.20 Investment in associates

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding giving between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method.

The Group's investments in associates include any goodwill (net of any accumulated impairment loss) identified on acquisition. They are initially recognised at cost. This is subsequently adjusted for post-acquisition changes in the Group's share of the net assets of each associate, less any impairment in the value of individual investments.

Any excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

In circumstances where the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred a legal or constructive obligation or made payments on behalf of the associate.

The results of associated companies acquired or disposed of during a year are included in the statement of comprehensive income from the date of their acquisition up to the date of their disposal.

Unrealised profits are eliminated to the extent of the Group's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Where necessary, appropriate adjustments are made to the financial statements of associates to bring their accounting policies in line with those adopted by the Group.

1.21 Investment in joint ventures

A joint venture is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding giving between 20% and 50% of the voting rights. The company has joint control of the entity and have joint rights to the net assets of the arrangement. Investments in joint ventures are accounted for under the equity method.

The Group's investments in joint ventures include any goodwill (net of any accumulated impairment loss) identified on acquisition. They are initially recognised at cost. This is subsequently adjusted for post-acquisition changes in the Group's share of the net assets of each joint venture, less any impairment in the value of individual investments.

Any excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the joint venture's profit or loss.

In circumstances where the Group's share of losses exceeds its interest in a joint venture, the Group discontinues recognising further losses, unless it has incurred a legal or constructive obligation or made payments on behalf of the joint venture.

The results of joint ventured companies acquired or disposed of during a year are included in the statement of comprehensive income from the date of their acquisition up to the date of their disposal.

Unrealised profits are eliminated to the extent of the Group's interests in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Where necessary, appropriate adjustments are made to the financial statements of joint ventures to bring their accounting policies in line with those adopted by the Group.

2 NEW STANDARDS AND INTERPRETATIONS

2.1 Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, interpretations and amendments to existing standards have been published that are applicable for future accounting years that have not been adopted early by the Group. These standards and interpretations will be applied in the first year that they are applicable to the Group.

Topic	Summary of requirements	Impact
Definition of a Business (Amendments to IFRS 3)	<p>Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.</p> <p>In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:</p> <ul style="list-style-type: none"> Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs. Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. <p>The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period</p>	Each acquisition is assessed where it is a business combination or an assets acquisition. When IFRS 3 is adopted this will be considered when the acquisition is assessed.
Amendments to References to Conceptual Framework in IFRS Standards	<p>The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:</p> <ul style="list-style-type: none"> A new chapter on measurement; Guidance on reporting financial performance; Improved definitions of an asset and a liability, and guidance supporting these definitions; and Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. <p>The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.</p> <p>Although we expect this to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.</p>	The Group does not expect any significant change as a result of this amendment. The group does not use the Conceptual Framework in determining its accounting policies.
Definition of Material (Amendments to IAS 1 and IAS 8)	<p>The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.</p> <p>The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments</p> <p>"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."</p> <p>The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.</p>	The Group does not expect any significant change as a result of this amendment.
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	<p>In May 2020, the IASB issued COVID-19-Related Rent Concessions, which amended IFRS 16 Leases. The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. The amendment is effective for annual reporting periods beginning on or after 1 June 2020.</p>	The amendment to IFRS 16 is not applicable to the Group as the practical expedient applies to lessee only. The Group has assessed rent concessions given during the financial year using guidance prevailing already in IFRS 16.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2 NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

2.2 Standards, interpretations and amendments to published standards that are effective and applicable to the Group

The Group has adopted the following new standards, interpretations and amendments to existing standards for the first time for the financial year ended 30 June 2020. The nature and effect of the changes are as follows:

Topic	Summary of requirements	Impact
Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform	Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.	The Group has not yet assessed the impact of the implementation of IBOR as our lenders has not yet imposed the IBOR changes to the Group.
IFRIC 23 Uncertainty over Income Tax Treatments (1 January 2019)	IFRIC 23 clarifies that where it is unclear how tax law applies to a particular transaction or circumstance, an entity will have to assess whether it is probable that the tax authority will accept the entity's chosen tax treatment. Where it is probable that the tax authority may not accept the chosen tax treatment, disclosure about judgements made, assumptions and other estimates used; and the potential impact of uncertainties that are not reflected may be required. The interpretation also requires the entity to reassess the judgements and estimates applied if the facts and circumstances change	The Group has noted no material change to the income tax recognised. Further disclosures regarding significant judgements and estimation uncertainty have been disclosed.
IFRS 16 Leases	IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases - incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease	Refer to Note 42
	Lessee accounting	
	IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items	
	IFRS 16 can be applied using either a retrospective approach or a modified retrospective approach with optional practical expedients for lessees. The lessee will have to apply any elections consistently to all of its leases	
	When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition	
	Lessor accounting	
	IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating or finance leases, and to account for those two types of leases differently	
	IFRS 16 also requires enhanced disclosures to be provided about a lessor's risk exposure, particularly to residual value risk	

3. INVESTMENT PROPERTIES

Notes	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Net carrying value of properties	572,086	573,664	-	-
Movement for the year excluding straight-line rental income accrual				
Investment property at the beginning of the year	567,731	376,723	-	-
Acquisitions of investment properties ¹	18,848	94,254	-	-
Transfer from joint venture ²	-	75,400	-	-
Transfer to right of use asset	(88)	-	-	-
Other capital expenditure and construction	27,030	8,484	-	-
Foreign currency translation differences	(3,225)	(2,767)	-	-
Revaluation of properties at end of year	(41,218)	21,363	-	-
Contractual receipts from vendors of investment properties (reduction in purchase price)	(3,305)	(5,726)	-	-
As at 30 June	565,773	567,731	-	-
Reconciliation to consolidated statement of financial position and valuations				
Investment properties carrying amount per above	565,773	567,731	-	-
Straight-line rental income accrual	4	6,313	5,933	-
Investment properties	572,086	573,664	-	-
Reconciliation to property valuation				
Investment property (disclosed on balance sheet)	572,086	573,664	-	-
Lease incentives (disclosed under current assets)	13	4,680	2,505	-
Right of use of land (disclosed under property, plant and equipment (2019: intangible assets))	456	478	-	-
Furniture and fittings (disclosed under property, plant and equipment)	-	209	-	-
Total valuation of investment properties directly held by the Group	577,222	576,856	-	-

1 Acquisitions of investment properties

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

2 Consolidation of Mukuba Mall Limited

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

Investment property pledged as security

Certain of the Group's investment property has been pledged as security for interest-bearing borrowings (note 18) as follows:

- Mozambican investment properties with a market value of US\$308.0m are mortgaged to Standard Bank of South Africa to secure debt facilities amounting to US\$140.0m (June 2019: Mozambican investment properties with a market value of US\$287.9m were mortgaged to Standard Bank of Mozambique to secure debt facilities amounting to US\$10.5m, Standard Bank of South Africa to secure debt facilities amounting to US\$77.2m, Standard Bank Mauritius US\$10.1m, Banco Unico of Mozambique to secure debt facilities amounting to US\$2.7m and Bank of China to secure debt facilities amounting to US\$13.3m)
- Moroccan investment properties with a market value of US\$89.4 m (2019: US\$106.1m) are mortgaged to Investec Bank South Africa to secure debt facilities amounting to US\$45.7m (2019: US\$45.1m)
- Mauritian investment properties with a market value of US\$63.6m (2019: US\$68.4m) are mortgaged to ABSA Bank Mauritius to secure debt facilities amounting to US\$7.1m (2019: US\$7.2m) and State Bank of Mauritius to secure debt facilities amounting to US\$25.0m (2019: US\$25.4m)
- Kenyan investment properties with a market value of US\$24.4m (2019: US\$23.5m) are mortgaged to Bank of China to secure debt facilities amounting to US\$8.6m (2019: US\$8.5m)
- Zambian investment properties with a market value of US\$55.1m (2019: US\$69.1m) are mortgaged to Bank of China to secure debt facilities amounting to US\$29.0m (2019: US\$29.0m)
- Ghanaian investment properties with a market value of US\$19.2m (30 June 2019: US\$21.9m) are mortgaged to Barclays Bank Ghana Limited to secure debt facilities amounting to US\$9.0m (30 June 2019: US\$9.0m)

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

3. INVESTMENT PROPERTIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

Material valuation uncertainty due to Novel Corona virus ("COVID-19"):

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

Summary of valuations by reporting date	Most recent independent valuation date	Valuer (for the most recent valuation)	Sector	Country	30 June 2020	30 June 2019
Commodity House Phase I building	30-Jun-20	REC	Office	Mozambique	48,095	46,236
Commodity House Phase II building	30-Jun-20	REC	Office	Mozambique	19,348	17,200
Holland Building	30-Jun-20	REC	Office	Mozambique	21,332	20,800
Vodacom Building	30-Jun-20	REC	Office	Mozambique	49,438	48,101
Zimpeto Square	30-Jun-20	REC	Retail	Mozambique	5,848	7,616
Bollore Warehouse	30-Jun-20	REC	Light industrial	Mozambique	5,795	6,800
ABSA House ¹	30-Jun-20	Knight Frank	Office	Mauritius	13,825	14,312
AnfaPlace Mall ²	30-Jun-20	Knight Frank	Retail	Morocco	89,363	106,145
Tamassa Resort	30-Jun-20	Knight Frank	Hospitality	Mauritius	49,734	54,100
Vale Housing Compound ³	30-Jun-20	REC	Accommodation	Mozambique	70,654	49,900
Imperial Distribution Centre	30-Jun-20	Knight Frank	Light industrial	Kenya	21,370	20,200
Mara Viwandani	30-Jun-20	Knight Frank	Light industrial	Kenya	3,070	3,250
Mall de Tete	30-Jun-20	REC	Retail	Mozambique	19,991	25,416
Acacia Estate	30-Jun-20	REC	Accommodation	Mozambique	67,540	65,800
5th Avenue Building	30-Jun-20	Knight Frank	Office	Ghana	19,210	21,880
Mukuba Mall ⁴	30-Jun-20	Knight Frank	Retail	Zambia	55,130	69,100
Club Med Cap Skirring Resort	30-Jun-20	Knight Frank	Hospitality	Senegal	17,479	-
Total valuation of investment properties directly held by the Group					577,222	576,856
Total carrying value of investment properties per the consolidated statement of financial position					577,222	576,856
Deposits paid on Imperial Distribution Centre Phase 2					1,500	5,500
Deposits paid on Capital Place Limited					3,000	3,000
Total deposits paid on investment properties					4,500	8,500
Total carrying value of investment properties including deposits paid					581,722	585,356

1 During the current year ABSA House changed its name from Barclays House.

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

3. INVESTMENT PROPERTIES (CONTINUED)

Investment properties held within associates and joint ventures (note 8) - Group share

Summary of valuations by reporting date	Most recent independent valuation date	Valuer (for the most recent valuation)	Sector	Country	30 June 2020	30 June 2019
					US\$'000	US\$'000
Buffalo Mall - Buffalo Mall Naivasha Limited (50%)	30-Jun-20	Knight Frank	Retail	Kenya	6,395	5,449
Kafubu Mall - Kafubu Mall Limited (50%)	30-Jun-20	Knight Frank	Retail	Zambia	9,658	12,300
CADS II Building - CADS Developers Limited (50%)	30-Jun-20	Knight Frank	Office	Ghana	16,920	18,230
Cosmopolitan Shopping Centre - Cosmopolitan Shopping Centre Limited (50%)	30-Jun-20	Knight Frank	Retail	Zambia	31,375	37,350
Canonniers, Mauricia and Victoria Resorts and Spas - Beachcomber Hospitality (44.42%)	30-Jun-20	Knight Frank	Hospitality	Mauritius	95,066	98,736
Capital Place - Capital Place Limited (50.0%)	30-Jun-20	Knight Frank	Office	Ghana	11,210	11,714
Letlole La Rona Limited (30%) - 19 Investment properties	30-Jun-20	Knight Frank	Light industrial	Botswana	15,536	-
Letlole La Rona Limited (30%) - 1 Investment property	30-Jun-20	Knight Frank	Hospitality	Botswana	193	-
Letlole La Rona Limited (30%) - 2 Investment properties	30-Jun-20	Knight Frank	Retail	Botswana	4,957	-
Letlole La Rona Limited (30%) - 1 Investment property	30-Jun-20	Knight Frank	Office	Botswana	1,316	-
Letlole La Rona Limited (30%) - 1 Investment property	30-Jun-20	Knight Frank	Accommodation	Botswana	1,221	-
Gateway Real Estate Africa Ltd (19.98%)	30-Jun-20	Knight Frank Directors Valuation	Other Investments	Mauritius	5,009	-
Total of investment properties acquired through associates and joint ventures					198,856	183,779
Total portfolio					780,578	769,135

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

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

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

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

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

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

Fair value definition and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The three levels are explained in note 38.

All of the Group's investment properties are level 3 in all years.

Inter-relationships between key observable inputs and fair value for level 3 valuations.

All other factors remaining constant, an increase in rental income would increase a valuation whilst increases in nominal equivalent yield and discount rate would result in a fall in value and vice versa. However, there are inter-relationships between unobservable inputs as they are determined by market conditions. Corresponding movements in more than one unobservable inputs may have a complementary effect on a valuation whereas unobservable inputs moving in opposite directions may compensate each other. For example, where market rents and nominal equivalent yields increase simultaneously, the overall impact on a valuation may be minimal.

Restrictions on the realisability of investment property

The only restriction on the realisability of investment property is obtaining bank approval on disposal of bonded properties.

Information about fair value measurements using unobservable inputs (Level 3) for the year ended 30 June 2020

Investment	Fair value at 30 June 2020 US\$'000	Valuation technique	Discount rate			Reversionary all risk yield (RARY)		
			Min	Max	Average	Min	Max	Average
Office	171,248	Discounted cash flow method	9.50%	11.75%	10.17%	7.50%	8.25%	7.92%
Retail	170,332	Discounted cash flow method	10.50%	11.25%	11.00%	8.25%	9.00%	8.56%
Hospitality	67,213	Discounted cash flow method	8.35%	10.00%	9.18%	7.35%	8.25%	7.80%
Corporate accommodation	138,194	Discounted cash flow method	9.50%	11.00%	10.25%	7.50%	9.00%	8.25%
Light industrial	30,235	Discounted cash flow method	9.50%	12.25%	10.88%	7.50%	8.25%	7.88%
Total for subsidiaries	577,222							
Office	29,446	Discounted cash flow method	11.50%	13.50%	12.17%	8.00%	9.00%	8.33%
Retail	52,385	Discounted cash flow method	10.25%	16.00%	11.80%	8.00%	9.00%	8.40%
Hospitality	95,259	Discounted cash flow method	8.60%	8.60%	8.60%	7.25%	7.25%	7.25%
Corporate accommodation	1,221	Discounted cash flow method	14.00%	14.00%	14.00%	6.00%	6.00%	6.00%
Light industrial	15,536	Discounted cash flow method	13.00%	15.00%	14.08%	8.75%	13.50%	10.21%
Other investments	5,009	Discounted cash flow method	12.00%	13.90%	12.95%	9.00%	9.00%	9.00%
Total for associates and joint ventures	198,856							

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio including share of associates and joint ventures and funds for the year ended 30 June 2020

Investment	Fair value at 30 June 2020 US\$'000	Impact on valuations		Impact on valuations	
		Change in discount rate	Impact on valuations	Change in discount rate	Impact on valuations
Office	171,248	5,479	(5,241)	5,340	(4,697)
Retail	170,332	5,496	(5,253)	4,937	(4,375)
Hospitality	67,213	3,619	(3,404)	2,367	(2,074)
Corporate accommodation	138,194	4,221	(4,038)	3,885	(3,430)
Light industrial	30,235	1,080	(1,032)	1,066	(938)
Total for subsidiaries	577,222	19,895	(18,968)	17,595	(15,514)
Office	29,446	874	(837)	849	(750)
Retail	52,385	1,616	(1,538)	1,490	(1,316)
Hospitality	95,259	3,218	(3,076)	3,473	(3,025)
Corporate accommodation	1,221	61	(67)	61	(67)
Light industrial	15,536	445	(427)	315	(1,027)
Other investments	5,009	509	(197)	281	(322)
Total for associates and joint ventures	198,856	6,723	(6,142)	6,469	(6,507)

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

4. STRAIGHT-LINE RENTAL INCOME ACCRUAL

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Reconciliation to amounts included in investment properties (note 3)				
Balance at the beginning of the year	5,933	6,410	-	-
Additions to straight line rental income accrual	(200)	347	-	-
Movement for the year	580	(824)	-	-
As at 30 June	6,313	5,933	-	-

5. PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Computer equipment				
Cost	105	139	11	22
Accumulated depreciation	(425)	387	33	33
Furniture and fittings	(320)	(248)	(22)	(11)
Cost	293	287	-	1
Accumulated depreciation	(405)	384	1	1
Office buildings ²	(112)	(97)	(1)	-
Cost	1,358	1,423	1,319	1,381
Accumulated depreciation	(1,582)	1,573	1,542	1,531
Office equipment	(224)	(150)	(223)	(150)
Cost	18	18	2	2
Accumulated depreciation	(25)	22	3	2
Plant and machinery	(7)	(4)	(1)	-
Cost	50	44	-	-
Accumulated depreciation	(2,515)	131	-	-
Right of use of land	(2,465)	(87)	-	-
Cost	456	-	-	-
Accumulated depreciation	(634)	-	-	-
Right of use of motor vehicles	(178)	-	-	-
Cost	59	-	-	-
Accumulated depreciation	(118)	-	-	-
Right of use of office	(59)	-	-	-
Cost	845	-	845	-
Accumulated depreciation	(1,177)	-	1,177	-
Motor vehicles ¹	(332)	-	(332)	-
Cost	179	247	-	-
Accumulated depreciation	(603)	418	-	-
Total property, plant and equipment	3,363	2,158	2,177	1,406

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Movement for the year				
Balance at the beginning of the year (as previously reported)	2,158	1,749	1,406	1,372
Gross carrying amount	2,915	2,249	1,567	1,453
Accumulated depreciation	(757)	(500)	(161)	(81)
IFRS opening balance adjustment	1,183	-	1,011	-
Right of use of office - Cost	1,177	-	1,177	-
Right of use of office - Accumulated depreciation	(166)	-	(166)	-
Right of use of land - Cost	108	-	-	-
Right of use of land - Accumulated depreciation	(20)	-	-	-
Right of use of motor vehicles - Cost	118	-	-	-
Right of use of motor vehicles - Accumulated depreciation	(34)	-	-	-
Restated opening balance	3,341	1,749	2,417	1,372
Additions	144	666	12	115
Computer equipment	87	139	-	16
Furniture and fittings	25	249	-	-
Office buildings	9	141	11	99
Office equipment	3	4	1	-
Plant and machinery	20	-	-	-
Motor vehicles	-	133	-	-
Reclassifications	478	-	-	-
Computer equipment	(36)	-	-	-
Furniture and fittings	44	-	-	-
Plant and machinery	(8)	-	-	-
Right of use of land (Intangible assets)	478	-	-	-
Foreign currency translation differences	(126)	-	-	-
Computer equipment	(8)	-	-	-
Furniture and fittings	(41)	-	-	-
Office buildings	4	-	-	-
Plant and machinery	(4)	-	-	-
Right of use of land	(80)	-	-	-
Motor vehicles	3	-	-	-
Disposals	(1)	-	-	-
Computer equipment	(1)	-	-	-
Asset acquisition	69	-	-	-
Plant and machinery	46	-	-	-
Motor vehicles	23	-	-	-
Depreciation	(542)	(257)	(252)	(81)
Computer equipment	(76)	(139)	(11)	(10)
Furniture and fittings	(22)	29	(1)	-
Office buildings	(78)	(71)	(73)	(71)
Office equipment	(3)	(2)	(1)	-
Plant and machinery	(48)	(1)	-	-
Right of use of land	(30)	-	-	-
Right of use of motor vehicles	(25)	-	-	-
Right of use of office	(166)	-	(166)	-
Motor vehicles	(94)	(73)	-	-
As at 30 June	3,363	2,158	2,177	1,406
Gross carrying amount	7,484	2,915	2,756	1,567
Accumulated depreciation	(4,121)	(757)	(579)	(161)

1 Motor vehicles with a cost of US\$0.4m (30 June 2019: US\$0.4m) are held as security in relation to obligations under leases amounting to US\$0.1m (30 June 2019: US\$0.2m).

2 Office buildings comprise of the operating offices of the Group situated on the 3rd Floor, La Croisette Shopping Centre, Grand Baie in Mauritius. The property is held as security by way of a first ranked mortgage bond in favour of Investec Bank (Mauritius) Limited amounting to US\$0.4m (30 June 2019: US\$0.4m).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

6. INTANGIBLE ASSETS¹

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Computer software	568	103	4	7
Cost	690	173	28	17
Accumulated amortisation	(122)	(70)	(24)	(10)
Right of use of land	-	478	-	-
Cost	-	630	-	-
Accumulated amortisation	-	(152)	-	-
Total intangible assets	568	581	4	7
Movement for the year				
Balance at the beginning of the year	581	485	7	-
Gross carrying amount	803	573	17	-
Accumulated amortisation	(222)	(88)	(10)	-
Acquisitions	518	230	11	17
Computer software	518	177	11	17
Right of use of land	-	53	-	-
Reclassifications	(478)	-	-	-
Right of use of land	(478)	-	-	-
Foreign currency translation differences	(1)	-	-	-
Computer software	(1)	-	-	-
Amortisation and impairment	(52)	(134)	(14)	(10)
Computer software	(52)	(51)	(14)	(10)
Right of use of land	-	(83)	-	-
As at 30 June	568	581	4	7
Gross carrying amount	690	803	28	17
Accumulated amortisation	(122)	(222)	(24)	(10)

¹ None of the above intangible assets are internally generated.

7. OTHER INVESTMENTS

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Balance at the beginning of the year	3,024	4,154	-	1,063
Additions	1	-	-	-
Reclassification to Investments in Associates (Refer to fair value hierarchy of other investments)	(3,615)	(335)	-	(336)
Fair value adjustments recognised in profit or loss	591	(795)	-	(727)
As at 30 June	1	3,024	-	-
Fair value hierarchy of other investments				
Level 1 investment comprise of listed equity investment valued at market prices. If all significant inputs required to fair value an investment are observable, the investment is included in level 2. If one or more of the significant inputs are not based on observable market data, the investment is included in level 3.				
Listed investments				
Letlole La Rona Limited was reclassified from other investments to investments in associates and joint ventures after increasing the shareholding from 6.25% to 30% in the current period. This company is incorporated in Botswana and listed on the Botswana Stock Exchange.				
Unlisted investments				
In the prior year this investment in Gateway Real Estate Africa Ltd has been reclassified to an associate for consolidation purposes due to the Group's significant influence of the investment, as the Group has a direct and indirect ability to appoint some members to the board. The Group owns 19.98% of the investment and do benefit from profits of the investment.				
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
	3,024	-	-	3,024
Fair value hierarchy at 30 June 2019				
Investment in Letlole La Rona				
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
	-	-	-	1
Fair value hierarchy at 30 June 2020				
Investment in Gateway EMT. Limitada				

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES ²

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
The following entities have been accounted for using the equity method:				
Name of joint venture	Country of incorporation and operation	% held		
Kafubu Mall Limited ³	Zambia	50.00%	9,552	12,089
Cosmopolitan Shopping Centre Limited ³	Zambia	50.00%	31,495	37,301
CADS Developers Limited ³	Ghana	50.00%	9,504	11,366
Carrying value of joint ventures			50,551	60,756
Name of associate	Country of incorporation and operation	% held		
Letlole La Rona Limited ⁴	Botswana	30.00%	19,676	-
Buffalo Mall Naivasha Limited ³	Kenya	50.00%	4,612	3,610
Gateway Real Estate Africa Ltd ^{3,6}	Mauritius	19.98%	11,404	6,925
Capital Place Limited ⁵	Ghana	50.00%	8,038	8,687
Beachcomber Hospitality Investments Limited ^{1,3}	Mauritius	44.42%	67,020	70,627
Carrying value of associates			110,750	89,849
Joint ventures			50,551	60,756
Associates			110,750	89,849
Total carrying value of associates and joint ventures			161,301	150,605
				11,404
				6,449

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

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

3 The percentage of ownership interest for 2020 did not change.

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

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

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

Secured investments:

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

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

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

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

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

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

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

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

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

	Letlole La Rona Limited	Kafubu Mall Limited	Beachcomber Hospitality Investments Limited			Capital Place Limited	Gateway Real Estate Africa Ltd	CADS Developers Limited	Cosmopolitan Shopping Centre Limited	Buffalo Mall Naivasha Limited	Total								
			US\$'000	US\$'000	US\$'000														
As at 30 June 2020																			
Statement of financial position																			
Non-current assets	78,246	19,316	214,002	22,426	67,370	33,840	62,763	12,795	510,758										
Current assets	15,202	227	3,758	758	32,664	2,963	622	816	57,010										
	93,448	19,543	217,760	23,184	100,034	36,803	63,385	13,611	567,768										
Non-current liabilities	24,046	262	59,074	7,057	7,852	14,605	-	4,235	117,131										
Current liabilities	3,815	177	7,818	51	35,107	3,191	394	152	50,705										
	27,861	439	66,892	7,108	42,959	17,796	394	4,387	167,836										
Net asset value	65,587	19,104	150,868	16,076	57,075	19,007	62,991	9,224	399,932										
Percentage held by Group	30.00%	50.00%	44.42%	50.00%	19.98%	50.00%	50.00%	50.00%	50.00%	50.00%									
Net asset value attributable to the Group	19,676	9,552	67,020	8,038	11,404	9,504	31,495	4,612	161,301										
For the year to 30 June 2020																			
Total comprehensive income																			
Revenue	1,315	1,011	6,740	1,154	199	1,517	2,974	483	15,393										
Fair value movement in investment properties	757	834	(2,580)	(1,415)	1,638	(1,167)	(5,975)	946	(6,962)										
Profit/(loss) for the year	7,143	(421)	2,413	(1,106)	2,295	(905)	(3,723)	1,002	6,698										
Total comprehensive income / (expense)	5,562	(1,880)	1,498	(1,106)	2,306	(905)	(3,723)	1,002	2,754										
Dividends received from associates and joint ventures	939	-	2,470	-	-	-	-	2,083	-	5,492									

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

	Letlole La Rona Limited	Kafubu Mall Limited	Beachcomber Hospitality Investments Limited	Capital Place Limited	Gateway Real Estate Africa Ltd	CADS Developers Limited	Cosmopolitan Shopping Centre Limited	Buffalo Mall Naivasha Limited	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Reconciliation to carrying value in associates and joint ventures									
Balance at the beginning of the year	-	12,089	70,627	8,687	6,925	11,366	37,301	3,610	150,605
Acquired during the year (see below)	15,323	-	-	457	1,878	-	-	-	17,658
Profit / (losses) from associates and joint ventures	7,143	(421)	2,413	(1,106)	2,295	(905)	(3,723)	1,002	6,698
- Revenue	1,315	1,011	6,740	1,154	199	1,517	2,974	483	15,393
- Property operating expenses	(184)	(240)	-	(160)	-	(74)	(634)	(185)	(1,477)
- Admin expenses and recoveries	(145)	(14)	(26)	(357)	1,788	(124)	49	(11)	1,160
- Net impairment charge on financial assets	(5)	-	-	-	-	-	-	-	(5)
- Fair value adjustment on other investments	-	-	-	-	53	-	-	-	53
- Unrealised foreign exchange gains/(losses)	8	(1,963)	17	7	-	2	(130)	(16)	(2,075)
- Realisation of profits on acquisition	2,066	-	-	-	-	-	-	-	2,066
- Investment at fair value	3,650	-	-	-	(5)	-	-	-	3,645
- Impairments	-	-	-	-	-	-	(10)	-	(10)
- Interest income / (costs)	122	1	-	-	-	(48)	3	-	78
- Finance charges	(254)	(7)	(1,075)	(335)	(180)	(1,011)	-	(215)	(3,077)
- Fair value movement on investment property	757	834	(2,580)	(1,415)	1,638	(1,167)	(5,975)	946	(6,962)
- Movement in fair value of share price	-	-	-	-	-	-	-	-	-
- Current tax	(187)	(43)	(164)	-	9	-	-	-	(385)
- Deferred tax	-	-	(499)	-	(1,207)	-	-	-	(1,706)
Dividends and interest paid to Group	(1,209)	-	(5,105)	-	-	-	(2,083)	-	(8,397)
Repayment of proportionate shareholders loan	-	(657)	-	-	-	(957)	-	-	(1,614)
Anfa profit in Gateway Real Estate Africa Ltd	-	-	-	-	295	-	-	-	295
Foreign currency translation differences	(1,581)	(1,459)	(915)	-	11	-	-	-	(3,944)
Carrying value of associates and joint ventures	19,676	9,552	67,020	8,038	11,404	9,504	31,495	4,612	161,301

Investment in the year ended 30 June 2020

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

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

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

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

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

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

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

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

	Mukuba Mall Limited	Kafubu Mall Limited	Beachcomber Hospitality Investments Limited	Capital Place Limited	Gateway Real Estate Africa Ltd	CADS Developers Limited	Cosmopolitan Shopping Centre Limited	Buffalo Mall Naivasha Limited	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 30 June 2019 Statement of financial position									
Non-current assets	-	24,600	222,264	24,671	11,760	36,460	74,720	10,904	405,379
Current assets	-	117	-	1,072	37,739	4,863	252	774	44,817
24,717	222,264	25,743	49,499	41,323	74,972	11,678	450,196		
Non-current liabilities	-	368	59,037	7,535	14	15,045	-	4,316	86,315
Current liabilities	-	171	4,238	(81)	14,826	3,546	370	142	23,212
539	63,275	7,454	14,840	18,591	370	4,458	109,527		
Net asset value	- 24,178	158,989	18,289	34,659	22,732	74,602	7,220	340,669	
Percentage held by Group	-	50.00%	44.42%	47.50%	19.98%	50.00%	50.00%	50.00%	50.00%
12,089	70,627	8,687	6,925	11,366	37,301	3,610	150,605		
For the year to 30 June 2019 Total comprehensive income									
Revenue	1,561	1,143	6,890	1,135	54	1,271	3,133	534	15,721
Fair value movement in investment properties	(750)	2,328	8,685	(504)	(23)	87	(3,150)	248	6,921
Profit/(loss) for the year	564	1,465	14,178	2,916	848	866	(602)	318	20,553
Total comprehensive income / (expense)	564	231	12,608	2,916	848	866	(602)	318	17,749
Dividends received from associates and joint ventures	1,233	465	1,692	-	-	-	2,623	-	6,013

Investment in the year ended 30 June 2020

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

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

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

	Mukuba Mall Limited	Kafubu Mall Limited	Beachcomber Hospitality Investments Limited	Capital Place Limited	Gateway Real Estate Africa Ltd	CADS Developers Limited	Cosmopolitan Shopping Centre Limited	Buffalo Mall Naivasha Limited	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Reconciliation to carrying value in associates and joint ventures									
Balance at the beginning of the year	38,355	12,746	62,430	7,960	-	-	40,526	3,294	165,311
Acquired during the year (see below)	-	-	-	-	6,449	10,500	-	-	16,949
Profit / (losses) from associates and joint ventures	564	1,465	14,178	2,916	848	866	(602)	318	20,553
- Revenue	1,561	1,143	6,890	1,135	54	1,271	3,133	534	15,721
- Property operating expenses	(130)	(223)	(25)	(234)	-	-	(534)	(190)	(1,336)
- Admin expenses and recoveries	(117)	(20)	260	2,103	848	(3)	20	(28)	3,063
- Fair value adjustment on other investments	-	-	-	-	140	-	-	-	140
- Unrealised foreign exchange gains/(losses)	-	(1,734)	2	(1)	-	(1)	(74)	(11)	(1,819)
- Finance charges	-	(7)	(1,041)	(342)	(160)	(488)	3	(235)	(2,270)
- Fair value movement on investment property	(750)	2,328	8,685	(504)	(23)	87	(3,150)	248	6,921
- Current tax	-	(22)	90	-	(11)	-	-	-	57
- Deferred tax	-	-	(683)	759	-	-	-	-	76
Dividends and interest paid to Group	(1,233)	(465)	(4,411)	-	-	-	(2,623)	-	(8,732)
Repayment of proportionate shareholders loan	-	(423)	-	-	-	-	-	-	(423)
Purchase price adjustment	-	-	-	(2,189)	-	-	-	-	(2,189)
Consolidation elimination	-	-	-	-	(372)	-	-	-	(372)
Foreign currency translation differences	-	(1,234)	(1,570)	-	-	-	-	-	(2,804)
Reclassified to subsidiaries	(37,686)	-	-	-	-	-	-	(2)	(37,688)
Carrying value of associates and joint ventures	-	12,089	70,627	8,687	6,925	11,366	37,301	3,610	150,605

Investment in the year ended 30 June 2019

Grit Real Estate Income Group Limited, the ultimate holding company incorporated in Mauritius, owns 19.98% of the share capital of Gateway Real Estate Africa Ltd (GREA), a company incorporated in Mauritius. This investment has been reclassified to an associate for consolidation purposes due to the Group's significant influence of the investment, as the Group has a direct and indirect ability to appoint some members to the board. The group also has significant influence to participate in the financial and operating policy decisions of GREA but do not control or jointly control this policy as the CEO of the Group is also on the investment committee of GREA and has a close working relationship and history with Mr Pearson (MD of GREA). GREA has been treated as an associate.

The Group acquired a 50.00% interest in CADS Developers Limited on 31 December 2018 for a net purchase consideration of US\$10.5m. Grit Accra Limited, a company incorporated in Mauritius, is 100% owned by the Group and owns 50.00% of the share capital of CADS Developers Limited, a company incorporated in Ghana.

9. INVESTMENTS IN SUBSIDIARIES

Name of company	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Movement for the year				
Balance at the beginning of the year				
Fair value through profit and loss				
As at 30 June				
The fair value of the investment in subsidiaries is determined by the board of directors on the underlying fair value of the subsidiary's net assets. The main reasons for the decrease of the fair value in the current year is decrease in valuation of properties of US\$41.2m as well as the dividend received from Grit Services Limited totalling US\$85.6m.				
The principal subsidiaries of the Company at year end, all of which have been included in the financial statements, as appropriate, are as follows:				
Name of subsidiary	Place of incorporation and operation		Proportion of ownership interest and voting rights held by the Group	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Abland Diversified Holdings Limited (indirect holding)	Mauritius	100%	100%	100%
BH Property Investments Limited (indirect holding)	Mauritius	100%	100%	100%
BME Kenya Investments Limited (indirect holding)	Mauritius	100%	100%	100%
Casamance Holdings Limited (indirect holding)	Mauritius	100%	100%	100%
CD Properties Limited (indirect holding)	Mauritius	100%	100%	100%
Cognis 1, Limitada (indirect holding)	Mozambique	80%	80%	80%
Commotor Limitada (indirect holding)	Mozambique	100%	100%	100%
Delta International Bahrain SPC (indirect holding)	Bahrain	100%	100%	100%
Delta Tete Limitada (indirect holding)	Mozambique	100%	100%	100%
DIF 1 Co Limited (indirect holding)	Mauritius	100%	100%	100%
Freedom Property Fund SARL (indirect holding)	Morocco	100%	100%	100%
Gateway Properties Limitada (indirect holding)	Mozambique	100%	100%	100%
Gerania Limited (indirect holding)	Mauritius	100%	100%	100%
GMS Mauritius Limited (indirect holding)	Mauritius	50%	50%	50%
GMS Serviços De Gestão De Imóveis, Limitada (indirect holding)	Mozambique	53%	53%	53%
GR1T Capital Co. Ltd (indirect holding)	Mauritius	100%	-	-
Gr1t Urban Logistics (indirect holding)	Mauritius	100%	-	-
Grit Accra Limited (indirect holding)	Ghana	100%	100%	100%
Grit Management SA Proprietary Limited (indirect holding)	South Africa	100%	100%	100%
Grit Services Limited (direct holding)	Mauritius	100%	100%	100%
Grit West Africa Limited (indirect holding)	Ghana	100%	100%	100%
HM&K Properties Limited (indirect holding)	Mauritius	100%	100%	100%
IDC Kenya Investments Limited (indirect holding)	Mauritius	100%	100%	100%
IWH Kenya Investments Limited (indirect holding)	Mauritius	100%	100%	100%
Kitwe Mukuba Investments Limited (indirect holding)	Mauritius	100%	100%	100%
Leisure Property Northern (Mauritius) Limited (indirect holding)	Mauritius	100%	100%	100%
Lusaka Cosmopolitan Investments Limited (indirect holding)	Mauritius	100%	100%	100%
Mall de Tete Limitada (indirect holding)	Mozambique	100%	100%	100%
Mara Delta (Mauritius) Property Limited (indirect holding)	Mauritius	100%	100%	100%
Mara Viwandani Limited (indirect holding)	Kenya	100%	100%	100%
Moz Delta FZ-LLC (indirect holding)	United Arab Emirates	99%	99%	99%
Mukuba Mall Limited (indirect holding)	Zambia	75%	75%	75%
Ndola Kafubu Investments Limited (indirect holding)	Mauritius	100%	100%	100%
Orbit Africa Logistics (indirect holding)	Mauritius	100%	-	-
Pangea Holdings 2 Limited (indirect holding)	Mauritius	100%	100%	100%
Pangea Holdings Limited (indirect holding)	Mauritius	100%	100%	100%
Paradise Consultancy Services Limited (indirect holding)	Mauritius	100%	100%	100%
Paradise Hospitality Group Limited (indirect holding)	Mauritius	100%	100%	100%
Paxton Investments Limited (indirect holding)	Mauritius	100%	100%	100%
S&C Imobiliaria Limitada (indirect holding)	Mozambique	100%	100%	100%
SAL Investment Holdings Ltd (indirect holding)	Mauritius	100%	100%	100%
Société Immobilière et de Gestion Hôtelière du Cap Skirring (indirect holding)	Senegal	100%	-	-
TC Maputo Properties Ltd (indirect holding)	Mauritius	77%	77%	77%
Transformers Holdings Mauritius Limited (indirect holding)	Mauritius	100%	100%	100%
Warehously Limited (indirect holding)	Kenya	100%	100%	100%
Zambian Property Holdings Limited (indirect holding)	Mauritius	100%	100%	100%
Zimpeto Imobiliaria Limitada (indirect holding)	Mozambique	100%	100%	100%

All subsidiaries have coterminous reporting dates with those of the Company with the exception of Société Immobilière et de Gestion Hôtelière du Cap Skirring and Moz Delta FZ-LLC.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

10. RELATED PARTY LOANS RECEIVABLE AND PAYABLE

	GROUP		COMPANY			GROUP		COMPANY	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019		30 June 2020	30 June 2019	30 June 2020	30 June 2019
	US\$'000	US\$'000	US\$'000	US\$'000		US\$'000	US\$'000	US\$'000	US\$'000
Current loans to / (from) related parties									
Cuckoos Nest Trust	-		5	-		-		420,344	359,486
Kenzlex Trust	-		1	-		-		38,000	38,000
Pearson Trust	-		5	-		-		382,344	321,486
FAM Executive Share Trust	-		7	-		-			
Copapax Limited	138		60	-		-		12,322	10,584
Boyzana Gane Trust	-		5	-		-			
African Property Development Managers	(49)		78	-		-		3,155	3,818
Non current loans to / (from) related parties									
Venus Africa Properties Proprietary Limited *	366		916	366		916			
These loans are unsecured, bear interest at the US\$ base rate of the South African Reserve Bank + 300 basis points and are repayable 5 years after the drawdown date.									
Bowwood and Main No 117 Proprietary Limited	-		1,488	-		-			(3,866)
At the relevant reporting dates the above loans were unsecured, did not bear interest and the borrower had an unconditional right to defer payment for a period of 12 months.								250	249
Lifostax Proprietary Limited *	366		916	366		916			245
These loans are unsecured, bear interest at the US\$ base rate of the South African Reserve Bank + 300 basis points (subject to a minimum rate of 7.50% per annum) calculated and accrued on a six monthly basis and are repayable 5 years after the drawdown date.								2	
Drift (Mauritius) Limited	-		12,000	-		-		(10)	(10)
Project pre-funding 1 - Tete Housing Project								(1)	-
Loan bears interest at 3 month Libor plus 6.50%, repayable within 24 months or such other time as agreed in writing between the parties. This loan has been reclassified in the current year to Other Loans Receivable.								5	5
Drift (Mauritius) Limited	-		10,000	-		-			
Project pre-funding 2 - Maputo Housing Project									
Loan bears interest at 3 month Libor plus 6.50%, repayable within 24 months or such other time as agreed in writing between the parties. This loan has been reclassified in the current year to Other Loans Receivable.									
Gateway Real Estate Africa Ltd	(57)		(81)	-		-			
Loan bears interest of Libor plus 6.50%. This is a current account to be settled within 30 days.									
Gateway Real Estate Africa Ltd - Pre-development Funding 1	(1,540)		-	-		-			
Project costs for the Gr1t House development project. The loan bears interest at 4% and the repayment terms is still to be determined.									
Gateway Real Estate Africa Ltd - Pre-development Funding 2 *	(3,918)		-	-		-			
Project costs for the Bollore warehouse development project. The loan bears interest at 4% and the repayment terms is still to be determined.									
Gateway Real Estate Africa Ltd	(25,481)		(14,416)	-		-			
Project costs for the AnfaPlace Mall redevelopment project and is repayable 30days after completion of the project and bears interest at 9% per and has been settled in full in July 2020.									
Loan to/(from) subsidiaries and consolidated entities									
Grit Services Limited	-		-			-		420,344	359,486
- Current Portion	-		-			-		38,000	38,000
- Non-Current Portion *	-		-			-		382,344	321,486
The loan is unsecured, bears interest at 4%. (2019: between 2.00% and 7.40%). The loan is repayable 7 years from date of advance or such later date as agreed by the parties.									
Freedom Asset Management Limited *	-		-			-		12,322	10,584
At the relevant reporting dates the above loans were unsecured, and bears interest at Libor + 6.50% and the borrower had an unconditional right to defer payment for a period of 12 months.									
Grit Executive Share Trust *	-		-			-		3,155	3,818
At the relevant reporting dates the above loans were unsecured, did not bear interest and the borrower had an unconditional right to defer payment for a period of 12 months.									
Other accounts with subsidiaries									
DIF1 Co Limited	-		-			-			(3,866)
Freedom Property Fund SARL	-		-			-		250	249
SAL Investment Holdings Limited	-		-			-			245
Kitwe Mukuba Investments Limited	-		-			-		2	
Capital Place Limited	(10)		-			(10)			
Gateway EMT	(1)		-			-			
CADS Developers Limited *	5		-			5			
Allowance for credit losses IFRS 9 - Impairment on financial assets *						(734)		(1,973)	(650)
Refer to note 26									
Ndola Kafubu Investments Limited	-		-			-		2	
HM&K Properties Limited	-		-			-		17	
CD Properties Limited	-		-			-		1	
Transformers Holdings Mauritius Limited	-		-			-			(205)
Mara Delta (Mauritius) Property Limited	-		-			-		237	
Leisure Property Northern (Mauritius) Limited	-		-			-			(191)
Paradise Property Investments Limited	-		-			-		7	
Abland Diversified Holdings Limited	-		-			-		1	
Gerania Limited	-		-			-			(1,508)
GMS Mauritius Limited	-		-			-		16	
BH Property Investments Limited	-		-			-			(397)
The above loans are unsecured, do not bear interest and the borrower has an unconditional right to defer payment for a period of 12 months.									
Classification of related party loans:						(30,915)		10,979	434,830
Non-current assets *	3		-					25,320	396,580
Current assets	138		-					166	38,250
Non-current liabilities *	(3,918)		-					-	-
Current liabilities	(27,138)		-					(14,507)	(6,167)
	(30,915)		-					10,979	434,830
									369,680

Details of the relationship of the Group with each of the above related parties is disclosed in note 34.

In the current year, the non current portions are marked with an *.

In the opinion of the directors, on the basis that the loans interest rates are deemed to be market related risk (taking into account the applicable risk adjusted interest rates), that the carrying values of loans to related parties approximate their fair values at each reporting date.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

11. OTHER LOANS RECEIVABLE

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Ndola Investments Limited ²	5,073	5,073	-	-
Paxton Investments Limited ^{1,2}	-	25	-	-
Kitwe Copperbelt Limited ²	5,577	5,577	-	-
Syngenta Limited ²	18,690	18,690	-	-
Healthcare Assets	303	-	-	-
Drift (Mauritius) Limited ³	10,000	-	-	-
Drift (Mauritius) Limited ⁴	2,846	-	-	-
IFRS 9 - Impairment on financial assets (ECL)	Refer to note 26	(68)	(139)	-
As at 30 June	42,421	29,226	-	-
Classification of other loans:				
Non-current assets *	39,575	29,226	-	-
Current assets	2,846	-	-	-
	42,421	29,226	-	-

1 During the prior year Paxton Investments Limited became a subsidiary of the Group.

2 In April 2017 Bank of China provided the Group with a term loan credit facility of US\$77.0m for 5 years. This facility has been fully drawn by the Group as at 30 June 2020 (note 18). The Group has advanced loans amounting in total to 50.00% of the US\$77.0m facility to the other investors in the Zambian investments referred to in note 8. Each of these loans has a 5 year term, is secured by a suretyship under the terms of the respective loan agreement and has interest charged at a rate of 6 month LIBOR plus 4.00%. The party has provided their share of the property as security to Bank of China.

3 Project pre-funding 1 - Maputo Housing Project

Loan bears interest at 3 month Libor plus 6.50%, repayable within 24 months or such other time as agreed in writing between the parties.
This loan has been reclassified in the current year from related party loan receivable as it is not considered to be a related party in the current year. (refer to note 34)

4 Project pre-funding 2 - Tete Housing Project

Loan bears interest at 3 month Libor plus 6.50%, repayable within 24 months or such other time as agreed in writing between the parties.
This loan has been reclassified in the current year from related party loan receivable as it is not considered to be a related party in the current year. (refer to note 34)

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

12. DEFERRED TAX

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Deferred tax asset/(liability)				
Assessed losses			15,566	14,751
Foreign exchange losses			7,478	4,693
Expected credit loss provisions			124	127
Provisions			1,303	913
Total deferred tax asset			24,471	20,484
Straight-line rental income accrual			(1,566)	(1,416)
Lease incentives			(1,437)	(775)
Capital allowances			(12,434)	(8,930)
Fair value adjustments to investment property			(41,982)	(33,289)
Total deferred tax liability			(57,419)	(44,410)
Deferred tax - net position per the consolidated statement of financial position			(32,948)	(23,926)
Movement for the year			-	-
Balance at the beginning of the year			(23,926)	(11,665)
Acquisitions			-	1,315
Balance after acquisitions			(23,926)	(10,350)
Assessed losses recognised			673	10,765
Foreign exchange movements			2,786	(1,624)
Expected credit losses			(4)	-
Lease incentives			(654)	(775)
Straight-line rental income accrual			(144)	(496)
Fair value adjustments to investment properties			(12,155)	(22,349)
Provisions			470	907
Interest-rate swaps			-	(4)
Movement per income statement			(9,028)	(13,576)
Foreign currency translation differences			6	-
Total movement for the year			(9,022)	(13,576)
As at 30 June			(32,948)	(23,926)

Deferred tax assets have been recognised on deductible temporary differences where management, having reviewed the Group's projections, believe that there will be sufficient taxable income in future to utilise the temporary differences.

In accordance with the Group's accounting policies, deferred tax assets have not been recognised in respect of certain companies within the Group, with unrecognised tax losses (see note 29).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Trade receivables	13,785	14,483	-	-
Total allowance for credit losses and provisions	(6,947)	(3,751)	-	-
IFRS 9 - Impairment on financial assets (ECL) Refer to note 26	(1,715)	(409)	-	-
IFRS 9 - Provision for bad debts (Management overlay on specific receivables) ¹	(5,232)	(3,342)	-	-
Trade receivables - net²	6,838	10,732	-	-
Accrued income	1,118	3,770	-	-
Lease incentives	4,680	2,505	-	-
Loan interest receivable	2,721	2,481	600	864
Deposits paid	62	75	-	12
VAT recoverable	8,658	8,356	432	264
Purchase price adjustment account ³	1,227	2,261	-	-
Deferred expenses and prepayments ⁴	3,500	3,952	6	1,094
IFRS 9 - Impairment on other financial assets (ECL)	(1,117)	-	(600)	-
Deferred rental	1,009	-	-	-
Rental guarantees receivable	858	-	-	-
Dividends receivable	641	-	-	-
Sundry debtors	2,336	161	68	79
Other receivables	25,693	23,561	506	2,313
Total trade and other receivables	32,531	34,293	506	2,313
Classification of trade and other receivables:				
Non-current assets	2,858	-	-	-
Current assets	29,673	34,293	506	2,313
	32,531	34,293	506	2,313
Movement on the provision for doubtful debts				
Opening balance	(3,342)	(2,180)	-	-
Net provision for doubtful debts made during the year	(1,890)	(1,162)	-	-
Doubtful debts written off	-	-	-	-
Cumulative allowance for credit losses	(5,232)	(3,342)	-	-
Ageing of trade receivables past due. In 2019 all balances are impaired as a result of IFRS provisions in terms of the expected credit loss provisions.				
Current	1,772	2,587	-	-
30 days	1,200	831	-	-
60 days +	730	430	-	-
90 days +	3,136	6,884	-	-
	6,838	10,732	-	-
Ageing of impaired receivables				
Current	-	-	-	-
30 days	-	5	-	-
60 days +	-	2	-	-
90 days +	5,232	3,335	-	-
	5,232	3,342	-	-

¹ An overlay has been performed on the ECL provision to capture any bad debts from tenants which were not factored into the ECL model. This has been done on a qualitative basis through discussion with the respective asset managers to assess any tenants which are at risk of default for example breach of any tenant covenants, volume of concessions requested and overall trading performance where applicable.

² Total tenants deposits held disclosed under Trade and other payable amounts to US\$2.7m (2019: US\$2.5m). Refer to note 20.

³ On the acquisition of investment properties held within corporate vehicles, any other assets and liabilities that are acquired or assumed as part of the relevant acquisition transaction from/to vendors, are realised and settled respectively using a purchase price adjustment account.

⁴ Included in deferred expenses and prepayments is a deposit for services to be rendered in the 2020 year.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables - past due

Trade and other receivables are generally collected within 30 days of invoice, once an investment property has been fully integrated within the Group's portfolio. This represents the Group's normal payment terms. A provision is made for all debtors where legal action has commenced. All other debtors older than 30 days are considered past due but, not impaired. These debts are considered collectable based on a review of historic payment behaviour and extensive analysis of the circumstances in respect of each amount. Security deposits are held for a number of the Group's tenants.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The carrying value of trade and other receivables are considered by the directors to approximate their fair values.

14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Cash and cash equivalents consists of the following:				
Cash at bank available on demand	3,572	15,161	34	229
Petty cash	6	3	-	1
Current assets	3,578	15,164	34	230
Bank overdrafts	(9,207)	(8,490)	-	(8,490)
Current liabilities	(9,207)	(8,490)	-	(8,490)
	(5,629)	6,674	34	(8,260)
Cash and cash equivalents are held in the following currencies:				
United States Dollars	(537)	(602)	11	(8,277)
Mozambican Meticals	1,332	1,198	-	-
Moroccan Dirhams	386	4,047	-	-
Mauritian Rupees	22	216	19	4
Bahraini Dinars	13	13	-	-
South African Rands	25	1,407	2	5
Kenyan Shilling	1	4	-	-
Zambian Kwacha	64	40	-	-
Emirati Dirhams	1	57	-	-
Ghanaian Cedi	38	49	-	-
Euros	(6,974)	245	2	8
	(5,629)	6,674	34	(8,260)

Overdraft facilities

In the prior year the Company held an overdraft facility of US\$8.5m with ABC Banking Corporation which is secured by a floating charge and carries interest at a rate of 3 months LIBOR plus 3.50%. In the current year this overdraft facility has been converted into a three year term loan bearing interest of Libor plus 3.5% with a capital moratorium of 18 months.

Grit Services Limited holds an overdraft facility of US\$2.0m with Standard Bank (Mauritius) Limited which is unsecured and carries interest at a rate of 1 month LIBOR plus 2.50%.

Paradise Hospitality Group Limited obtained an overdraft facility from ABC Banking Corporation in January 2020 to part fund the acquisition of Club Med in Senegal. The facility is for EUR6.4m and carries interest at 3 months Euribor plus 4.25%. This facility was settled post year end on 31 October 2020 when the facility was refinanced into a 5-year term loan within its subsidiary Casamance Holdings Limited.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

15. ORDINARY SHARE CAPITAL, SHARE AWARDS AND TREASURY SHARES RESERVE

15a. Ordinary share capital

	THE GROUP AND THE COMPANY		
	Shares in issue	30 June 2020	30 June 2019
	Number US\$'000	US\$'000	US\$'000
Authorised			
7 500 000 000 ordinary shares of no par value (2019: 7 500 000 000 ordinary shares of no par value)			
Issued and fully paid			
Ordinary shares 316 235 546 ordinary shares of no par value (2019: 306 396 035 ordinary shares of no par value)			
Movement for 2019			
Balance at the beginning of the year	214,023	-	328,394
Shares issued to 30 June 2019	92,373	-	132,095
Transferred to antecedent dividend reserve*	-	-	(6,581)
Share issue expenses	-	-	(10,649)
Movement for 2020			
Balance at the beginning of the year	306,396	443,259	443,259
Shares issued to 30 June 2020	9,840	11,292	-
Transferred to antecedent dividend reserve*	-	-	-
Share issue expenses	-	(406)	-
Balance at end of the year	316,236	454,145	443,259

1 On 31 July 2018, 92 373 610 shares were issued in terms of a specific authority to issue shares for cash for a total gross consideration of US\$132.1m at an average issue price of US\$1.4300 per share.

2 On 28 November 2019, 9,839,511 shares were issued and was recorded at the ruling share price of the day of US\$1.19 for a total amount of US\$11.3m. This was to increase our shareholding in Lettolo La Rona Limited from 6.25% to 30% through a shareswap. Refer to note 8.

Reconciliation of the consideration received for share issues, by reporting year

	THE GROUP AND THE COMPANY		
	Shares in issue	30 June 2020	30 June 2019
	Number '000	US\$'000	US\$'000
Total consideration for share issues			
Comprising of:			
Investment in associate in lieu on issue of new shares in the year	9,840	11,292	-
Shares issued for share issue expenses			
Cash proceeds received on issue of new shares in the subsequent year		-	-
Cash proceeds received on issue of new shares in the year	88,198	-	126,124
Shares issued for share issue expenses	4,175	-	5,971
Distributions from capital - antecedent dividend reserve			

* At each annual general meeting of the Company approval is sought to make distributions from capital. Shares issued during the period that comprise of a dividend component within the issue price, such value is transferred to the antecedent dividend reserve to ensure any new share issue does not dilute the dividend per share of existing shareholders.

Authority in respect of unissued shares

The unissued shares are under the control of the directors. This authority remains in force until the next annual general meeting of the Company.

15b. Treasury shares reserve

	Number of shares issued '000	GROUP		COMPANY	
		30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Movement for 2019					
Balance at the beginning of the year	(9,940)	-	(14,811)	-	-
Addition of Treasury Shares (acquired by the Grit Executive Share Trust to meet the obligations in terms of the Long Term Incentive Scheme)	(2,606)	-	(3,595)	-	-
Movement for 2020					
Balance at the beginning of the year	(12,546)	(18,406)	(18,406)	-	-
Addition of Treasury Shares (acquired by the Grit Executive Share Trust to meet the obligations in terms of the Long Term Incentive Scheme)	-	-	-	-	-
In issue at the end of year	(12,546)	(18,406)	(18,406)	-	-

15c. Share awards / options

Since 1 July 2014 the Group has operated the following equity-settled share based remuneration schemes:

Under the GRIT Scheme, eligible employees are awarded shares on an annual basis subject to both the Company performance and individual performance targets. The weighting between the Company and individual targets vary dependent on the seniority of staff, with the weighting ranging from 30%:70% (individual performance versus Company performance) for lower seniority staff to 70%:30% for executive directors.

Individual performance is measured against key performance indicators which are set annually for management and staff, with such targets approved by the Company's remuneration committee. The board will approve the Company performance targets based on the two key metrics of achieving annual distribution targets and positive net asset value growth.

Eligible employees are awarded shares and are advanced a notional loan equivalent to the value of the share award at the date of the award. All dividends attributable to the shares are utilised to reduce this notional loan over a five year vesting period. The notional loan bears interest equivalent to the Group's weighted average cost of debt, which is set quarterly in arrears, less attributed dividends accruing on the allocated shares. The effective option price has been determined as the outstanding notional loan balance divided by the number of shares awarded.

The vesting conditions are that eligible employees who are in receipt of awards maintain a certain performance level throughout the vesting period of five years and remain in the employment of the Group.

On the date of vesting, the eligible employee may elect to sell all the shares and receive a cash pay-out after settlement of the loan; sell sufficient shares to settle the loan and take transfer of the residual shares or may elect to keep the shares within the scheme, at which time the eligible employee will become personally liable for the outstanding loan balance attached to the shares.

The GRIT Scheme is administered by the Grit Share Trust ('the Trust') for the benefit of management and staff. The Trust is formed under the laws of Mauritius and the administration of the Trust is conducted out of Mauritius. As noted above, all the share awards that had previously been administered within the FAM Scheme were cancelled and revised awards were reissued under the GRIT Scheme.

Movements in the number of share options outstanding and their related weighted average exercise prices at each reporting date during which the GRIT Scheme was in operation were as follows:

	Weighted average exercise price	30 June 2020		30 June 2019	
		cents	'000	cents	'000
Balance at the beginning of the year					
Granted	140	2,421	140	2,727	
Cancelled	89	3,875	140	-	
Vested	140	(46)	(140)	(306)	
Balance at the end of the year	(140)	(573)	-	-	

No awards were made in the 2019 financial year. The effective exercise price of the options granted to eligible employees was US\$1.40 per share in 2018, versus a share price at the date of issue of US\$1.45 per share.

At 30 June 2020, out of the 5.677m options outstanding, 0.573m options were exercisable into the 2020 financial year (following the 30 day notification period), all options were exercised. 0.046m options were cancelled as the participants left the employment of the Grit Group.

At 30 June 2019, out of the 2.421m options outstanding, 0.573m options were exercisable (within 30 days of notification). No options were exercised or lapsed and 0.3m options were cancelled as the participants left the employment of the Grit Group.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

15c. Share awards / options (continued)

The expiry period of the options at those dates were as follows:

	Weighted average exercise price cents	30 June 2020 Shares US\$'000	Weighted average exercise price cents	30 June 2019 Shares US\$'000
2019	-	-	140	573
2020	140	216	140	216
2021	140	81	140	98
2022	140	1,505	140	1,534
2025	89	3,875	-	-
At end of year	105	5,677	140	2,421

Due to the relative illiquidity of the Company's share price over the last three years, the volatility was measured as the standard deviation of expected share price returns of a similar peer group of listed property companies, and is based on a statistical analysis of daily share prices over that timeframe.

The share based payment charge recorded in respect of the above awards was US\$0.1m for the year to 30 June 2020 (2019: US\$0.2m).

16. REDEEMABLE PREFERENCE SHARES

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Opening balance	12,840	12,840	-	-
Proceeds from issue of redeemable preference shares	-	-	-	-
As at 30 June	12,840	12,840	-	-

During the year ended 30 June 2017 one of the Company's subsidiaries, Mara Delta (Mauritius) Property Limited, issued 1,284 preference shares at US\$10,000 per share to the National Pension Fund of Mauritius. The preference shares carry a coupon rate of 6.25% and are redeemable through a put option. The put option can be exercised by the subscriber after 5 years from the subscription date by providing the grantor with 6 months' notice of their intention to exercise.

The directors consider that the fair value of the preference shares approximates to their book value at 30 June 2020 and 30 June 2019 and that the put option has a negligible fair value at both of these dates.

17. PROPORTIONAL SHAREHOLDER LOANS

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Opening balance	9,615	-	-	-
Movement from joint venture to subsidiary	-	9,615	-	-
As at 30 June	9,615	9,615	-	-

During the previous financial year one of the Company's joint ventures' Mukuba Mall Limited became a subsidiary through the acquisition of Paxton Investments Limited. In Mukuba Mall Limited there are loans payable to shareholders which is in the same proportion as the shareholding. There is currently a loan payable to Kitwe Copperbelt Investments Limited (the external 25% shareholder of Mukuba Mall Limited). The loan is denominated in US\$, it is unsecured and interest free and is repayable on demand from the free cashflows generated from Mukuba Mall Limited.

18. INTEREST-BEARING BORROWINGS

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Non-current liabilities				
Capital portion	337,620	163,738	22,985	2,422
Current liabilities				
Capital portion	50,030	182,359	1,820	11,540
Accrued interest	5,349	-	375	-
	392,999	346,097	25,180	13,962
Currency of the interest-bearing borrowings (stated gross of unamortised loan issue costs)				
United States Dollars	271,560	214,345	20,378	426
Euros	119,419	131,561	3,642	14,805
Mauritian Rupees	1,778	-	1,778	-
Mozambican Meticais	-	2,658	-	-
	392,757	348,564	25,798	15,231
Interest accrued	5,349	-	375	-
Unamortised loan issue costs	(5,107)	(2,467)	(993)	(1,269)
As at 30 June	392,999	346,097	25,180	13,962
Movement for the year				
Balance at the beginning of the year	346,097	306,144	13,962	37,767
Proceeds of interest bearing-borrowings	170,278	147,275	21,778	30,815
Loan issue costs incurred	(4,639)	(2,670)	(448)	(1,453)
Amortisation of loan issue costs	1,999	1,785	724	1,258
Foreign currency translation differences	(1,165)	(1,529)	-	-
Interest accrued	5,349	-	375	-
Debt settled during the year	(124,920)	(104,908)	(11,211)	(54,425)
As at 30 June	392,999	346,097	25,180	13,962

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

18. INTEREST-BEARING BORROWINGS (CONTINUED)

Analysis of facilities and loans in issue			GROUP		COMPANY		Lender	Terms of the facilities (analysed by maturity date)						Weighted average cost of debt for the year ended 30 June 2020	
Lender	Borrower	Initial facility	30 June 2020	30 June 2019	30 June 2020	30 June 2019		Group June 2020	Base rate	Margin	% Fixed	Initial facility	Interest rate	Maturity date	
Financial institutions			US\$'000	US\$'000	US\$'000	US\$'000	US\$'000								
Standard Bank Mozambique	S&C Immobiliaria Limitada	US\$10.4m	-	10,451	-	-									
Standard Bank South Africa	Sal Investments Holdings Limited	US\$12.0m	-	12,000	-	-									
Standard Bank South Africa	Commotor Limitada	US\$38.0m	-	38,000	-	-									
Standard Bank South Africa	Commotor Limitada	US\$140.0m	140,000	-	-	-									
Standard Bank South Africa	Cognis 1 Limitada	US\$28.0m	-	27,239	-	-									
Standard Bank South Africa	Grit Services Limited	RCF - €26.5m	29,730	30,128	-	-									
Standard Bank (Mauritius) Limited	Transformers Holdings Limited	US\$11.7m	-	10,110	-	-									
Total Standard Bank Group		169,730	127,928	-	-	-									
Bank of China	Warehously Limited	US\$8.5m	8,555	8,555	-	-									
Bank of China	Gerania Limited	US\$13.3m	-	13,300	-	-									
Bank of China	Zambian Property Holdings Limited	US\$77.0m	76,405	76,405	-	-									
Total Bank of China		84,960	98,260	-	-	-									
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€9.0m	10,097	10,395	-	-									
State Bank of Mauritius	Leisure Property Northern (Mauritius) Limited	€3.2m	3,590	3,474	-	-									
State Bank of Mauritius	Mara Delta Properties Mauritius Limited	€22.3m	25,018	25,353	-	-									
State Bank of Mauritius	Grit Real Estate Income Group Limited	Equity Bridge US\$20.0m	20,000	-	20,000	-									
State Bank of Mauritius	Grit Real Estate Income Group Limited	RCF Mur 72m	1,778	-	1,778	-									
State Bank of Mauritius	Grit Real Estate Income Group Limited	RCF US\$20.0m	-	11,115	-	11,115									
Total State Bank of Mauritius		60,483	50,337	21,778	11,115	-									
Investec South Africa	Freedom Property Fund SARL	€36.0m	37,027	36,198	-	-									
Investec South Africa	Freedom Property Fund SARL	US\$15.7m	8,722	8,860	-	-									
Investec Mauritius	Grit Real Estate Income Group Limited	US\$0.5m	378	425	378	425									
Total Investec Group		46,127	45,483	378	425	-									
ABSA Bank Mauritius	BH Property Investment Limited	€74m	7,081	7,174	-	-									
ABSA Bank Ghana Limited	Grit Accra Limited	US\$9.0m	9,000	9,000	-	-									
Total ABSA Group		16,081	16,174	-	-	-									
Maubank Mauritius	Grit Real Estate Income Group Limited	€3.2m	3,642	3,691	3,642	3,691									
Maubank Mauritius	Freedom Asset Management	€4.0m	3,234	4,033	-	-									
Total Maubank		6,876	7,724	3,642	3,691	-									
ABC Banking Corporation	Grit Services Limited	Equity bridge US\$8.5m	8,500	-	-	-									
Total ABC Banking Corporation		8,500	-	-	-	-									
Bank Unico of Mozambique	Zimpeto Immobiliaria Limitada	MZN182.7m	-	2,658	-	-									
Total Bank Unico		-	2,658	-	-	-									
Total loans in issue		392,757	348,564	25,798	15,231	-									
plus: interest accrued		5,349	-	375	-	-									
less: unamortised loan issue costs		(5,107)	(2,467)	(993)	(1,269)	-									
As at 30 June		392,999	346,097	25,180	13,962	-									

Lender	Group June 2020	Base rate	Margin	% Fixed	Initial facility	Interest rate	Maturity date	Weighted average cost of debt for the year ended 30 June 2020
Financial Institutions								
ACTIVE FACILITIES								
Standard Bank South Africa	140,000	3 Month Libor	5.00%	71%	US\$140.0m	6.45%	Oct 2023	2.49%
Standard Bank South Africa	29,730	3 Month Euribor	3.50%	0%	€26.5m	3.50%	Aug 2021	0.29%
Bank of China	8,555	6 Month Libor	4.00%	0%	US\$8.5m	5.20%	Sep 2022	0.13%
Bank of China	76,405	6 Month Libor	4.00%	0%	US\$77.0m	7.62%	Apr 2022	1.22%
State Bank of Mauritius	10,097	3 Month Euribor	4.25%	0%	€9.0m	4.25%	Dec 2022	0.11%
State Bank of Mauritius	3,590	3 Month Euribor	4.25%	0%	€3.2m	4.25%	Dec 2022	0.04%
State Bank of Mauritius	25,018	Fixed rate	4.00%	100%	€22.3m	4.00%	Mar 2022	0.26%
State Bank of Mauritius	20,000	Fixed rate	4.00%	100%	US\$20.0m	4.00%	Oct 2021	0.18%
State Bank of Mauritius	1,778	Variable	6.65%	0%	Mur 72.0m	6.65%	Oct 2020	0.01%
Investec South Africa	37,027	3 Month Euribor	4.58%	0%	€36.0m	4.58%	Feb 2022	0.49%
Investec South Africa	8,722	3 Month Libor	4.16%	0%	US\$15.7m	4.52%	Feb 2022	0.15%
Investec Mauritius	378	3 Month Libor	4.50%	0%	US\$0.5m	4.85%	Sep 2021	0.00%
ABSA Bank Mauritius	7,081	3 Month Euribor	4.25%	0%	€7.4m	4.25%	Jun 2023	0.08%
ABSA Bank Ghana Limited	9,000	3 Month Libor	5.90%	0%	US\$9.0m	7.35%	Dec 2023	0.20%
Maubank Mauritius	3,642	6 Month Euribor	4.50%	0%	€3.2m	4.50%	Feb 2022	0.01%
Maubank Mauritius	3,234	6 Month Euribor	6.00%	0%	€4.0m	6.00%	Jan 2024	0.07%
ABC Banking Corporation	8,500	3 Month Libor	3.50%	0%	US\$8.5m	4.72%	Aug 2022	0.18%
FACILITIES SETTLED IN THE YEAR								
Bank of China								US\$13.3m
Standard Bank								US\$10.4m
Mozambique								US\$38.0m
Standard Bank South Africa								US\$28.0m
Standard Bank South Africa								US\$12.0m
Standard Bank (Mauritius) Limited								US\$11.7m
State Bank of Mauritius								RCF US\$20.0m
Bank Unico of Mozambique								MZN182.7m
Weighted average cost of debt for the year ended 30 June 2020	392,757							5.91%

(Weighted average cost of debt for the year ended 30 June 2019: 6.44%)

Significant events post year end

- On 17 August 2020 the Group secured a short term facility of 1 year from Nedbank South Africa to the value of \$7.0m and it bears interest at Libor plus 7.5%. On 10 November 2020 the facility was amended to extend \$5m by a further 12 months to improve the Groups liquidity position at an increased interest rate of 8.4%.
- Currently there is an amount shown as due on 31 October 2020 of US\$15m on the Investec South Africa facility over AnfaPlace Mall. Subsequent to this reporting date it has been extended to 28 February 2022 along with the remaining outstanding capital balance.
- The MUR72m SBM facility which is currently due on 31 October 2020 have been extended to 31 December 202

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

19. OBLIGATIONS UNDER LEASES

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Minimum lease payments:				
Payable in 1 year	320	46	199	-
Payable between 1 and 5 years	937	126	849	-
Payable after 5 years	118	-	19	-
	1,375	172	1,067	-
Future finance charges on obligations under leases	(216)	-	(156)	-
	1,159	172	911	-
Maturity of lease liabilities:				
Current	254	46	146	-
Non-current can be analysed as follows:				
Payable between 1 and 5 years	813	126	746	-
Payable after 5 years	92	-	19	-
	1,159	172	911	-

The obligations under leases are secured over motor vehicles with a carrying value of US\$0.2m (2019: US\$0.2m). Further details of secured motor vehicles are set out in note 5.

Interest is charged at a fixed Mauritian Rupee lending rate that is between 8.15% and 8.75% per year. The lease agreement is held in Mauritian Rupees over a term of 5 years.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases under Obligations under Finance leases.

There are no restrictions imposed on the Group by these lease arrangements other than in respect of the specific assets being leased.

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Operating lease receipts				
Minimum lease receipts under non-cancellable operating leases to be received:				
Receivable in 1 year	39,213	43,011	-	-
Receivable between 1 and 5 years	134,890	129,424	-	-
Receivable after 5 years	30,611	16,016	-	-
	204,714	188,451	-	-

The Group has approximately 533 tenants in total of which 231 occupy associate properties.

The lease terms are typically for periods of 3 to 12 years, but may extend to 15 year terms, dependent upon the nature of the tenancy. Annual escalations on rentals are applied and align with applicable CPI.

The standard lease terms include a provision for the recovery of direct costs as well as a proportionate share of service costs for the property.

Typically, the weighted average lease term of new leases concluded during the financial year ending 30 June 2020, were for a period of five years, and included a rent free period.

20. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Trade payables				
Accruals	7,943	2,751	971	647
Deposits received	2,218	15,320	3,355	630
Deferred income	2,733	2,487	-	-
Shareholders for dividends	7,428	9,276	-	-
Withholding tax payable	-	96	-	-
Sundry creditors	574	25	2	2
Taxation and social security costs	1,641	1,213	-	-
	683	438	128	110
As at 30 June	23,220	31,606	4,456	1,389

21. DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Forward contract - Barclays ¹				
Interest rate swap - Standard Bank	-	42	-	-
Interest rate swap - Standard Bank ²	-	1	-	-
Interest rate collar - Standard Bank ³	907	-	-	-
Interest rate collar - Standard Bank ³	1,430	-	-	-
	1,706	-	-	-
As at 30 June - liability	4,043	43	-	-
Forward contract - Barclays ¹				
Interest rate swap - Standard Bank	-	-	-	-
Interest rate collar - Standard Bank	-	-	-	-
Interest rate collar - Standard Bank	-	-	-	-
	39	-	-	-
As at 30 June - asset	39	-	-	-
Net liability				
Opening balance	43	22	-	-
Fair value adjustment on other financial liability through profit and loss	3,961	6	-	-
Foreign currency translation differences	-	15	-	-
	4,004	43	-	-
As at 30 June	4,004	43	-	-

¹ The forward contract is held with Barclays Bank Mauritius Limited. The contract expires on 12 June 2023.

² The forward contract is held with Standard Bank South Africa Limited. The contract expires on 16 October 2023.

³ The forward contract is held with Standard Bank South Africa Limited. The contract expires on 16 October 2023.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

22. OTHER FINANCIAL LIABILITY

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Total other financial liability				
CRO obligation liability	4,528	306	4,528	306
Call option liability	340	338	-	-
	4,868	644	4,528	306
Reconciliation of total other financial liability				
Opening balance	644	128	306	128
Fair value adjustment on other financial liability through profit and loss	4,224	516	4,222	178
As at 30 June	4,868	644	4,528	306
<i>The total other financial liability consists of:</i>				
<i>Contingent Repurchase Obligation ("CRO")</i>				
Opening balance	306	128	306	128
Fair value adjustment on other financial liability through profit and loss	4,222	178	4,222	178
As at 30 June	4,528	306	4,528	306

Refer to note 34d for the related party disclosure.

On 22 January 2018, shareholders approved a related party transaction between the Public Investment Corporation SOC Limited ("PIC") and the Company whereby the Company guarantees PIC for 50.00% of any losses suffered by the PIC (up to a maximum of US\$17.5m) resulting from PIC's potential liability under its Contingent Repurchase Obligation ("CRO"). In 2017, the Company facilitated a transformation initiative jointly with the PIC on behalf of South Africa's Government Employment Pension Fund (GEPF). The transformation initiative was to jointly provide guarantees in order to allow Drive in Trading Proprietary Limited ("DiT") to raise cost effective debt facilities in order to subscribe for shares in the Company. The primary security for DiT's financier is a CRO for an amount of US\$35.0m between the PIC and DiT's financier whereby, in the event of default, the PIC would be obliged to purchase the loan from the financier at cost, up to a maximum amount of US\$35.0m. In terms of the guarantee agreement between the PIC and the Company, in the event the CRO is triggered, the Company is obliged to guarantee the PIC for 50.00% of any losses suffered by the PIC following the sale of DiT's shares in Grit, up to a maximum of US\$17.5m.

The valuation methodology to calculate the Company's financial liability at year end, and the result of a probability matrix of the CRO being triggered based on various movements in the Company's share price as at year end, less the net debt in Drive in Trading as at year end. The Company's 50.00% of average of the potential realised loss (share value less net debt in DiT) following a CRO trigger was then taken as the liability amount.

Subsequent event (Refer to note 40)

Enforcement of CRO

On 14 August 2020, DiT failed to remedy a payment default under the terms of the loan, which has resulted in Bank of America N.A (UK Branch) ("BoAML") enforcing its rights under the terms of the CRO on 17 August 2020.

On 24 August 2020, PIC acquired the loan from BoAML for US\$33.8m, and effectively stepped into BoAML's role as lender to DiT.

Long term structure

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

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Call option liability				
Opening balance	338	-	-	-
Fair value adjustment on other financial liability through profit and loss	2	338	-	-
As at 30 June	340	338	-	-

New Mauritius Hotels ('NMH') has an option to acquire all the equity held by Leisure Property Northern Mauritius ('LPNM') in Beachcomber Hospitality Investments ('BHI') for a price based on an agreed formula during a future period of time ('the option').

The management of LPNM ('Management') have valued the option as follows:

- The assumptions used by the independent valuers (Knight Frank) for the valuation of the property of BHI for the current year was extrapolated to calculate the value of BHI and the strike price of the option as at the exercisable anniversary dates.
- The present value of the option was using a discount rate of 8.75% and a exit cap rate of 7.00% to the average difference between the forecast value of BHI and the strike price.
- A probability rate was then applied to account for the likelihood of NMH exercising the option given the current intention between the parties to continue to expand on their strategic partnership.
- The range of the liability is between US\$0.1m and US\$3.4m of which US\$0.3m has been recognised in the current year after factoring in the probability rate of the option being exercised.
- The change in the financial liability is recognised through profit and loss.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

23. GROSS RENTAL INCOME

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Contractual rental income	38,798	36,921	-	-
Retail parking income	1,567	1,532	-	-
Other rental income (Lease incentives)	2,240	-	-	-
Recoverable property expenses	5,349	5,105	-	-
Total revenue	47,954	43,558	-	-

None of the revenue recognised in the current year reporting period relates to carried forward contract liabilities and to performance obligations that were satisfied in a prior year.

Contractual rental income included within deferred revenue in the prior year has been fully recognised as revenue in the current year.

The recoverable property expenses were recognised in the Group income statement in accordance with the delivery of services.

24. PROFIT / (LOSS) FROM OPERATIONS

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Profit / (loss) from operations for each period is stated after charging / (crediting):				
Other income	(4,132)	(274)	(87,117)	(1,852)
- Dividends received from subsidiaries and other investments	(148)	(136)	(85,629)	-
- Asset management fees received	(2,500)	-	(1,488)	(1,852)
- Other Income	(1,484)	(138)	-	-
Allowance for credit losses (note 13)	1,890	1,162	-	-
Amortisation and impairment of intangible assets - included in administrative expenses (note 6)	52	134	14	10
Depreciation of property, plant and equipment (note 5)	542	257	252	81
Employee benefit expense:				
- Executive directors' salaries and bonus	1,334	1,020	-	-
- Executive directors' other benefits	80	62	-	-
- Wages and salaries	7,200	5,632	(7)	12
- Share based payment expense	109	156	109	156
Acquisition costs not capitalised	3,905	1,328	467	1,438
Set-up costs	59	65	59	39
Audit fees	785	818	462	598
Non-audit services performed by PwC	1,416	51	-	-
Non-executive directors' fees	409	437	409	437
Asset and property management fees	674	1,459	(1,488)	(1,243)
Operating lease expenses - buildings	-	198	-	-

Non-audit services provided by PwC during the current year related to services for the step up to premium listing on the London Stock Exchange. Non-audit services provided by PwC during the year ended 30 June 2019 related to a limited review of the consolidated accounts of the Group prepared for the period ended 31 December 2018, accounting services in Mozambique and various Taxation advisory services across the regions.

Total number of employees as at 30 June 2020 was 92 (30 June 2019: 69).

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Directors' emoluments				
Executive directors' emoluments				
Bronwyn Corbett	854	604	-	-
Basic salary	473	487	-	-
Performance bonus	327	92	-	-
Other benefits ²	45	25	-	-
Directors fees received from associates ¹	9	-	-	-
Leon van de Moortele	569	478	-	-
Basic salary	368	384	-	-
Performance bonus	166	57	-	-
Other benefits ²	35	37	-	-
Total executive directors' emoluments	1,423	1,082	-	-
Total executive directors - emoluments by category				
Basic salary	841	871	-	-
Performance bonus	493	149	-	-
Other benefits ²	80	62	-	-
Directors fees received from associates ¹	9	-	-	-
Total executive directors' emoluments	1,423	1,082	-	-
Non-executive directors				
Fees were paid to the following directors:				
Paul Huberman (resigned 29 November 2018)	-	41	-	41
Peter Todd	114	120	114	120
David Love (appointed 4 December 2018)	61	36	61	36
Sir Samuel Jonah (appointed 21 February 2019)	57	20	57	20
Nchaupe Laaka (appointed 29 November 2018) ²	-	-	-	-
Maheshwar Doorgakant (Resigned 7 March 2018) ¹	-	(8)	-	(8)
Chandra Kumar Gujadhur (resigned 29 March 2018) ¹	-	(4)	-	(4)
Ian Macleod (The Late Ian Macleod passed away on 14 June 2020)	89	97	89	97
Nomzamo Radebe (appointed 24 November 2017) ²	-	-	-	-
Matshepo More (resigned 3 April 2019)	-	51	-	51
Catherine McIlraith (appointed 24 November 2017)	88	84	88	84
Total non-executive directors' fees	409	437	409	437
Total directors' emoluments	1,832	1,519	409	437

¹ This represents reversal of accruals from the previous years.

² Nchaupe Laaka is a permanent alternate director to Nomzamo Radebe. No fees are paid to Nomzamo Radebe as the representative shareholder of Drive in Trading Proprietary Limited (Refer to note 34d.).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

24. PROFIT / (LOSS) FROM OPERATIONS (CONTINUED)

	GROUP		COMPANY	
	30 June 2020 Number of options '000	30 June 2019 Number of options '000	30 June 2020 Number of options '000	30 June 2019 Number of options '000
Share options				
Bronwyn Corbett				
Opening balance of share options	875	875	-	-
- Initial award	341	341	-	-
- 2017 award	534	534	-	-
Awards granted during the year	1,281	-	-	-
Options exercised during the year	-	-	-	-
Options vested during the year	(341)	-	-	-
Closing balance of share options	1,815	875	-	-
- Initial award	-	341	-	-
- 2017 award	534	534	-	-
- 2017 award	1,281	-	-	-
Leon van de Moortele				
Opening balance of share options	489	489	-	-
- Initial award	216	216	-	-
- 2017 award	273	273	-	-
Awards granted during the year	925	-	-	-
Options exercised during the year	-	-	-	-
Closing balance of share options	1,414	489	-	-
- Initial award	216	216	-	-
- 2017 award	273	273	-	-
- 2017 award	925	-	-	-

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Key management remuneration				
Key management¹				
Basic salary	1,399	780	-	-
Performance bonus	1,011	644	-	-
Other benefits ²	190	71	-	-
Total key management remuneration (2020: 7 employees: 2019: 7 employees)	1,399	780	-	-

1 Key management are: Adam Nisbet, Bevan Smith, Debby Kippen, Jaco van Zyl, Moira van der Westhuizen, Shabnam Bundhoo and Terence Kretzmann (Bronwyn Corbett and Leon van de Moortele has been disclosed separately under this note)

2 Other benefits include car allowance, school allowance and medical aid benefits.

	GROUP		COMPANY	
	30 June 2020 Number of options '000	30 June 2019 Number of options '000	30 June 2020 Number of options '000	30 June 2019 Number of options '000
Share options				
Key management				
Opening balance of share options	466	676	-	-
- Initial award	62	62	-	-
- 2017 award	404	614	-	-
Awards granted during the year	1,079	-	-	-
Options exercised during the year	-	-	-	-
Options lapsed during the year	US\$1.40	-	(209)	-
Closing balance of share options	1,545	466	-	-
- Initial award	62	62	-	-
- 2017 award	404	404	-	-
- 2017 award	1,079	-	-	-

25. IMPAIRMENT OF LOANS AND OTHER RECEIVABLES

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Total Impairment of loans and other receivables recognised in the statement of profit and loss				
Impairment on loans¹				
Impairment on loans ¹	1,523	945	521	-
Impairment on other receivables ²	5,360	106	4,015	4
Total loss allowance	6,883	1,051	4,536	4

1 Group Level - The impairment of loans has been incurred by Freedom Asset Management (FAM). The Group has considered FAM to be its subsidiary for consolidation purposes due to the Group's implied control of FAM, as the Group has ability to control the variability of returns of FAM. The Group does not own any interest in FAM and does not benefit from any profits of FAM nor is it liable for any losses incurred by FAM. The impairment is with the loan receivable from Bowwood and Main No 117 Proprietary Limited. This has been fully impaired.

Company Level - The Company has impaired a loan receivable from the Grit Executive Share Trust ("GEST") of US\$0.5m due to the value of the shares held by GEST in Grit being lower than the underlying loan. As GEST is consolidated this has no impact on the Group accounts.

2 Certain project costs under trade and other receivables has been impaired due to the current uncertainty of the future event to capitalise the costs. As a result of events during the year the costs has been fully impaired.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

26. IMPAIRMENT OF FINANCIAL ASSETS

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Loss allowances				
Total loss allowance recognised / (reversed) in the statement of profit and loss				
Loss allowance on trade debtors	1,306	-	-	-
Loss allowance on other loans receivable	(71)	-	-	-
Loss allowance on other financial assets	1,117	-	600	-
Loss allowance on related party loans receivable	734	-	1,323	-
Total loss allowance	3,086	-	1,923	-
Expected credit loss on trade debtors				
Opening balance at the beginning of the year	409	404	-	-
Loss allowance provided during the year (ECL)	1,306	5	-	-
Total loss allowance at the end of the year	1,715	409	-	-
Expected credit loss on other financial assets				
Opening balance at the beginning of the year	-	-	-	-
Loss allowance provided during the year (ECL)	1,117	-	600	-
Total loss allowance at the end of the year	1,117	-	600	-
Expected credit loss on related party loans receivable				
Opening balance at the beginning of the year	-	-	650	724
Loss allowance provided during the year (ECL)	734	-	1,323	(74)
Total loss allowance at the end of the year	734	-	1,973	650
Expected credit loss on other loans receivable				
Opening balance at the beginning of the year	139	139	-	-
Loss allowance provided during the year	(71)	-	-	-
Total loss allowance at the end of the year	68	139	-	-
Expected credit loss - Total				
Opening balance at the beginning of the year	548	543	650	724
Loss allowance provided during the year (ECL)	3,086	5	1,923	(74)
Total loss allowance at the end of the year	3,634	548	2,573	650

All material financial assets remain in Stage 1 of the impairment model. There have been no significant receivables transferred between stages during the year.

The provision for bad debts (Management overlay on specific receivables) has been disclosed under current assets - note 13.

27. INTEREST INCOME

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Bank interest receivable	19	-	135	2
Interest on loans to partners ¹	3,355	-	2,458	62
Interest on loans from related parties ²	113	-	2,375	15,366
Interest on property deposits paid	548	-	1,729	-
Interest on tenant rental arrears and penalty interest	717	-	1,199	600
	4,752	-	7,896	15,368
		-		13,810

¹ The interest income on loans to partners arises on the loans referred to in note 11.

² The loans receivable from Drift (Mauritius) Limited was reclassified from related party to other loans receivable during the year.

28. FINANCE COSTS

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Interest-bearing borrowings - financial institutions	21,370	-	20,621	1,029
Finance costs expensed related to capital projects	53	-	429	-
Amortisation of loan issue costs	1,999	-	1,785	724
Preference share dividends	808	-	778	-
Interest on obligations under leases	76	-	12	58
Interest on loans to related parties	326	-	-	131
Interest on bank overdraft	212	-	21	-
Other interest payable	830	-	76	8
	25,674	-	23,722	1,942
		-		2,295

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

29. TAXATION

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Major components of the taxation expense				
Current taxation	4,354	(159)	394	290
Deferred taxation	9,028	13,576	-	-
	13,382	13,417	394	290
Reconciliation of the taxation expense				
(Loss) / profit before tax	(53,866)	39,487	(31,006)	57,188
Statutory taxation (credit) / expense at 15% (all years)	(8,080)	5,923	(4,651)	8,578
Tax effect of adjustments to taxable income:				
Non-taxable income	(3,299)	(3,837)	(13,305)	(7,464)
Non-deductible expenditure	14,066	3,799	19,915	337
Under provision in the previous year	(768)	132	2	-
Withholding tax	192	-	-	-
Foreign tax credit	(6,319)	(1,346)	(1,567)	(1,161)
Deferred tax asset not provided for	10,924	(1,233)	-	-
Investment tax credit	(119)	(3,011)	-	-
Minimum tax	216	91	-	-
Effect of different tax rates and consolidation adjustments	6,569	12,899	-	-
Effective taxation expense at -24.42% (2019: 33.98%)	13,382	13,417	394	290

The Company is subject to income tax at the rate of 15% in Mauritius in accordance with the provisions of the Income Tax Act 1995 as amended. As the Company holds a Category One Global Business License, the Income Tax (Foreign Tax Credit) Regulations 1996 allow for the setting off of any underlying tax, withholding tax or tax sparing credit by the Company against any tax due at the 15% rate. In the absence of evidence of payment of foreign tax, the Company can claim as tax credit (presumed tax credit) an amount equal to 80% of the Mauritius tax chargeable on any foreign-source income. Following the amendment brought by the Finance (Miscellaneous Provisions) Act 2018, the presumed tax credit of 80% has been repealed since 1 January 2019. A partial income exemption of 80% has been introduced and shall apply to interest income and foreign dividend income only. Companies, holding a Global Business Licence and incorporated on or before 16 October 2017, shall however benefit from the presumed tax credit of 80% until 30 June 2021.

The taxation rates applicable in the other operating jurisdictions of the Group for all years are as follows:

- Mozambique	32%
- Morocco	31%
- Kenya	30%
- Zambia	35%
- Ghana	25%
- South Africa	28%
- Senegal	30%

Tax losses arising in Mauritian companies are available for set off against their future profits over a maximum period of 5 years in accordance with the provisions of the Mauritian Income Tax Act 1995 as amended. Amounts available as at the end of each financial period were as follows:

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Arising in financial year to: Expiry year				
30 June 2015	30 June 2019	294	-	294
30 June 2016	30 June 2020	-	-	75
30 June 2017	30 June 2021	1,443	2,781	1,913
30 June 2018	30 June 2022	1,424	3,890	2,053
30 June 2019	30 June 2023	1,377	15,903	8,148
30 June 2020	30 June 2024	3,190	10,367	-
Carried forward for more than five years		-	1,524	-
Carried forward indefinitely	30 June 2024	9,805	18,028	12,908
		17,533	52,493	25,391
				40,480

The amount of group tax losses for which no deferred tax assets (note 12) have been provided amounts to US\$7.4m (2019: US\$3.4m)

30. BASIC AND DILUTED (LOSSES) / EARNINGS PER ORDINARY SHARE

	Earnings / (losses) attributable		Weighted average number of shares		Cents per share	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 '000	30 June 2019 '000	30 June 2020 US Cents	30 June 2019 US Cents

GROUP	Losses / earnings per share - Basic	28,035	302,689	289,613	(20.85)	9.68
COMPANY	Losses / earnings per share - Diluted	28,035	302,689	289,613	(20.85)	9.68

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

	GROUP		COMPANY	
	30 June 2020 '000	30 June 2019 '000	30 June 2020 '000	30 June 2019 '000
Ordinary shares in issue at start of year	306,396	214,023	306,396	214,023
Unvested treasury shares at start of year	(10,114)	(7,997)	-	-
Total shares in issue at start of year	296,282	206,026	306,396	214,023
Effect of shares issued in the year	5,834	84,549	5,834	84,549
Effect of treasury shares acquired in the year	-	(878)	-	-
Effect of treasury shares surrendered in the year	-	(84)	-	-
Effect of treasury shares vested or allocated in the year	573	-	-	-
Weighted average number of shares at end of year - basic	302,689	289,613	312,230	298,572
Dilutive effect of share options	-	-	-	-
Weighted average number of shares at end of year - diluted	302,689	289,613	312,230	298,572

The amount of group tax losses for which no deferred tax assets (note 12) have been provided amounts to US\$7.4m (2019: US\$3.4m)

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

31. CASH GENERATED FROM / (UTILISED IN) OPERATIONS

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
(Loss) / profit for the period before taxation	(53,866)	39,487	(31,006)	57,188
Adjusted for:				
Depreciation and amortisation	594	392	266	91
Interest income	(4,752)	(7,896)	(15,368)	(13,810)
Dividend Income	-	-	(85,629)	-
Share of profits from associates and joint ventures	(6,698)	(20,553)	(3,076)	-
Finance costs	25,674	23,722	1,942	2,295
IFRS 9 charges / (reversals)	11,858	2,218	6,459	(70)
Foreign currency losses/(gains)	2,933	1,156	-	-
Straight-line rental income accrual	(580)	824	-	-
Amortisation of lease premium	(1,129)	-	-	-
Share based payment expense	109	156	109	156
Fair value adjustment on investment properties	41,218	(21,363)	-	-
Gain from bargain purchase on associates	(178)	-	-	-
Fair value adjustment on other investments	(591)	795	-	727
Fair value adjustment on other financial liability	4,224	516	4,222	178
Fair value adjustment on derivative financial instruments	3,961	6	-	-
Fair value adjustment on investment in subsidiary	-	-	115,785	(49,386)
	22,777	19,460	(6,296)	(2,631)
Changes to working capital				
Movement in trade and other receivables	(7,094)	(4,916)	(2,807)	1,593
Movement on deposits paid on investment properties	4,000	2,617	-	-
Movement in trade and other payables	(4,742)	5,994	3,164	(368)
Cash generated from / (utilised in) operations	14,941	23,155	(5,939)	(1,406)

32. ORDINARY DIVIDENDS PAID TO SHAREHOLDERS

Dividends paid during the period	(36,479)	(33,147)	(37,496)	(34,373)
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Declaration and payment of ordinary dividends

Set out below is a summary of all the ordinary dividends declared by the board in respect of each reporting period on shares in circulation. All dividends declared in a reporting period have been paid in the same reporting period.

Paid in the year to 30 June 2020:

In respect of the year ended 30 June 2020, an interim dividend of 5.25 cents per share was declared by the board on 13 February 2020. There were 316,235,546 shares in issue at the date of declaration of this interim dividend. This was paid on 30 April 2020.

In respect of the year ended 30 June 2019, a final dividend of 6.95 cents per share was declared by the board on 30 September 2019. There were 306,396,035 shares in issue at the date of declaration of this final dividend. This was paid on 15 November 2019.

Paid in the year to 30 June 2019:

In respect of the year ended 30 June 2019, an interim dividend of 5.25 cents per share was declared by the board on 14 February 2019. There were 306,396,035 shares in issue at the date of declaration of this interim dividend. This was paid on 5 April 2019. The non entitled shares that was excluded from the dividend was 4,035,000 shares.

In respect of the year ended 30 June 2018, a final dividend of 6.12 cents per share was declared by the board on 26 September 2018. There were 306,396,035 shares in issue at the date of declaration of this final dividend. This was paid on 16 November 2018. The non entitled shares that was excluded from the dividend was 5,567,564 shares.

33. COMMITMENTS AND OPERATING LEASES

33a. Capital commitments

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Capital expenditure of investment properties				
Within one year	2,244	-	-	-
Within two to five years	25,804	-	-	-
	28,048	-	-	-
On 27 January 2020, Grit, through its wholly-owned subsidiary Casamance Holdings Limited (the "Casamance") acquired 100% of the shares in Société Immobilière et de Gestion Hôtelière du cap Skirring ("SIGHC"), the owner of Club Med Cap Skirring, a 4-trident hotel situated in Cap Skirring, Senegal ("the Property") on a sale and lease back basis.				
The parties agreed that Club Med, acting as Owner's Agent, on behalf of SIGHC shall execute a renovation and development programme to the Property, estimated at EUR 25m. The works are to be financed and owned by Grit (through SIGHC) up to EUR 28m excluding VAT. Should the effective aggregate amount of the project costs exceed EUR 28m excluding VAT, Club Med will undertake to bear all costs in excess of such amount that would be necessary for the completion of the works. Grit has until 27 January 2023 to deliver the development programme.				
Any works conducted on the property will attract a rental yield of 8% per annum. With the onset of COVID-19, Grit and Clubmed are reassessing the timing and extend of the renovation and the development programme and have committed to an initial phase amounting to EUR 2m by December 2020, with further phases being delayed until the remaining project requirements and extent have been agreed.				
Operating leases - as lessee (expense)				
Minimum lease payments due				
Within one year	-	243	-	-
Within two to five years	-	927	-	-
	1,170	-	-	-
During the year the operating leases are accounted under obligations under leases per IFRS 16. (Refer to note 42)				

33b. Contingent liabilities

The following contingent liabilities have not been provided for by the Group or the Company, as it is not anticipated that any material liabilities will arise from these contingencies.

Contingent liability of Group

Grit Real Estate Income Group Limited

The Group entered into a property acquisition in Ghana in August 2018 where certain conditions subsequent had to be met by the sellers, whereby a final adjustment on the guarantees will be made and the relevant share pledges will be released. Per the purchase agreement Grit provided comfort that the last published Net Asset Value per share of the pledged shares will not be lower than the value of the shares originally pledged (US\$6.15m at a value of US\$1.43 per share) on the release date of the pledged shares. The transaction agreements refer to discharge conditions which need to be fulfilled prior to release of the pledged shares. Upon the discharge conditions being fulfilled, where Grit will be required to release the pledged shares back to the sellers, the agreement refers to the Grit Shares (as defined) being issued at the issue price of the last published Net Asset Value. The parties are currently in discussions as to the date upon which the discharge conditions are to be fulfilled. The last published Net Asset Value of the company, currently 31 December 2019, was published at US\$1.441 and therefore no provision has been made. Following the publication of the 30 June 2020 results, the Net Asset Value per share of US\$1.183 will apply and therefore, should the conditions precedent be deemed to have been met after such publication, Grit will need to issue an additional 897,948 shares to the seller.

Grit Real Estate Income Group Limited

The Company entered into an arrangement whereby a guarantee was provided against an exposure of a maximum of US\$17.5m of a Bank of America N.A (UK Branch) facility for the investment made by Drive in Trading Proprietary Limited into the Group. For further detail refer to note 22 and note 34d.

Contingent liability of associates

Letlole La Rona Limited ("LLR")

On 11 December 2019, the LLR Board signed an executive Long Term Incentive Plan ("LTIP") for three beneficiaries being the former LLR Chief Executive Officer ("CEO"), The LLR Chief Financial Officer ("CFO") and the LLR Property Manager. The objective of the LTIP was to promote the long-term success of LLR and retain high quality talent and it was to vest at the end of 5 years.

On 28 April 2020, the LLR CEO and the LLR Property Manager submitted a claim for the sum of 14,948,368.29 Botswana Pula and 7,474,184 Botswana Pula respectively to the LLR Board claiming that the LTIP is vested. The LLR CFO has disavowed as a beneficiary in the LTIP. The Grit Group's 30% holding in the claim is US\$0.4m and US\$0.2m respectively.

Due to the claim being contrary to the intention of the LTIP, the LLR Board instigated an investigation around the agreement. The investigators revealed there was misconduct on the part of the former LLR CEO in relation to the LTIP. Thereafter a disciplinary hearing was held which ultimately led to the dismissal of the former LLR CEO on 18 September 2020.

The outcome of the investigations also drove the company to lay fraud charges against the former LLR CEO with the Serious Crime Squad division of the Botswana Police. The matter is currently with the courts, and the attorneys of LLR are confident in defending the case.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

34. RELATED PARTIES

34a. Related party relationships, transactions and balances

Parties are considered related if one party has the ability to exercise control or significant influence over the other party in making financial or operational decisions.

Details of the parties with which members of the Group have had reportable related party transactions and balances over the year covered by the financial statements are set out below, followed by details of the transactions that have taken place and balances with those parties.

Details of an entity that has been accounted for as an unconsolidated structured entity are set out in note 34d.

Related party relationships

Company	Relationship to the Group
Bowwood and Main No 117 Proprietary Limited	Company controlled by Bronwyn Corbett and Sandile Nomvete
Copapax Proprietary Limited	Company controlled by Bronwyn Corbett
Drive In Trading Proprietary Limited (note 34d.)	Shareholder transformation partner and common directors
Gateway Real Estate Africa Ltd	Investee, associate and common directors
Transformers Investments Limited	The shareholding held by Transformers Investments Limited has decreased to below 5% in the current financial year. They are now not classified as a substantial shareholder anymore and has been excluded in the current year as a related party. Common directors of Transformers Investments Limited - In the current year they are excluded as a related party.
Vale dos Embondeiros Limitada	Common ultimate beneficiaries with Transformers Investments Limited - In the current year they are excluded as a related party.
Drift (Mauritius) Limited	Company controlled by Peter Todd
Osiris Advisors Limited	Company controlled by Peter Todd
Osiris Corporate Solutions (Mauritius) Limited	Major shareholder and common directors (resigned within the last 18 months)
Public Investment Corporation	Shareholder and common directors
Venus Africa Properties Proprietary Limited	Shareholder and common alternate directors
Lifostax Proprietary Limited	Common directors, Bronwyn Corbett ultimate beneficial owner of 10%
African Development Property Holdings Limited	Common directors, Bronwyn Corbett ultimate beneficial owner of 50%
Dorado 1 Limited	Common directors
BG Africa Limited	Enterprise that Bronwyn Corbett has a significant interest
Mallac Hearle Consulting Limited	Trust administering the Staff Long Term Incentive scheme
Grit Executive Share Trust	Company controlled by Sir Sam Jonah
Mobus Properties Limited	Company controlled by Sir Sam Jonah
Griffon Energy Limited	Subsidiaries
Grit Services Limited	Subsidiaries
Mara Viwandani Limited	Subsidiaries
IWH Kenya Investments Limited	Subsidiaries
Paradise Consultancy Services Limited	Subsidiaries
BME Kenya Investments Limited	Subsidiaries
IDC Kenya Investments Limited	Subsidiaries
Warehously Limited	Subsidiaries
Paradise Hospitality Group Limited	Subsidiaries
Mara Delta (Mauritius) Property Limited	Subsidiaries
Leisure Property Northern (Mauritius) Limited	Subsidiaries
Beachcomber Hospitality Investments Limited	Associates
DIF 1 Co Limited	Subsidiaries
GMS Serviços de Gestão de Imóveis Limitada	Subsidiaries
GMS Mauritius Limited	Subsidiaries
BH Property Investments Limited	Subsidiaries
Ablan Diversified Holdings Limited	Subsidiaries
Buffalo Mall Naivasha Limited	Associates
Transformers Holdings Mauritius Limited	Subsidiaries
Delta Tete Limitada	Subsidiaries
Gerania Limited	Subsidiaries
Mall de Tete Limitada	Subsidiaries
CD Properties Limited	Subsidiaries
Gateway Properties Limitada	Subsidiaries
TC Maputo Limited	Subsidiaries (acquired 75% during the prior year)
Cognis 1 Limitada	Subsidiaries (acquired 80.1% effective shareholding during the prior year)

Company	Relationship to the Group
Paxton Investments Limited	Subsidiaries (subscribed for 99.99% of the shares during the prior year)
CADS Developers Limited	Associates (subscribed for 50% of the shares during the prior year)
HM&K Properties Limited	Subsidiaries
Commotor Limitada	Subsidiaries
SAL Investment Holdings Limited	Subsidiaries
S&C Immobiliaria Limitada	Subsidiaries
Zimpeto Immobiliaria Limitada	Subsidiaries
Zambian Property Holdings Limited	Subsidiaries
Ndola Kafubu Investments Limited	Subsidiaries
Kafubu Mall Limited	Associates
Kitwe Mukuba Investments Limited	Subsidiaries
Mukuba Mall Limited	Subsidiaries
Lusaka Cosmopolitan Investments Limited	Subsidiaries
Cosmopolitan Shopping Centre Limited	Associates
Delta International Bahrain SPC	Subsidiaries
Freedom Property Fund SARL	Subsidiaries
Grit Accra Limited	Subsidiaries
Capital Place Limited	Associates
Freedom Asset Management Limited	Subsidiaries (controlled by Grit, 0% ownership)
Grit West Africa Limited	Subsidiaries
Pangea Holdings Limited	Subsidiaries
Pangea Holdings 2 Limited	Subsidiaries
Société Immobilière et de Gestion Hôtelière du Cap Skirring	Subsidiaries
Orbit Africa Logistics	Subsidiaries
Moz Delta FZ-LLC	Subsidiaries
Letlolo La Rona Limited	Associates
Grit Management SA Proprietary Limited	Subsidiaries
Gr1t Urban Logistics	Subsidiaries
GR1T House Limited	Associates
GR1T Capital Co. Ltd	Subsidiaries
Casamance Holdings Limited	Subsidiaries
Peter Todd - Chairman	Director
Ian Macleod - Senior Independent	Director
Cuckoos Nest Trust	Common beneficiary, Leon van de Moortele
Pearson Trust	Common beneficiary, Gregory Pearson
David Love	Director
Sir Samuel Jonah	Director
Nchaupe Laaka	Alternate Director (appointed during the year)
Paul Huberman	Director (resigned within 18 months)
Chandra Gujadar	Director (resigned within 18 months)
Matshepo More	Director (resigned within 18 months)
Catherine McIlraith	Director
Nomzamo Radebe	Director
Bronwyn Corbett	Director
Leon van de Moortele	Director
Jonathan Crichton	Director
Moira van der Westhuizen	Key Management Personnel
Jaco van Zyl	Key Management Personnel
Bevan Smith	Key Management Personnel
Adam Nisbet	Key Management Personnel
Shabnam Bundhoo	Key Management Personnel
Terence Kretzmann	Key Management Personnel
Debby Kippen	Key Management Personnel
Gregory Pearson	Director of an associate

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

34a. Related party transactions and balances with shareholders (continued)

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Public Investment Corporation				
Subscription of 22,377,622 shares at US\$1.43 per share on 31 July 2018				
Dividends paid on Grit Real Estate Income Group Limited shares	(10,321)	32,000	(10,321)	32,000
Directors fees (Matshepo More directors fees)	-	(9,619)	-	(9,619)
	(59)			(59)
Transformers Investment Limited				
<i>Not considered as a related party in the current year</i>				
Subscription of 16,784,000 shares at US\$1.43 per share on 31 July 2018	-	24,001	-	24,001
Dividends paid on Grit Real Estate Income Group Limited shares	-	(2,142)	-	(2,142)
Related party loan payable - at acquisition loan (Transformers Holding Limited)	-	-	-	-
- Opening balance (31 July 2018)	-	(1,451)	-	-
- Transferred to purchase price adjustment account	-	1,451	-	-
<i>Back to back loan between Delta Tete Limited & Vale dos Embondeiros Limitada</i>				
Related party loan receivable - at acquisition loan (Transformers Holding Limited)	-	-	-	-
- Opening balance	-	4,000	-	-
- Amount repaid	-	(4,000)	-	-
<i>Back to back loan between Delta Tete Limited & Vale dos Embondeiros Limitada</i>				
Current account (Grit Services Limited)	-	-	-	-
- Opening balance (31 July 2018)	-	-	-	-
- Amount held in Escrow for purchase price of TC Maputo	-	4,099	-	-
- Amount held in Escrow for settlement of current liabilities of Cognis 1 Limitada	-	6,612	-	-
- Amount held in Escrow for reduction of debt of Cognis 1 Limitada	-	7,783	-	-
- Amount repaid	-	(18,494)	-	-
Interest receivable account (Grit Services Limited)	-	382	-	-
- Opening balance (31 July 2018)	-	-	-	-
- Interest charged	-	2,055	-	-
- Interest paid	-	(1,673)	-	-
<i>Interest charged on amount held on deposit at a rate of Libor plus 6.50%</i>				
Deposit on properties (Transformers Holdings Limited)	-	-	-	-
- Opening balance (31 July 2018)	-	4,117	-	-
- Additional deposit for 20 Units, 15.5ha of land and purchase price adjustment provision	-	6,882	-	-
- Transfer to purchase price adjustment account	-	(4,117)	-	-
- Deposit refunded	-	(6,882)	-	-
Purchase price adjustment account (Transformers Holdings Limited)	-	-	-	-
- Opening balance (31 July 2018)	-	1,723	-	-
- Transfer from deposits on property	-	4,117	-	-
- Interest accrued	-	704	-	-
- Transfer from Transformers Investments Limited at acquisition loan	-	(1,451)	-	-
- Transfer from Vale dos Embondeiros Limitada at acquisition loan	-	1,462	-	-
- Full and final settlement on VDE Phase II	-	(6,386)	-	-
- Written off as unrecoverable	-	(169)	-	-
Loan payable (Freedom Asset Management Limited)	-	(281)	-	-
- Opening balance (31 July 2018)	-	(4,066)	-	-
- Interest accrued	-	(225)	-	-
- Loan repaid	-	4,010	-	-
Interest accrued at 9.00% per annum	-	2,055	-	-
Interest received	-	(225)	-	-
Interest paid	-	-	-	-

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Vale dos Embondeiros Limitada				
<i>Not considered as a related party in the current year</i>				
Purchase of 15.5ha of land for development, 20 completed housing units, water treatment plant, sewerage treatment plant and water purification system	-	3,600	-	-
Related party loan receivable - at acquisition loan (Delta Tete Limitada)	-	220	-	-
- Opening balance (31 July 2018)	-	(2,500)	-	-
- Foreign exchange revaluations	-	(38)	-	-
- Transferred to purchase price adjustment account	-	(1,462)	-	-
- Amount repaid	-	4,220	-	-
<i>Back to back loan between Transformers Investments Limited and Transformers Holdings Limited</i>				
Trade receivables	-	1,196	-	-
Trade payables	-	-	-	-
Rental income	-	981	-	-
Operating costs recoveries	-	995	-	-
<i>Total income from Vale dos Embondeiros</i>	-	1,976	-	-
Interest charged on overdue account	-	126	-	-
Operating cost expenses	-	(431)	-	-
Mobus Property Limited				
Dividends paid on Grit Real Estate Income Group Limited shares	(679)	(389)	(679)	(389)
Property management fees paid	(188)	(123)	-	-

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

34b. Related party transactions and balances with directors, senior management and their associated entities

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Bronwyn Corbett				
Reimbursement of expenses	(19)	(23)	-	-
Voluntary staff deduction account payable by company	16	-	-	-
Staff current account payable	-	44	-	-
Rental of office by Grit Management SA Proprietary Limited	(31)	-	-	-
<i>Total direct beneficial shareholding in Grit shares: 79 758 (2019: 79 758)</i>				
<i>Total indirect beneficial shareholding in Grit shares: 5 696 549 (2019: 5 696 549)</i>				
<i>Total shareholding in Grit shares: 5 776 307 (2019: 5 776 307)</i>				
Leon van de Moortele				
Reimbursement of expenses	(4)	(5)	-	-
Voluntary staff deduction account	(22)	(9)	-	-
Staff current account payable to / (by) Company	(28)	8	-	-
<i>Total indirect beneficial shareholding in Grit shares: 1 202 187 (2019: 1 202 187)</i>				
<i>Total shareholding in Grit shares: 1 202 187 (2019: 1 202 187)</i>				
Senior Management (SMT) (2020: 7 employees, 2019: 7 employees)				
Reimbursement of expenses	(17)	(13)	-	-
Voluntary staff deduction account payable to staff	(17)	(4)	-	-
Staff current account payable to Company	-	2	-	-
Bowwood and Main No 117 Proprietary Limited				
Dividends paid on Grit Real Estate Income Group Limited shares	(386)	(653)	(386)	(653)
Related party loan receivable (Freedom Asset Management)	-	1,488	-	-
- Opening balance	1,488	2,433	-	-
- Provision for impairment	(1,488)	(945)	-	-
Net advisory and payroll fees (to fund South African staff payroll expenses)	-	(415)	-	-
Amount receivable (included in trade and other receivables)	-	130	-	4
Amount impaired (included in trade and other receivables)	(35)	-	-	-
The Pearson Trust				
Current loan receivable	-	5	-	-
Dividends paid	(10)	(8)	(10)	(8)

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Cuckoos Nest Trust				
Current loan receivable	-		5	-
Dividends paid		(10)	(10)	(10)
Kenzlex Trust				
Current loan receivable	-		1	-
Copapax Limited				
Current loan receivable	138		60	-
Dividends paid	(75)		(75)	(75)
Nchaupe Laaka				
<i>Total indirect beneficial shareholding in Grit shares: 5 812 500 (2019: 5 812 500)</i>				
<i>Total shareholding in Grit shares: 5 812 500 (2019: 5 812 500)</i>				
Nomzamo Radebe				
<i>Total indirect beneficial shareholding in Grit shares: 3 875 000 (2019: 3 875 000)</i>				
<i>Total shareholding in Grit shares: 3 875 000 (2019: 3 875 000)</i>				
Gregory Pearson				
Write off of staff current account (2016)	-		2	-
Sir Samuel Jonah				
<i>Total indirect beneficial shareholding in Grit shares: 5 567 564 (2019: 5 567 564)</i>				
<i>Total shareholding in Grit shares: 5 567 564 (2019: 5 567 564)</i>				
Brian Holmes				
Non-executive director fees (Mozambique)	(39)		(26)	-
Grit Executive Share Trust (previously the Mara Delta Executive Share Trust)				
Loan receivable	-		3,155	3,818
Interest income	-		212	9
Impairment of loan	-		(521)	-
Osiris Advisors Limited				
Advisory fees	-		(16)	(11)
Osiris Corporate Solutions (Mauritius) Limited				
Directors fees (Peter Todd directors fees as disclosed in note 24)	(114)		(120)	(120)
Company secretarial and other corporate advisory fees	-		-	-
Amount payable (included in trade and other payables)	-		-	-
Griffon Energy Limited				
Deposit held in escrow related to property purchase (Capital Place Limited)	3,000		3,000	-
Osiris International Trustees Limited				
Trustee administration costs	(5)		(50)	(20)
African Development Property Managers Limited				
Related Party loan receivable	(49)		78	-
Recovery of costs paid on behalf of Grit	-		(103)	(12)
Mallac Hearle Consulting Limited				
Consulting fees	(29)		(23)	(23)

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

34c. Related party transactions and balances with subsidiaries, associates and joint ventures

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Drift (Mauritius) Limited				
<i>Not considered as a related party in the current year</i>				
Project pre-funding loan 1 - Tete Accommodation Project		12,005		-
- Initial draw on project prefunding	-	12,000	-	-
- Interest accrued	-	5	-	-
Project pre-funding loan 1 - Maputo Accommodation Project (x2)		10,004		-
- Initial draw on project prefunding	-	10,000	-	-
- Interest accrued	-	4	-	-
Interest Income		9	-	-
Commission on acquisition of 15.5ha of Land and 20 housing units for Delta Tete Limitada		(3,000)	-	-
Gateway Real Estate Africa Ltd				
Subscription of shares (19.98% of the issued share capital)		6,114	-	-
Loan receivable		-	-	-
- Opening balance	-	77	-	-
- Loan disbursed/(repaid)	-	6,037	-	-
- Interest income	-	254	-	-
- Interest paid	-	(254)	-	-
- Loan converted to share capital	-	(6,114)	-	-
<i>Loan bears interest of Libor plus 6.50%</i>				
Related party payable (DIF1 Co Limited)		(25,481)	(14,416)	-
- Opening balance	(14,416)	-	-	-
- Amounts disbursed on the AnfaPlace Mall construction project to contractors	(10,688)	(10,316)	-	-
- Interest charged (at 9% per year)	(377)	-	-	-
- Amount disbursed to refund Freedom Property Fund for expenses incurred to date	-	(4,100)	-	-
Gateway Real Estate Africa Ltd - Pre-development Funding ¹		(1,540)	-	-
Gateway Real Estate Africa Ltd - Pre-development Funding ²		(3,918)	-	-
Trade and other receivables (refund of costs incurred in Morocco)		-	4,436	-
Provision for profit on AnfaPlace Mall project (% completion applied) (included in accruals)		-	2,573	-
Related party loan (payable)/receivable		(57)	(81)	-
Interest income		-	254	254
Recovery of expenses paid		-	(120)	(4)

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Freedom Asset Management Limited				
Loan receivable	-	-	12,322	10,584
Asset management fees from subsidiaries	-	-	1,488	1,853
Interest income	-	-	946	913
Grit Services Limited				
Interest income	-	-	14,079	11,768
Current account receivable	-	-	38,000	38,000
Loan receivable	-	-	382,344	321,486
CD Properties Limited				
Current account receivable	-	-	-	1
DIF Co Limited				
Current account payable	-	-	-	(3,866)
Freedom Property Fund SARL				
Current account receivable	-	-	250	249
Sal Investment Holdings Limited				
Current account receivable	-	-	-	245
Gateway EMT				
Current account receivable	(1)	-	-	-
Kitwe Mukuba Investments Limited				
Current account receivable	-	-	-	2
Ndola Kafubu Investments Limited				
Current account receivable	-	-	-	2
HM&K Properties Limited				
Current account receivable	-	-	-	17
BH Property Investments Limited				
Current account receivable payable	-	-	-	(397)

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

34c. Related party transactions and balances with subsidiaries, associates and joint ventures (continued)

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Transformers Holdings Mauritius Limited				
Current account payable	-	-	-	(205)
FAM Executive Share Trust				
Current loan receivable	-	7	-	-
Mara Delta (Mauritius) Property Limited				
Current account receivable	-	-	-	237
Abland Diversified Holdings Limited				
Current account receivable	-	-	-	1
CADS Developers Limited				
Current account receivable	5	5	-	-
Leisure Property Northern (Mauritius) Limited				
Current account payable	-	-	-	(191)
Paradise Hospitality Group Limited				
Current account receivable	-	-	-	7
GMS Mauritius Limited				
Current account receivable	-	-	-	16
Capital Place Limited				
Current account payable	(10)	(10)	-	-
Gerania Limited				
Current account payable	-	-	-	(1,508)
Venus Africa Properties Proprietary Limited				
Interest received	62	62	62	62
Loan interest receivable	-	116	-	116
Interest bearing loan	366	800	366	800
Lifostax Proprietary Limited				
Interest received	62	62	62	62
Loan interest receivable	-	116	-	116
Interest bearing loan	366	800	366	800

Notes to related party transactions and balances with shareholders, directors, senior management and their associated companies, subsidiaries, associates and joint ventures

Bowwood and Main No 117 Proprietary Limited have a pledge over 1,865,000 of the treasury shares, (note 15b) respectively. Of these 1,860,000 are shares allocated to the founders of Freedom Asset Management.

All of the transactions referred to above were made in the normal course of business. The Non-executive directors remuneration, executive directors remuneration and the Key management personnel compensation disclosed in note 24.

The terms and conditions of loans receivable and payable are disclosed in note 10. There have been no guarantees provided or received for any related party payables or receivables.

For the year ended 30 June 2020, other than the impairment of the US\$1.5m in Freedom Asset Management (which is consolidated, but Grit has no shareholding in the entity), the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2019: US\$2.6m). This assessment is undertaken at each reporting date by examining the financial position of the related parties and the market in which they operate.

34d. Related parties - unconsolidated structured entity

The directors consider Drive in Trading Proprietary Limited ("DiT") to be an unconsolidated structured entity as a result of arrangements the Group has entered into with that entity.

The arrangements entered into between the parties were as follows:

- As part of the June 2017 rights offer, the Company welcomed DiT as a new shareholder and transformation partner, with the entity subscribing for a fresh issue of 23,250,000 ordinary shares in the Company for a total consideration of US\$32.6m. DiT, which holds the shares on the Stock Exchange of Mauritius register, was the largest underwriter of the rights offer. The transaction was funded as explained below.
- As disclosed in note 10, the Group provided loans totalling US\$1.6m to DiT's two shareholders, Venus Africa Properties Proprietary Limited ("Venus") and Lifostax Proprietary Limited ("Lifostax"). Venus and Lifostax subscribed for equity in DiT using these funds.
- DiT secured a loan facility of US\$33.4m from the Bank of America N.A (UK Branch) ("BoAML") to finance its investment in the Company. The proceeds of the facility plus the shareholders' loan were used to invest in the Company and in part to settle transaction costs. The loan facility is for an initial three year term, with an option to extend for a further two years, with a final repayment date of July 2022. The interest rate is 5.80%. Repayments are to take place in the form of half-yearly payments which equate to 90.00% of all dividends received from the Group in those periods. Repayments are to be applied initially to settle any interest due and then to capital.
- The BoAML facility was granted to DiT after South Africa's Government Employees Pension Fund, represented by its Public Investment Corporation ("PIC"), provided a guarantee to BoAML in the form of a Contingent Repurchase Obligation ("CRO") for up to US\$35.0m. The terms of the CRO obligate PIC to acquire the loan granted to DiT, should DiT default under the BoAML facility.

In order to facilitate the above, the Company agreed to de-risk 50.00% of PIC's US\$35.0m exposure to the CRO, by granting PIC a guarantee whereby should BoAML enforce the CRO, the Company would indemnify PIC for up to 50.00% of the losses, capped at US\$17.5m, following the sale of the underlying securities, being the shares held by DiT in the Company. In addition, as part of BoAML facility, BoAML has provided the Company with a cash remedy mechanism whereby if it is determined that the Loan to Value ("LTV") trigger will be breached, the Company can make cash payments into a remedy deposit account, thereby dropping the LTV below 99.00%. This will prevent enforcement of the CRO and the Company's obligations under the guarantee to PIC. Payments into the remedy account would be made in increments of US\$0.5m, up to a maximum of US\$1.0m, with amounts so paid to be held for a minimum period of six months or until the LTV ratio drops below 99.00%.

The result of the above arrangements is that the Group has recognised a current 'other financial liability' within current liabilities equal to the amount based on the probability of DiT defaulting. This liability is to be reassessed and remeasured at each reporting date, with any change in value being recorded in profit or loss as a separate line item in the statement of consolidated comprehensive income.

There has been no changes in the DiT structure during the current financial year. Refer to note 40 for subsequent events.

In summary, the amounts included separately on the face of the statement of financial position in respect of the above arrangements are as follows:

In US\$'000	GROUP		COMPANY	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Current liabilities				
Other financial liability - CRO obligation	4,528	306	4,528	306
Maximum exposure to loss	17,500	17,500	17,500	17,500

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

35. RISK MANAGEMENT

Financial risk management

The Group's financial instruments consist mainly of deposits with banks, interest-bearing borrowings, related party loans receivable / payable, other loans receivable, trade and other receivables, trade and other payables and other financial asset and other financial liability. Exposure to market, credit and liquidity risk arises in the normal course of business.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as and when they fall due. This risk is managed by holding cash balances and overdraft facilities and by regularly monitoring cash flows. The directors have taken out Political Risk Insurance ("PRI") to cover the Group in the event of any potential currency inconvertibility or exchange transfer limitations. The insurance cover for Mozambique cost 1.50% per annum of the amount insured, Zambia 1.2%, Kenya 0.72%, Botswana 0.5%, Ghana 1.08%, Senegal 1.50% whilst the cost of the policy for Morocco is currently 0.40% of the cost insured per annum.

The Group utilises undrawn facilities and cash on hand to meet its short-term funding requirements. The intention is that non-current financial liabilities will predominantly be serviced through cash generated from operations and the restructuring of debt upon maturity.

The tables below set out the maturity analysis of the Group's liabilities based on the undiscounted contractual cash flows at each reporting date.

US\$'000	Weighted average effective interest rate %						Total		
		Less than one year	One to two years	Two to three years	Three to five years	More than five years			
GROUP									
As at 30 June 2020									
Financial liabilities									
Interest-bearing borrowings	5.91%	71,237	174,022	45,850	154,573	-	445,682		
Preference shares	6.25%	803	13,442	-	-	-	14,245		
Other financial liability (note 22)	-	4,868	-	-	-	-	4,868		
Obligations under leases	6.00%	255	197	195	420	92	1,159		
Trade and other payables ¹	-	11,802	-	-	-	-	11,802		
Related party loans	-	27,138	3,918	-	-	-	31,056		
Bank overdraft	5.71%	9,207	-	-	-	-	9,207		
		125,310	191,579	46,045	154,993	92	518,019		
As at 30 June 2019									
Financial liabilities									
Interest-bearing borrowings	6.44%	158,555	56,964	139,789	31,919	634	387,861		
Preference shares	6.25%	803	803	13,442	-	-	15,048		
Other financial liability (note 22)	-	644	-	-	-	-	644		
Obligations under finance leases	8.15%	46	126	-	-	-	172		
Trade and other payables ¹	-	19,380	-	-	-	-	19,380		
Related party loans	-	14,507	-	-	-	-	14,507		
Bank overdraft	5.71%	8,490	-	-	-	-	8,490		
		202,425	57,893	153,231	31,919	634	446,102		
COMPANY									
As at 30 June 2020									
Financial liabilities									
Interest-bearing borrowings	3.44%	20,968	424	3,017	77	-	24,486		
Other financial liability (note 22)	8.15%	4,528	-	-	-	-	4,528		
Trade and other payables ¹	-	4,326	-	-	-	-	4,326		
Related party loans	-	-	-	-	-	-	-		
Bank overdraft	5.21%	-	-	-	-	-	-		
		29,822	424	3,017	77	-	33,340		
As at 30 June 2019									
Financial liabilities									
Interest-bearing borrowings	3.44%	11,452	196	4,232	-	-	15,880		
Other financial liability (note 22)	8.15%	306	-	-	-	-	306		
Trade and other payables ¹	-	1,277	-	-	-	-	1,277		
Related party loans	-	6,167	-	-	-	-	6,167		
Bank overdraft	5.21%	8,490	-	-	-	-	8,490		
		27,692	196	4,232	-	-	32,120		

¹ Trade and other payables exclude deposits received, deferred income, taxation and social security costs and withholding tax payable.

Interest rate risk

The Group seeks to manage its exposure to changes in interest rates by fixing interest rates in respect of certain of its borrowings when considered appropriate. The Group is however exposed to interest rate risk through its variable rate cash balances and interest-bearing borrowings. At 30 June 2020, interest rates in respect of 44.95% (2019: 27.36%) of the Group's borrowings were fixed.

The Group's weighted average effective rate of interest for the year to 30 June 2020 was 5.91% (2019: 6.44%) based on the interest rates applicable to its long-term borrowings, short-term bridge funding and loan issue costs capitalised.

An increase of 1.00% in the interest rate on floating rate borrowings (US\$) would result in an increase to finance charges of US\$2.5m (2019: US\$3.1m) pre-tax per annum. This is based on calculating the effective interest rate of the Group and adding 1.00% escalation to the effective interest rate.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and cash and cash equivalents. There is considered to be no significant concentration of credit risk as exposure is spread over a large number of counterparties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the respective reporting dates in respect of certain financial instruments was as follows:

In US\$'000	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Financial assets				
Cash and cash equivalents				
	3,578	15,164	34	230
Loans to related parties	141	25,486	434,830	375,847
Deposits on investment properties - Vale Housing Compound	-	-	-	-
Other loans receivable	42,421	29,226	-	-
Trade and other receivables ¹	13,286	13,374	68	943

¹ Trade and other receivable excludes deposits paid, prepaid expenses and the purchase price adjustment account.

Cash and cash equivalents

It is the Group's policy to deposit short-term cash investments with reputable financial institutions.

Trade and other receivables

Credit risk is principally the risk that a tenant may default or not meet its obligations timeously. The financial position of the tenants is monitored on an ongoing basis. Allowance is made for specific doubtful debts and credit risk is therefore considered to be limited to the carrying amount of the financial assets at the end of the relevant financial year.

Loans to related parties and other loans receivable from partners

The Group has policies in place to ensure that loans are granted to related and other parties with an appropriate credit history so as to limit the amount of exposure to credit risk.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Moroccan Dirham and Mozambican Metical and to a lesser extent the Mauritian Rupee, Zambian Kwacha, South African Rand, Euro and Kenyan Shilling. Foreign exchange risk arises in relation to future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has entered into US Dollar denominated rental contracts with tenants that rent properties held within its Mozambican and Kenyan property portfolios. This is to ensure that the Group is not exposed to a devaluation of rental income generated from these property portfolios. The rental contracts with tenants that rent properties held within the Moroccan property portfolio are denominated in Moroccan Dirhams and the rental contracts with tenants that rent properties within the Zambian property portfolio are denominated in either Zambian Kwachas or US Dollars. The rental income from the Beachcomber hospitality assets in Mauritius is generated in Euros whilst the rentals on the office building in Mauritius are charged in Mauritian Rupees.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

35. RISK MANAGEMENT (CONTINUED)

The Group's net exposure to foreign exchange risk, including exposure on intra-group lending, at each reporting date was as follows:

Net financial (liabilities)/assets denominated in a currency other than the functional currency and United States Dollars is displayed in the heading with the currency risk below.

	30 June 2020					
	US\$ US\$'000	MAD US\$'000	MUR US\$'000	EUR US\$'000	ZAR US\$'000	Total US\$'000
United States Dollars	(165,735)	(95,704)	(6,045)	(21,160)	-	(288,644)
Euro	(15,372)	(37,291)	(7,092)	(68,979)	-	(128,734)
Mauritian Rupees	(1,720)	-	(473)	286	-	(1,907)
Pound Sterling	(252)	-	-	-	-	(252)
South African Rands	(164)	-	-	(1)	(24)	(189)
West African Franc	-	-	-	(161)	-	(161)
Emirati Dirham	(4)	-	-	-	-	(4)
Bahrain Dinars	7	-	-	-	-	7
Ghanaian Cedi	120	-	-	-	-	120
Zambian Kwacha	20	-	-	-	-	20
Kenya Shillings	2,018	-	-	-	-	2,018
Mozambique Meticais	2,283	-	-	-	-	2,283
Moroccan Dirham	(27)	8,789	-	-	-	8,762
Total net exposure	(178,826)	(124,206)	(13,610)	(90,015)	(24)	(406,681)

Pre tax foreign currency profit / (loss) (increase of 1.00%) Pre tax foreign currency profit / (loss) (decrease of 1.00%)

30 June 2020 30 June 2020

	30 June 2020	30 June 2020
Euro	1,275	(1,275)
Mauritian Rupees	19	(19)
Pound Sterling	2	(2)
South African Rands	2	(2)
West African Franc	2	(2)
Emirati Dirham	-	-
Bahrain Dinars	-	-
Ghanaian Cedi	(1)	1
Zambian Kwacha	-	-
Kenya Shillings	(20)	20
Mozambique Meticais	(23)	23
Moroccan Dirham	(87)	87

	30 June 2019					
	US\$ US\$'000	MAD US\$'000	MUR US\$'000	EUR US\$'000	ZAR US\$'000	Total US\$'000
United States Dollars	(94,751)	(86,635)	(6,261)	(13,240)	-	(200,887)
Mauritian Rupees	(3,294)	-	(337)	251	-	(3,380)
Euro	(8,038)	(35,531)	(7,177)	(69,461)	-	(120,207)
Mozambique Meticais	1,048	-	-	-	-	1,048
South African Rands	1,159	-	-	-	(110)	1,049
Bahrain Dinars	13	-	-	-	-	13
Moroccan Dirham	-	6,169	-	-	-	6,169
Ghanaian Cedi	64	-	-	-	-	64
Zambian Kwacha	-	-	-	-	-	-
Kenya Shillings	53	-	-	-	-	53
Total net exposure	(103,746)	(115,997)	(13,775)	(82,450)	(110)	(316,078)

The risk exposure for the company was immaterial as the assets and liabilities are mainly denominated in US\$.

36. FINANCIAL ASSETS BY CATEGORY

An analysis of financial assets by category is provided below:

In US\$'000

GROUP - 30 June 2020 (IFRS 9)

	Amortised cost	Fair value through profit and loss	Total carrying amount	Total fair value amount
Other investments	-	1	1	1
Loans to related parties - non current	3	-	3	3
Loans to related parties - current	-	138	138	138
Other loans receivable	42,421	-	42,421	42,421
Trade and other receivables ¹	13,286	-	13,286	13,286
Cash and cash equivalents	3,578	-	3,578	3,578
	59,288	139	59,427	59,427

In US\$'000

GROUP - 30 June 2019 (IFRS 9)

	Amortised cost	Fair value through profit and loss	Total carrying amount	Total fair value amount
Other investments	-	3,024	3,024	3,024
Loans to related parties - non current	25,320	-	25,320	25,320
Loans to related parties - current	-	166	166	166
Deposits paid on investment properties - Vale Housing Compound	-	-	-	-
Other loans receivable	29,226	-	29,226	29,226
Trade and other receivables ¹	13,374	-	13,374	13,374
Cash and cash equivalents	15,164	-	15,164	15,164
	83,084	3,190	86,274	86,274

In US\$'000

COMPANY - 30 June 2020 (IFRS 9)

	Amortised cost	Fair value through profit and loss	Total carrying amount	Total fair value amount
Loans to related parties - non current	396,580	-	396,580	396,580
Loans to related parties - current	-	38,250	38,250	38,250
Trade and other receivables ¹	68	-	68	68
Cash and cash equivalents	34	-	34	34
	396,682	38,250	434,932	434,932

In US\$'000

COMPANY - 30 June 2019 (IFRS 9)

	Amortised cost	Fair value through profit and loss	Total carrying amount	Total fair value amount
Other loans receivable	-	-	-	-
Loans to related parties - non current	337,721	-	337,721	337,721
Loans to related parties - current	-	38,126	38,126	38,126
Trade and other receivables ¹	943	-	943	943
Cash and cash equivalents	230	-	230	230
	338,894	38,126	377,020	377,020

¹ Trade and other receivables exclude deposits paid, prepaid expenses, taxation and the purchase price adjustment account.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

37. FINANCIAL LIABILITIES BY CATEGORY

An analysis of financial liabilities by category is provided below:

In US\$'000

GROUP - 30 June 2020	Financial liabilities at amortised cost	Fair value through profit and loss - designated	Total carrying amount	Total fair value
Interest-bearing borrowings	392,999	-	392,999	392,999
Interest-bearing borrowings - Accrued interest	6,254	-	6,254	6,254
Preference shares	12,840	-	12,840	12,840
Other financial liability (note 22)	-	4,868	4,868	4,868
Obligations under leases	1,159	-	1,159	1,159
Trade and other payables ¹	11,802	-	11,802	11,802
Related party loans	31,056	-	31,056	31,056
Derivative financial instruments	-	4,004	4,004	4,004
Bank overdraft	9,207	-	9,207	9,207
	465,317	8,872	474,189	474,189

In US\$'000

GROUP - 30 June 2019	Financial liabilities at amortised cost	Fair value through profit and loss - designated	Total carrying amount	Total fair value
Interest-bearing borrowings	346,097	-	346,097	346,097
Preference shares	12,840	-	12,840	12,840
Other financial liability (note 22)	-	644	644	644
Obligations under finance leases	172	-	172	172
Trade and other payables ¹	19,380	-	19,380	19,380
Related party loans	14,507	-	14,507	14,507
Derivative financial instruments	-	43	43	43
Bank overdraft	8,490	-	8,490	8,490
	401,486	687	402,173	402,173

In US\$'000

COMPANY - 30 June 2020	Financial liabilities at amortised cost	Fair value through profit and loss - designated	Total carrying amount	Total fair value
Interest-bearing borrowings	24,805	-	24,805	24,805
Interest-bearing borrowings - Accrued interest	375	-	375	375
Obligations under leases	146	-	146	146
Related party loans	-	-	-	-
Trade and other payables ¹	4,326	-	4,326	4,326
	29,652	-	29,652	29,652

In US\$'000

COMPANY - 30 June 2019	Financial liabilities at amortised cost	Fair value through profit and loss - designated	Total carrying amount	Total fair value
Interest-bearing borrowings	13,962	-	13,962	13,962
Related party loans	6,167	-	6,167	6,167
Trade and other payables ¹	1,277	-	1,277	1,277

¹ Trade and other payables exclude deposits received, deferred income, taxation and social security costs and withholding tax payable.

38. FAIR VALUE HIERARCHY

Fair value measurements are categorised into the different levels in the fair value hierarchy based on the inputs to the valuation techniques used. There were no changes in the valuation techniques applied. The hierarchy levels are defined as follows:

Level 1 - fair value is determined from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly.

Level 3 - inputs for the valuations of assets or liabilities are not based on observable market data (unobservable inputs).

Fair value hierarchy analysis:

Analysis of certain financial instruments by fair value level hierarchy:

US\$000 - asset/(liability)

GROUP - 30 June 2020	Level 1	Level 2	Level 3	Fair value
Derivative financial instruments	-	(4,043)	-	(4,043)
Other investments	-	-	1	1
Other financial liability (note 22)	-	-	(4,868)	(4,868)
Investment properties	-	-	572,086	572,086

US\$000 - asset/(liability)

GROUP - 30 June 2019	Level 1	Level 2	Level 3	Fair value
Derivative financial instruments	-	(43)	-	(43)
Other investments	3,024	-	-	3,024
Other financial liability (note 22)	-	-	(644)	(644)
Investment properties	-	-	573,664	573,664

US\$000 - asset/(liability)

COMPANY - 30 June 2020	Level 1	Level 2	Level 3	Fair value
Other financial liability (note 22)	-	-	(4,528)	(4,528)
Investment in subsidiaries	-	-	13,367	13,367

US\$000 - asset/(liability)

COMPANY - 30 June 2019	Level 1	Level 2	Level 3	Fair value
Other financial liability (note 22)	-	-	(306)	(306)
Investment in subsidiaries	-	-	129,152	129,152

There were no transfers between level 1, level 2 or level 3 of the fair value hierarchy during any of the above reporting years.

Refer to Note 7 (Other investments) for a movement reconciliation and information regarding valuation techniques, inputs and assumptions used.

The interest rate derivatives are classified as level 2 with their fair values being calculated using the present values of future cash flows, based on market forecasts of interest rates.

Investment property (note 3)

The fair values of all of the Group's investment property have been categorised as level 3 under the fair value hierarchy due to the fact that the inputs to the valuation techniques used, as referred to in Note 3, are not based on observable market data. Refer to Note 3 for a movement reconciliation and information regarding valuation techniques, inputs and assumptions used.

Other financial asset (note 7) and other financial liability (note 22)

The fair values of the Group's other financial asset and other financial liability, that are described in note 7 and 22, are both categorised as level 3 (prior year it was level 1 and level 3 respectively) under the fair value hierarchy. The fair value of the financial asset is principally, but not wholly, determined by way of consideration of the impact of movements in the Company's share price, whilst the fair value of the other financial liability is principally, but not wholly, determined by way of consideration of what PIC could demand if there was an event of default, as described in the CRO.

The fair value of the other financial liability varies by reference to the amount outstanding on the BoAML facility referred to in note 22.

Fair values have not been disclosed for financial instruments where the carrying amounts are a reasonable approximation of fair value.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

39. CAPITAL MANAGEMENT

Overall policy

The Group's overall policy in relation to capital management is to maintain an adequate capital base in order to provide a sound platform from which to provide returns for shareholders and benefits for other stakeholders. The directors seek to ensure there is an optimal structure to reduce the Group's overall cost of capital

Approach to capital management

The Board's aim is to maintain a strong equity capital base, comprising of all items within 'total equity attributable to ordinary shareholders' in the consolidated statement of financial position. This is in order to maintain investor, creditor and market confidence and to provide a sound platform from which to enable the Group to sustain its plans for the future development of the business. It is the Group's stated intention to deliver long-term sustainable growth in distributions per ordinary share.

The Group is principally funded by bank debt, equity raised in capital markets, and other new equity issues.

The Company's Constitution states that the Company has an unlimited borrowing capacity.

The Group utilises gearing in high tax rate countries to reduce its overall tax liability.

It is the Group's objective, whenever practical, to maintain its net borrowings (as defined below) at no more than 50.00% of the value of its principal property and related assets (as listed in the table below):

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Investment properties (including straight-line rental income accrual)	572,086	573,664	-	-
Deposits paid on investment properties	4,500	8,500	-	-
Lease incentives (disclosed under current assets)	4,680	2,505	-	-
Right of use of land (disclosed under intangible assets)	456	478	-	-
Furniture and fittings (disclosed under property, plant and equipment)	-	209	-	-
Loans receivable related to property assets	43,153	53,058	-	-
Investment in associates and joint ventures	161,301	150,605	11,404	6,449
Other investments	1	3,024	-	-
Investment in subsidiaries	-	-	13,367	129,152
Principal property and related assets - total	786,177	792,043	24,771	135,601
50% thereof	393,089	396,021	12,386	67,801
Net borrowings	400,490	358,937	24,805	13,962
Gross borrowings (interest-bearing borrowings and preference shares)	400,490	358,937	24,805	13,962
Unutilised borrowing capacity	(7,401)	37,084	(12,419)	53,839
Loan to value ratio (based on above calculations) ¹	50.9%	45.3%	100.1%	10.3%

¹ Although the Group's loan to value ratio target has historically been to maintain a loan to value ratio of 50.00%, the board will increase the Group's gearing pre-capital raises in order to enable it to secure pipeline assets. The use of revolving credit facilities pre-capital raises enables the Group to secure these pipeline assets, with such facilities being settled from the proceeds of subsequent share issues. This mechanism improves the efficient deployment of cash proceeds from capital raises. The loan to value ratio target will reduce in the future to circa 40.00%.

40. SUBSEQUENT EVENTS

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

Delisting

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

New Debt

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

Existing Debt Extensions

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

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

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

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

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

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

Share issue

The Group has additionally obtained a commitment for the issuance of ordinary shares up to the value of US\$10.0m from an existing shareholder to be satisfied prior to 28 December 2020.

Disposals

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

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

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

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

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

COVID-19 Impact

The directors' are required to consider an assessment of the Company's ability to continue as a going concern when producing the annual report. As such they have modelled both a 'base case' and a 'severe but plausible downside' of the Groups expected liquidity and covenant position for a going concern period of at least twelve months from the date of signing the annual report. The process involved a thorough review of the Company's risk register, an analysis of the trading information both pre and post year end, extensive discussions with the independent property valuers, a review of the operational indicators within the Group and economic data available in the countries of operations. In addition, the Company has conducted a number of reverse stress tests on property valuations to determine levels at which financial covenants could come under pressure and have assessed the likelihood of the underlying break point assumptions being triggered. All of this has been done in the context of what has occurred through the COVID-19 pandemic and expectations in the future. Refer to note 1.1 Going concern for further disclosure.

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

Enforcement of CRO

On 14 August 2020, DiT failed to remedy a payment default under the terms of the loan, which has resulted in Bank of America N.A (UK Branch) ("BoAML") enforcing its rights under the terms of the CRO on 17 August 2020.

On 24 August 2020, PIC acquired the loan from BoAML for US\$33.8m, and effectively stepped into BoAML's role as lender to DiT.

Long term structure

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

41. SEGMENTAL INFORMATION

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

In US\$'000

Geographical location 30 June 2020 Reportable segment profit and loss	Botswana	Senegal	Morocco	Mozambique	Zambia	Kenya	Ghana	Mauritius	Total
Gross rental income	-	629	7,493	26,266	5,275	1,830	2,066	4,395	47,954
Straight-line rental income accrual	-	-	268	(239)	-	300	47	204	580
Revenue	-	629	7,761	26,027	5,275	2,130	2,113	4,599	48,534
Property operating expenses	-	-	(4,733)	(4,328)	(881)	(48)	(422)	(121)	(10,533)
Net property income	-	629	3,028	21,699	4,394	2,082	1,691	4,478	38,001
Other income	-	-	737	655	42	-	-	2,698	4,132
Administrative expenses (including corporate structuring costs)	-	(32)	(1,107)	(1,785)	(50)	(64)	(472)	(16,621)	(20,131)
Profit / (loss) from operations	-	597	2,658	20,569	4,386	2,018	1,219	(9,445)	22,002
Fair value adjustment on investment properties	-	(1,705)	(26,255)	3,498	(13,970)	690	(2,735)	(741)	(41,218)
Fair value adjustment on other investments	591	-	-	-	-	-	-	-	591
Fair value adjustment on other financial liability	-	-	-	-	-	-	-	(4,224)	(4,224)
Fair value adjustment on derivatives financial instruments	-	-	-	-	-	-	-	(3,961)	(3,961)
Share based payment expense	-	-	-	-	-	-	-	(109)	(109)
Share of profits / (losses) from associates and joint ventures	7,143	-	-	-	(4,144)	1,002	(2,011)	4,708	6,698
Impairment of loans and other receivables	-	-	-	-	-	-	-	(6,883)	(6,883)
Net impairment (charge) / credit on financial assets	-	(6)	(1,276)	(25)	-	-	-	(1,778)	(3,085)
Gain from bargain purchase on associates	-	-	-	-	-	-	114	64	178
Foreign currency gains / (losses)	8	8	(307)	(486)	35	(88)	(76)	(2,027)	(2,933)
Profit / (loss) before interest and taxation	7,742	(1,106)	(25,180)	23,556	(13,693)	3,622	(3,489)	(24,396)	(32,944)
Interest income	-	-	635	72	6	7	7	4,025	4,752
Finance costs	-	-	(2,738)	(8,850)	-	(613)	(750)	(12,723)	(25,674)
Profit / (loss) for the year before taxation	7,742	(1,106)	(27,283)	14,778	(13,687)	3,016	(4,232)	(33,094)	(53,866)
Taxation	-	(1)	(213)	(9,509)	-	(49)	345	(3,955)	(13,382)
Profit / (loss) for the year after taxation	7,742	(1,107)	(27,496)	5,269	(13,687)	2,967	(3,887)	(37,049)	(67,248)
Reportable segment assets and liabilities									
Non-current assets									
Investment properties	-	17,479	85,823	307,175	55,130	24,440	18,963	63,076	572,086
Deposits paid on investment properties	-	-	-	-	-	-	-	4,500	4,500
Property, plant and equipment	-	46	37	308	-	-	28	2,944	3,363
Intangible assets	-	-	8	-	-	-	-	560	568
Other investments	-	-	-	1	-	-	-	-	1
Investment in associates and joint ventures	19,676	-	-	-	41,047	4,612	17,542	78,424	161,301
Related party loans receivable	-	-	-	-	-	-	-	3	3
Other loans receivable	-	-	-	-	-	-	-	39,575	39,575
Trade and other receivables	-	-	2,858	-	-	-	-	-	2,858
Deferred tax	-	-	7,243	14,364	-	376	821	1,667	24,471
Total non-current assets	19,676	17,525	95,969	321,848	96,177	29,428	37,354	190,749	808,726
Current assets									
Trade and other receivables	-	732	8,891	6,520	289	2,496	771	9,974	29,673
Current tax refundable	-	-	-	697	-	-	-	-	697
Related party loans receivable	-	-	-	-	-	-	-	138	138
Other loans receivable	-	-	-	-	-	-	-	2,846	2,846
Derivative financial instruments	-	-	-	-	-	-	-	39	39
Cash and cash equivalents	-	35	400	1,479	162	3	27	1,472	3,578
Total assets	19,676	18,292	105,260	330,544	96,628	31,927	38,152	205,218	845,697
Liabilities									
Total liabilities	-	1,172	100,785	217,970	84,361	10,574	10,694	122,872	548,428
Net assets	19,676	17,120	4,475	112,574	12,267	21,353	27,458	82,346	297,269

Major customers

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

41. SEGMENTAL INFORMATION (CONTINUED)

In US\$'000

Type of property 30 June 2020	Other investments	Hospitality	Retail	Office	Light industrial	Accommodation	Corporate	Total
Reportable segment profit and loss								
Gross rental income	-	3,914	15,164	14,742	2,212	11,922	-	47,954
Straight-line rental income accrual	-	-	279	(474)	300	475	-	580
Revenue	-	3,914	15,443	14,268	2,512	12,397	-	48,534
Property operating expenses	-	-	(6,860)	(2,222)	(84)	(1,952)	585	(10,533)
Net property income	-	3,914	8,583	12,046	2,428	10,445	585	38,001
Other income	-	-	779	-	-	-	3,353	4,132
Administrative expenses (including corporate structuring costs)	-	(339)	(1,400)	(1,088)	(125)	(1,448)	(15,731)	(20,131)
Profit / (loss) from operations	-	3,575	7,962	10,958	2,303	8,997	(11,793)	22,002
Fair value adjustment on investment properties	-	(5,356)	(46,674)	3,926	(427)	5,430	1,883	(41,218)
Fair value adjustment on other investments	591	-	-	-	-	-	-	591
Fair value adjustment on other financial liability	-	(2)	-	-	-	-	(4,222)	(4,224)
Fair value adjustment on derivatives financial instruments	-	-	-	82	-	-	(4,043)	(3,961)
Share based payment expense	-	-	-	-	-	-	(109)	(109)
Share of profits / (losses) from associates and joint ventures	2,294	2,472	(1,617)	(1,606)	4,779	376	-	6,698
Impairment of loans and other receivables	-	-	-	-	-	-	(6,883)	(6,883)
Net impairment (charge) / credit on financial assets	-	(6)	(1,292)	(4)	(6)	(1)	(1,776)	(3,085)
Gain from bargain purchase on associates	-	-	-	114	-	-	64	178
Foreign currency gains / (losses)	8	(689)	(186)	(1,260)	(251)	(386)	(169)	(2,933)
Profit / (loss) before interest and taxation	2,893	(6)	(41,807)	12,210	6,398	14,416	(27,048)	(32,944)
Interest income	-	6	656	66	7	-	4,017	4,752
Finance costs	-	(2,612)	(2,908)	(9,096)	(613)	(669)	(9,776)	(25,674)
Profit / (loss) for the year before taxation	2,893	(2,612)	(44,059)	3,180	5,792	13,747	(32,807)	(53,866)
Taxation	-	(186)	(389)	(3,190)	(59)	(5,781)	(3,777)	(13,382)
Profit / (loss) for the year after taxation	2,893	(2,798)	(44,448)	(10)	5,733	7,966	(36,584)	(67,248)
Reportable segment assets and liabilities								
Non-current assets								
Investment properties	-	67,213	166,771	169,993	30,235	137,874	-	572,086
Deposits paid on investment properties	-	-	-	-	-	-	4,500	4,500
Property, plant and equipment	-	46	36	501	-	202	2,578	3,363
Intangible assets	-	-	8	-	-	-	560	568
Other investments	-	-	-	1	-	-	-	1
Investment in associates and joint ventures	11,404	67,184	49,859	18,657	13,163	1,034	-	161,301
Related party loans receivable	-	-	-	-	-	-	3	3
Other loans receivable	-	-	-	-	-	-	39,575	39,575
Trade and other receivables	-	-	2,858	-	-	-	-	2,858
Deferred tax	-	1,283	10,045	7,756	466	4,932	(11)	24,471
Total non-current assets	11,404	135,726	229,577	196,908	43,864	144,042	47,205	808,726
Current assets								
Trade and other receivables	-	1,583	9,411	3,044	2,612	3,939	9,084	29,673
Current tax refundable	-	-	26	491	115	37	28	697
Related party loans receivable	-	-	-	-	-	-	138	138
Other loans receivable	-	-	-	-	-	-	2,846	2,846
Derivative financial instruments	-	-	-	39	-	-	-	39
Cash and cash equivalents	-	260	735	1,113	86	80	1,304	3,578
Total assets	11,404	137,569	239,749	201,595	46,677	148,098	60,605	845,697
Liabilities								
Total liabilities	-	63,425	192,111	143,088	14,620	76,043	59,141	548,428
Net assets	11,404	74,144	47,638	58,507	32,057	72,055	1,464	297,269

Major customers

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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

41. SEGMENTAL INFORMATION (CONTINUED)

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

In US\$'000

Geographical location 30 June 2019	Botswana	Morocco	Mozambique	Zambia	Kenya	Ghana	Mauritius	Total
Reportable segment profit and loss								
Gross rental income	-	8,680	24,610	3,001	1,553	1,013	4,701	43,558
Straight-line rental income accrual	-	(1,315)	(286)	-	386	83	308	(824)
Revenue	-	7,365	24,324	3,001	1,939	1,096	5,009	42,734
Property operating expenses	-	(5,323)	(4,263)	(436)	(39)	(185)	(170)	(10,416)
Net property income	-	2,042	20,061	2,565	1,900	911	4,839	32,318
Other income	-	200	-	17	-	-	57	274
Administrative expenses (including corporate structuring costs)	-	(573)	(2,842)	(19)	(75)	(517)	(11,245)	(15,271)
Profit/(loss) from operations	-	1,669	17,219	2,563	1,825	394	(6,349)	17,321
Fair value adjustment on investment properties	-	8,129	11,366	(6,300)	855	1,685	5,628	21,363
Fair value adjustment on other investments	(68)	-	-	-	-	-	(727)	(795)
Fair value adjustment on other financial asset	-	-	-	-	-	-	(516)	(516)
Fair value adjustment on derivatives financial instruments	-	-	-	-	-	-	(6)	(6)
Share based payment expense	-	-	-	-	-	-	(156)	(156)
Share of profits from associates and joint ventures	-	-	-	1,427	318	3,782	15,026	20,553
Impairment of loans	-	-	-	-	-	-	(1,051)	(1,051)
ECL Provision	-	(20)	19	1	-	(1)	(4)	(5)
Gain from bargain purchase on associates	-	-	-	-	-	-	-	-
Foreign currency gains / (losses)	-	784	(283)	(48)	(4)	(37)	(1,807)	(1,395)
Profit/(loss) before interest and taxation	(68)	10,562	28,321	(2,357)	2,994	5,823	10,038	55,313
Interest income	-	441	157	2	-	167	7,129	7,896
Finance costs	-	(1,919)	(7,123)	-	(670)	(444)	(13,566)	(23,722)
Profit/(loss) for the year before tax	(68)	9,084	21,355	(2,355)	2,324	5,546	3,601	39,487
Taxation	-	(184)	(11,343)	-	(847)	(390)	(653)	(13,417)
Profit/(loss) for the year	(68)	8,900	10,012	(2,355)	1,477	5,156	2,948	26,070
Reportable segment assets and liabilities								
Non-current assets								
Investment properties	-	104,071	287,314	69,100	23,450	21,795	67,934	573,664
Deposits paid on investment properties	-	-	-	-	-	-	8,500	8,500
Property, plant and equipment	-	18	383	-	-	26	1,731	2,158
Intangible assets	-	13	1	-	-	-	567	581
Other investments	-	-	-	-	-	-	3,024	3,024
Investment in associates and joint ventures	-	-	-	49,390	3,610	20,053	77,552	150,605
Related party loans receivable	-	-	-	-	-	-	25,320	25,320
Other loans receivable	-	-	-	-	-	-	29,226	29,226
Deferred tax	-	6,063	11,711	-	330	185	2,195	20,484
Total non-current assets	-	110,165	299,409	118,490	27,390	42,059	216,049	813,562
Current assets								
Trade and other receivables	-	17,049	4,532	59	2,337	168	10,148	34,293
Current tax refundable	-	-	617	-	-	-	76	693
Related party loans receivable	-	-	-	-	-	-	166	166
Cash and cash equivalents	-	4,060	6,406	124	127	967	3,480	15,164
Total assets	-	131,274	310,964	118,673	29,854	43,194	229,919	863,878
Liabilities								
Total liabilities	-	66,863	137,000	6,408	10,528	9,836	238,713	469,348
Net assets	-	64,411	173,964	112,265	19,326	33,358	(8,794)	394,530

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

41. SEGMENTAL INFORMATION (CONTINUED)

In US\$'000

Type of property 30 June 2019 Reportable segment profit and loss	Other investments	Hospitality	Retail	Office	Light industrial	Accommodation	Corporate	Total
Gross rental income	-	3,564	14,098	12,852	2,189	10,855	-	43,558
Straight-line rental income accrual	-	-	(1,283)	(47)	386	120	-	(824)
Revenue	-	3,564	12,815	12,805	2,575	10,975	-	42,734
Property operating expenses	-	(55)	(6,848)	(1,499)	(240)	(1,774)	-	(10,416)
Net property income	-	3,509	5,967	11,306	2,335	9,201	-	32,318
Other income	-	-	217	-	-	-	57	274
Administrative expenses (including corporate structuring costs)	-	(283)	(673)	(866)	(116)	(1,908)	(11,425)	(15,271)
Profit/(loss) from operations	-	3,226	5,511	10,440	2,219	7,293	(11,368)	17,321
Fair value adjustment on investment properties	-	6,510	644	7,192	1,155	5,862	-	21,363
Fair value adjustment on other investments	(727)	-	(68)	-	-	-	-	(795)
Fair value adjustment on other financial asset	-	(338)	-	-	-	-	(178)	(516)
Fair value adjustment on derivatives financial instruments	-	-	-	(6)	-	-	-	(6)
Share based payment expense	-	-	-	-	-	-	(156)	(156)
Share of (losses) / profits from associates and joint ventures	(38)	14,178	2,632	3,781	-	-	-	20,553
Impairment of loans	-	-	-	-	-	-	(1,051)	(1,051)
ECL Provision	-	(1)	-	(7)	4	1	(2)	(5)
Gain from bargain purchase on associates	-	-	-	-	-	-	-	-
Foreign currency (losses) / gains	-	(504)	1,075	(44)	(88)	(408)	(1,426)	(1,395)
Profit/(loss) before interest and taxation	(765)	23,071	9,794	21,356	3,290	12,748	(14,181)	55,313
Interest income	-	13	446	197	-	126	7,114	7,896
Finance costs	-	(2,405)	(2,578)	(4,859)	(670)	(2,353)	(10,857)	(23,722)
Profit/(loss) for the year before tax	(765)	20,679	7,662	16,694	2,620	10,521	(17,924)	39,487
Taxation	-	(331)	295	(4,838)	(848)	(7,375)	(320)	(13,417)
Profit/(loss) for the year	(765)	20,348	7,957	11,856	1,772	3,146	(18,244)	26,070
Reportable segment assets and liabilities								
Non-current assets								
Investment properties	-	54,100	206,204	167,817	30,250	115,293	-	573,664
Deposits paid on investment properties	-	-	-	-	-	-	8,500	8,500
Property, plant and equipment	-	-	21	67	-	249	1,821	2,158
Intangible assets	-	-	13	478	-	-	90	581
Other investments	-	-	-	-	-	-	3,024	3,024
Investment in associates and joint ventures	6,925	70,627	53,000	20,053	-	-	-	150,605
Related party loans receivable	-	-	-	-	-	-	25,320	25,320
Other loans receivable	-	-	-	-	-	-	29,226	29,226
Deferred tax	-	1,825	9,230	5,761	329	3,339	-	20,484
Total non-current assets	6,925	126,552	268,468	194,176	30,579	118,881	67,981	813,562
Current assets								
Trade and other receivables	-	281	16,247	1,642	2,378	3,834	9,911	34,293
Current tax refundable	-	-	35	454	139	41	24	693
Related party loans receivable	-	-	-	-	-	-	166	166
Cash and cash equivalents	-	236	5,764	2,789	163	2,802	3,410	15,164
Total assets	6,925	127,069	290,514	199,061	33,259	125,558	81,492	863,878
Liabilities								
Total liabilities	-	55,271	72,944	101,238	10,564	47,368	181,963	469,348
Net assets	6,925	71,798	217,570	97,823	22,695	78,190	(100,471)	394,530

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

42. CHANGE IN ACCOUNTING POLICY

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

New accounting standards and interpretations

The following amendment to an existing Standard was relevant to the Group and mandatory for the first time for the financial year beginning 1 July 2019:

Standard or Interpretation	Effective from
IFRS 16 Leases	01-Jan-19
IFRIC 23 Uncertainty Over Income Tax Treatments	01-Jan-19
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	01-Jan-19
Long-term Interests in Associates and Joint Ventures (Amendment to IAS 28)	01-Jan-19
Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)	01-Jan-19
Annual Improvements to IFRS Standards 2015/2017 Cycle various standards	01-Jan-19

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

The Group has adopted IFRS 16 retrospectively from 1 July 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 6.00%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

	GROUP		COMPANY	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
Operating lease payments at 30 June 2019	(256)	-	(188)	-
Discounted using the lessee's incremental borrowing rate of at date of initial application	100	-	67	-
Add: finance lease liabilities recognised as at 30 June 2019	1,404	-	1,178	-
Lease liability recognised as at 1 July 2019	1,248	-	1,057	-
Of which are				
Current lease liabilities	160	-	134	-
Non-current lease liabilities	1,088	-	923	-
Lease liability recognised as at 1 July 2019	1,248	-	1,057	-

The associated right-of-use assets for property and motor vehicle leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The recognised right-of-use assets relate to the following types of assets:

	GROUP		COMPANY	
	30 June 2020 US\$'000	1 July 2019 US\$'000	30 June 2020 US\$'000	1 July 2019 US\$'000
Office	845	1,011	845	1,011
Land	73	88	-	-
Motor vehicles	59	84	-	-
Total right of use	977	1,183	845	1,011

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

	GROUP		COMPANY	
	1 July 2019 US\$'000	1 July 2019 US\$'000	1 July 2019 US\$'000	1 July 2019 US\$'000
Right of use of assets (included under property, plant and equipment) - increase	1,183		1,011	
Investment property - decrease	89		-	
Lease liabilities (included under obligations under leases) - increase	1,248		1,057	
Impact on retained earnings - decrease	154		46	

Impact on segment disclosures

Adjusted Profit after taxation, segment assets and segment liabilities for June and as at 2019 as a result of the change in accounting policy is displayed below. Lease liabilities are now included in segment liabilities, whereas finance lease liabilities were previously excluded from segment liabilities. The following segments were affected by the change in policy:

Segment	Adjusted Profit after taxation	Segment assets	Segment liabilities
	US\$'000	US\$'000	US\$'000
Corporate	Decrease - 52	Increase - 1,094	Increase - 1,146
Geographical			
Mauritius	Decrease - 52	Increase - 1,094	Increase - 1,146

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an arrangement contains a lease.

The Group's leasing activities and how these are accounted for

The Group leases an office and motor vehicles. Rental contracts are typically made for fixed periods of 5 to 7 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Management is of the opinion that the lease term will not be extended at the expiry date of the current lease. For the current reporting period there is no indication that the lease term will be terminated earlier. The accounting treatment determining the lease liability and the right of use of asset is therefore calculated using the current lease term per the contract.

Lessor accounting

There was no change to lessor accounting applied by the Group as a result of IFRS 16.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

43. EPRA FINANCIAL METRICS (UNAUDITED)

NON-IFRS MEASURES

Basis of Preparation

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

The Directors have chosen to disclose:

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

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

43a. EPRA earnings

NOTES	UNAUDITED 30 June 2020		UNAUDITED 30 June 2019	
	US\$'000	US\$'000	US\$'000	US\$'000
Basic (losses) / earnings per above				
Add Back:				
- Fair value adjustment on investment properties		44,523		(15,637)
- Fair value adjustments included under income from associates		6,962		(6,921)
- ECL Provision		3,090		5
- Fair value adjustment on other investments		(644)		795
- Fair value adjustment on other financial asset		4,224		516
- Fair value adjustment on derivative financial instruments		3,961		6
- Deferred tax in relation to the above		8,624		14,636
- Acquisition costs not capitalised		3,905		1,328
- Non-controlling interest included in basic earnings		4,133		1,965
EPRA EARNINGS	11,530		22,763	
EPRA EARNINGS PER SHARE (DILUTED) (cents per share)		3.82		7.87
Company specific adjustments				
- Unrealised foreign exchange gains or losses (non-cash)	1	4,983		5,162
- Straight-line leasing and amortisation of lease premiums (non-cash rental)	2	1,709		824
- Amortisation of right of use of land (non-cash)	3	32		29
- Impairment of loan		6,893		1,051
- Deferred tax in relation to the above	4	2,110		(1,136)
Total Company Specific adjustments		15,727		5,930
ADJUSTED EPRA EARNINGS		27,257		28,693
ADJUSTED EPRA EARNINGS PER SHARE (DILUTED) (cents per share)		9.02		9.92

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

43b. EPRA NAV

	Shares '000	Shares '000
NET ASSET VALUE OF THE GROUP	297,883	389,949
ADD BACK:		
Net impairment on financial assets (ECL)	3,634	548
Fair value of financial instruments	4,004	43
Deferred tax from revaluation of properties	57,419	44,410
EPRA NAV	362,940	434,950
EPRA NAV PER SHARE (cents per share)	118.6	147.1

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

COMPANY SPECIFIC ADJUSTMENTS TO EPRA EARNINGS

1 Unrealised foreign exchange gains or losses

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

2 Straight-line leasing (non-cash rental)

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

3 Amortisation of intangible asset (right of use of land)

Where a value is attached to the right of use of land for leasehold properties, the amount is amortised over the period of the leasehold rights. This represents a non cash item and is adjusted to earnings.

4 Other deferred tax (non-cash)

Any deferred tax directly related to the company specific adjustments.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

44. COMPANY DISTRIBUTION CALCULATION (UNAUDITED)

	NOTES	UNAUDITED 30 June 2020 US\$'000	UNAUDITED 30 June 2019 US\$'000
COMPANY DISTRIBUTION CALCULATION			
Adjusted EPRA Earnings		27,257	28,693
Company specific distribution adjustments			
- VAT credits utilised on rentals	1	1,523	1,652
- Interest related to AnfaPlace Mall areas under construction	2	53	429
- Listing and set-up costs under administrative expenses	3	59	65
- Depreciation and amortisation	4	531	311
- Share based payments	5	109	156
- Antecedent dividend	6	418	927
- Retirement fund & PRGF		157	-
- LLR Initial day one gain		(2,066)	-
- Amortisation of capital funded debt structure fees		402	-
- Operating costs related to AnfaPlace Mall refurbishment costs	7	271	1,267
- Rental concessions for capital projects / amortisation of lease premiums	8	-	503
- Profits released		-	650
Total company specific distribution adjustments		1,457	5,960
TOTAL DISTRIBUTABLE EARNINGS (BEFORE PROFITS WITHHELD)		28,714	34,653
DISTRIBUTABLE INCOME PER SHARE (DILUTED) (cents per share)		9.58	12.20
- Profits withheld		(12,979)	-
TOTAL DISTRIBUTABLE EARNINGS TO GRIT SHAREHOLDERS		15,735	34,653
DIVIDEND PER SHARE (cents)		5.25	12.20
Reconciliation to amount payable			
Total distributable earnings to Grit shareholders before profits withheld (cents)		9.58	12.20
Profits withheld (cents)		(4.33)	-
Interim dividends already paid (cents)		(5.25)	(5.25)
FINAL DIVIDEND PROPOSED (cents)		0.00	6.95
		Shares '000	Shares '000
Weighted average shares in issue		312,230	298,572
Less: Weighted average treasury shares for the year		(12,546)	(11,321)
Add: Weighed average share awards and vested shares in long term incentive scheme		2,432	1,859
EPRA SHARES		302,116	289,110
Less: Non-entitled shares		-	(3,174)
Less : Vested shares in consolidated entities		(2,432)	(1,859)
DISTRIBUTION SHARES		299,684	284,077

COMPANY DISTRIBUTION NOTES IN TERMS OF THE DISTRIBUTION POLICY

- VAT credits utilised on rentals**
In certain African countries, there is no mechanism to obtain refunds for VAT paid on the purchase price of the property. VAT is recouped through the collection of rentals on a VAT inclusive basis. The cash generation through the utilisation of the VAT credit obtain on the acquisition of the underlying property is thus included in the operational results of the property.
- Interest related to AnfaPlace Mall areas under construction**
The interest costs associated with the relevant sections of the AnfaPlace Mall is of a capital nature and is added back as part of the distribution calculation.
- 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.
- Antecedent dividend**
Where shares are issued during a dividend period, a portion of the subscription price is withheld as an antecedent dividend in order to ensure existing shareholders' dividends per share are not diluted through the issue of shares during a dividend cycle.
- Operating costs related to AnfaPlace Mall refurbishment costs**
Fixed costs associated with the various sections of the AnfaPlace Mall that have been closed off during the refurbishment process are deemed non-operational costs and added back to distributable earnings.
- Rental concessions for capital projects / amortisation of lease premiums**
Any rental concessions provided to tenants, either as an incentive to attract new tenants or to maintain existing tenants, are treated as lease incentives and such cost is capitalised and amortised over the period of the lease. The amortisation of such lease incentives are non-cash in nature and are added back to determine distributable income.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

45. NEW EPRA FINANCIAL METRICS (UNAUDITED)

NON-IFRS MEASURES

Basis of Preparation

EPRA has released an update to the EPRA Net Asset Valuation (NAV) metrics. These changes will allow the metrics to remain aligned with both International Financial Reporting Standards (IFRS) developments and the evolution of property companies' businesses.

There are now three new features of the NAV metrics, namely EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV), replacing the EPRA NAV and EPRA NNNAV.

These changes are effective for accounting periods starting on January 1st, 2020, which gives companies 12 months to transition into the new system.

The Group has decided to early adopt the new disclosures whilst still disclosing the old metrics as well.

	EPRA NRV		EPRA NTA		EPRA NDV	
	UNAUDITED 30 June 2020 US\$'000	UNAUDITED 30 Jun 2019 US\$'000	UNAUDITED 30 June 2020 US\$'000	UNAUDITED 30 Jun 2019 US\$'000	UNAUDITED 30 June 2020 US\$'000	UNAUDITED 30 Jun 2019 US\$'000
IFRS Equity attributable to shareholders	296,948	389,947	296,948	389,947	296,948	389,947
i) Hybrid instruments						
Preference shares	-	-	-	-	-	-
Diluted NAV	296,948	389,947	296,948	389,947	296,948	389,947
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	296,948	389,947	296,948	389,947	296,948	389,947
Exclude*:						
Deferred tax in relation to fair value gains of IP	57,418	44,410	48,984	37,034	-	-
Fair value of financial instruments	4,004	43	4,004	43	-	-
Goodwill as a result of deferred tax	-	-	-	-	-	-
Goodwill as per the IFRS balance sheet	-	-	-	-	-	-
Intangibles as per the IFRS balance sheet	-	-	(1,929)	(478)	-	-
Include*:						
Fair value of fixed interest rate debt	-	-	-	-	-	-
Revaluation of intangibles to fair value	-	-	-	-	-	-
Real estate transfer tax	-	-	-	-	-	-
NAV	358,370	434,400	348,007	426,546	296,948	389,947
Fully diluted number of shares	306,122	295,709	306,122	295,709	306,122	295,709
NAV per share (cents per share)	117.1	146.9	113.7	144.2	97.0	131.9
	Shares '000	Shares '000	Shares '000	Shares '000	Shares '000	Shares '000
Total shares in issue	316,236	306,396	316,236	306,396	316,236	306,396
Less: Treasury shares for the period	(12,546)	(12,546)	(12,546)	(12,546)	(12,546)	(12,546)
Add: Share awards and shares vested shares in Long term incentive scheme	2,432	1,859	2,432	1,859	2,432	1,859
EPRA SHARES	306,122	295,709	306,122	295,709	306,122	295,709



ADDITIONAL INFORMATION

Analysis of Ordinary Shareholders	280
Shareholder Diary	281
Company Information and Advisors	282
List of Definitions	283

ANALYSIS OF ORDINARY SHAREHOLDERS

BENEFICIAL SHAREHOLDERS WITH HOLDING > 5%

Beneficial shareholders with holding > 5%	AS AT 30 JUNE 2020	
	Number of shares	% of issued capital
Government Employees Pension Fund (PIC)	84,599,515	26.75%
Drive in Trading (Pty) Ltd	23,250,000	7.35%
M&G Investment Management Ltd	22,313,403	7.06%
Delta Property Fund Limited	17,369,210	5.49%

Beneficial shareholders with holding > 5%	AS AT 30 OCTOBER 2020	
	Number of shares	% of issued capital
Government Employees Pension Fund (PIC)	84,599,515	26.75%
Drive in Trading (Pty) Ltd	23,250,000	7.35%
M&G Investment Management Ltd	22,313,403	7.06%

SHAREHOLDER BASE

Shareholder Base as at 30 June 2020	% held
JSE	17
SEM	56
LSE	28

Shareholder Base as at 30 October 2020	% held
JSE	-
SEM	68
LSE	32

SHAREHOLDER DIARY

Our forthcoming financial calendar for the 2021 year is provided below. These dates are provisional and subject to change.

For up-to-date information, refer to the financial calendar on our corporate website.

FINANCIAL CALENDAR

Final Results announced	15 December 2020
Availability of Annual Report	15 December 2020
Annual General Meeting	28 December 2020
Interim results announced	12 February 2021

WEBSITE

Financial information about the Company, including annual reports, public announcements etc is available from the Company's website at: www.grit.group

COMPANY INFORMATION AND ADVISORS

Financial Adviser (UK)

finnCap Limited
60 New Broad Street London
EC2M 1JJ
United Kingdom

SEM Authorised Representative and Sponsor

Perigeum Capital Limited
Level 3, Alexander House 35 CyberCity
Ebène, 72201 Mauritius

Company Secretary and registered address in Mauritius

Intercontinental Fund Services Limited
Level 5, Alexander House
CyberCity
Ebène, 72201 Mauritius

Depository

Link Market Services Trustees Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

Registrar and Transfer Agent in Mauritius

Intercontinental Secretarial Services Limited
Level 3, Alexander House
35 CyberCity
Ebène, 72201 Mauritius

Legal advisor in Mauritius

C & A Law
Suite 1005, Level 1 Alexander House
35 CyberCity
Ebène, 72201 Mauritius

Guernsey Branch Registrar

Link Market Services (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue St Sampson
Guernsey GY2 4LH

UK Transfer Secretary

Link Asset Services
Corporate Actions
The Registry
34 Beckenham Road Beckenham
Kent, BR3 4TU
United Kingdom

Statutory Auditors in Mauritius

PricewaterhouseCoopers PwC Centre
Avenue de Telfair
Telfair 80829
Moka
Mauritius

External Auditors UK

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
United Kingdom

Internal Auditors

KPMG
31 CyberCity, Ebène
B1 Quatre Bornes
Mauritius

Sponsor Broker

Capital Markets Brokers Ltd
Ground Floor Alexander House
35 CyberCity, Ebène
72201
Mauritius

LIST OF DEFINITIONS

"Admission and Disclosure Standards"	the Admission and Disclosure Standards published by the London Stock Exchange
"AFS"	the Company and Group Annual Financial Statements
"AGM"	the Annual General Meeting
"AltX"	the Alternative Exchange of the JSE
"Audit Committee"	the Audit Committee established by the Board
"BBB EE"	black economic empowerment, as such term is defined in the Broad-Based Black Economic Empowerment Act, No. 53 of 2003
"BoAML"	Bank of America, N.A.
"Board"	Board of Directors
"bn"	Billion
"Broll"	Broll Valuation & Advisory Services (Pty) Ltd
"c."	circa
"CDS"	Central Depository & Settlement Co. Ltd, established under the Securities (Central Depository, Clearing and Settlement) Act 1996 of Mauritius
"CEO"	the Chief Executive Officer
"CFO"	the Chief Financial Officer
"COO"	the Chief Operations Officer
"Company" or "Grit"	Grit Real Estate Income Group Limited
"Company Secretary"	Intercontinental Fund Services Limited
"Constitution"	the Constitution of the Company, as amended from time to time
"CPI"	Consumer Price Index
"cps"	cents per share
"Directors" or "Board"	the Directors of the Company
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules as set out in the FCA Handbook, as amended
"Drive in Trading" or "DiT"	Drive in Trading Proprietary Limited, registration number 2017/059131/07, a private company duly incorporated in accordance with the laws of South Africa
"EPRA"	European Public Real Estate Association
"EPRA NAV"	net asset value calculated in accordance with the Best Practice Recommendations published by EPRA in January 2014
"€" or "EUR"	the lawful currency of the Eurozone in the European Union
"Exco"	Grit's Executive Management Committee
"Executive Directors"	Bronwyn Corbett and Leon van de Moortele
"Existing Ordinary Shares"	the existing Ordinary Shares in issue as at the date of this document
"FAM"	Freedom Asset Management
"FATCA"	the US Foreign Account Tax Compliance Act
"FCA"	the UK Financial Conduct Authority
"FSMA"	the UK Financial Services and Markets Act 2000 (as amended)
"GREA"	Gateway Real Estate Africa
"GDP"	Gross Domestic Product
"GEPF"	Government Employees Pension Fund, a fund created under the South African Government Pension Law, 1996 (acting through its authorised representative, the Public Investment Corporation)

LIST OF DEFINITIONS (CONTINUED)

"GLA"	Gross lettable area
"Grit or the Company"	Grit Real Estate Income Group Limited
"Grit Group or Group"	Grit and its subsidiaries and associates
"Grit Share Incentive Plan"	The Grit Real Estate Income Group Limited Long-Term Incentive Scheme, details of which are set out in Part 19 of this document
"the Group"	the Company and its subsidiaries from time to time
"IFRS"	International Financial Reporting Standards
"Investment Committee"	the Investment Committee established by the Board
"ISIN"	International Security Identification Number
"Issue Shares"	the Ordinary Shares to be issued or sold pursuant to the Issue
"IT"	Information Technology
"JSE"	JSE Limited (registration number 2005/022939/06), a company incorporated under the laws of South Africa and licensed as an exchange under the South African Financial Markets Act
"JSE Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time
"Listing Rules"	the rules and regulations made by the UKLA under Part VI of FSMA
"King IV"	King Report on Governance for South Africa and the King Code of Governance Principles
"LLR"	Letlolo La Rona, a listed Botswana industrial property group
"LSE"	London Stock Exchange plc
"LTI"	Long-Term Incentive
"m"	Million
"MAD"	Moroccan Dirham
"Market Abuse Regulation"	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
"Mauritian Companies Act"	the Mauritian Companies Act, No. 15 of 2001, as amended
"Mauritian Registrar and Transfer Agent"	Intercontinental Secretarial Service Limited
"Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017"	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
"MUR"	Mauritian Rupee
"MZN"	Mozambican Metical
"m2"	Square meters
"NAV" or "Net Asset Value"	the value of the assets of the Company less its liabilities determined in accordance with the accounting policies adopted by the Company from time to time
"NAV per Share" or "Net Asset Value per Share"	the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury if any) at the date of calculation
"Nomination Committee"	the Nomination Committee established by the Board
"Official List"	the Official List of the UK Listing Authority
"Official Market"	the Official Market of the SEM
"Ordinary Shares" or "Shares"	the ordinary shares of no-par value in the capital of the Company
"pg."	Page number
"Premium Listing"	a premium listing on the Official List under Chapter 6 of the Listing Rules
"PRI"	political risk insurance
"PricewaterhouseCoopers"	PwC Mauritius

"PricewaterhouseCoopers LLP"	PwC UK
"Public Investment Corporation" or "PIC"	the Public Investment Corporation SOC Limited, a public company created in terms of the Public Investment Corporation Act, 2004, with registration number 2005/009094/30
"Rand" or "ZAR"	South African Rand, the lawful currency of South Africa
"REC"	REC Real Estate Consulting, LDA
"Register"	the register of members of the Company
"Regulatory Information Service" or "RIS"	a service authorised by the UKLA to release regulatory announcements to the London Stock Exchange
"Remuneration Committee"	the Remuneration Committee established by the Board
"RICS"	The Royal Institution of Chartered Surveyors
"Risk Committee"	the Risk Committee established by the Board
"SEM"	the Stock Exchange of Mauritius Ltd, established under the repealed Stock Exchange Act 1988 and now governed by the Securities Act of Mauritius
"SEM Rules"	the SEM Listing Rules, as amended from time to time
"SENS"	the Stock Exchange News Service of the JSE
"Shareholder"	a holder of Ordinary Shares or, as applicable, a holder of Depositary Interests
"Social & Ethics Committee"	the Social and Ethics Committee established by the Board
"Standard Listing"	a standard listing on the Official List under Chapter 14 of the Listing Rules
"£"	Pounds Sterling, the lawful currency of the United Kingdom
"STI"	Short-Term Incentive
"Transfer Secretaries"	Computershare Investor Services Proprietary Limited
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Corporate Governance Code" or "UK Code"	the UK Corporate Governance Code as published by the UK Financial Reporting Council
"UKLA" or "UK Listing Authority"	the United Kingdom Listing Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA, or any successor authority
"US\$" or "USD"	United States Dollars
"WALE"	weighted average lease expiry
"ZMW" or "Kwacha"	Zambian Kwacha

FORWARD-LOOKING STATEMENTS:

These forward-looking statements are based on management's or Directors' judgments and future expectations/ assumptions. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, global and local market and economic conditions, industry factors, as well as regulatory factors.

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