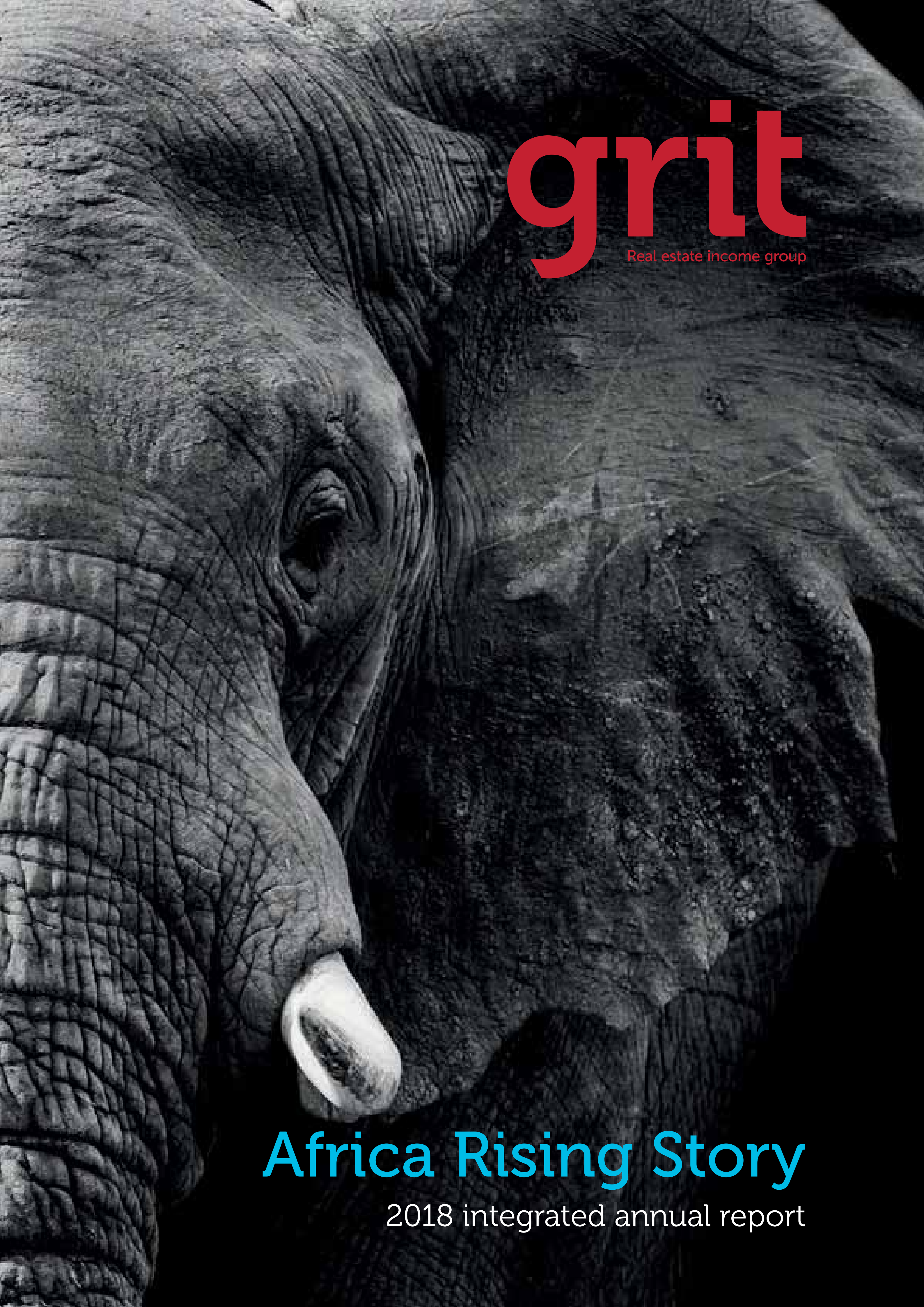


grit

Real estate income group

Africa Rising Story

2018 integrated annual report

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

#CHALLENGEBELIEF

CONTENTS

ABOUT THIS REPORT

Grit Real Estate Income Group Limited ("**Grit**", or the" **Group**" or the "**Company**") is pleased to present its 2018 Integrated Report. The Company listed on the Stock Exchange of Mauritius (the "**SEM**") on 30 March 2015, the Johannesburg Stock Exchange ("**JSE**") Main Board on 10 July 2014 and the London Stock Exchange ("**LSE**") on 31 July 2018. The information in this report has been prepared to provide shareholders, potential investors and 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 2018.

This report has been prepared 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 term.

Framework and assurance

The information included in this Integrated Report has been provided in accordance with International Financial Reporting Standards ("**IFRS**"), the Mauritian Companies Act 2001, the Mauritian Securities Act 2005, SEM Listing Rules, JSE Listings Requirements, Integrated Reporting Framework (the "**Framework**"), the National Code of Corporate Governance for Mauritius and the King IV Report on Corporate Governance for South Africa.

Since the Company has been listed on the LSE after the reporting period, Grit will endeavour to comply with the relevant UK regulatory and reporting framework.

Approval of the integrated report

The Board acknowledges its responsibility to ensure the inteGrity of this report. The Board has applied its mind to this integrated report and in its opinion, this report fairly represents the integrated performance of the Company.

Approved by order of the Board on 26 September 2018.

Peter Todd
Chairman

Bronwyn Corbett
Chief Executive Officer

Capital Place

Forward-Looking Statements

This integrated report contains forward-looking statements including, without limitation, statements containing the words "believes", "estimates", "anticipates", "expects", "intends" , "may" , "will" , or "should" or, in each case, their negative or other variation or similar expressions. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, 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.

While these forward-looking statements represent the directors' judgements and future expectations, a number of risks, uncertainties and other important factors that could cause actual developments and results to differ materially from their expectations. 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.

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

Vodacom Building

WALE ↑ 7.4 years
from 6.8 years in 2017

Weighted average Lease Expiry by rental income

WACD ↓ to 5.75%
from 5.78% in 2017

Weighted average cost of debt

Successful admission to the main market of the London Stock Exchange

Strategic

Highlights

The weighted average annualised Net Initial Yield: 7.33% for % ownership only

Capital Place

Financial highlights

	2018	2017
Full year dividend per share (US$ cps)	**12.19**	12.07
EPRA[1] NAV (US$ cps)	**145.7**	137.4
Strong growth in adjusted[2] EPRA earnings (US$ m)	**22.8**	5.6
Adjusted EPRA earnings per share (US$ cps)	**11.32**	5.08
Loan-to-value ratio (43% post year-end) (%)	**51.4**	42.8
Net property income	**US$25.7m**	US$16.8m
Adjusted[3] administration cost to income producing asset value percentage equates (%)	**1.3**	1.4

1 *Explanations of how EPRA figures are derived from IFRS are shown in note 44 of the financial statements.*
2 *EPRA earnings adjusted for the impact of straight-line leasing and unrealised foreign exchange gains and losses. See note 44 on page 229.*
3 *Adjusted administration costs to asset values are defined and calculated as administration costs less non-controlling administration costs, acquisition costs and initial setup costs. This is disclosed in note 42 on pg 215-216.*

Portfolio highlights

	2018	2017
Number of properties/investments	**22**	19
Weighted Average Annual Rent Escalations (%)	**3.1**	3.5
Weighted Average Net Rental per m^2 per month	**US$18.2**	US$19.3
Gross Lettable Area ("GLA") equates (m^2)	**308 124**	142 899
EPRA Operating Cost to Income ratio (including associates) (%)	**15.6**	27.5
EPRA Portfolio occupancy rate (%)	**96.7**	96.9

Acacia Estate

Strategic

Grit at a glance

- Grit Real Estate Income Group ("**Grit**"), is a **multi-listed real estate income group** operating in carefully selected **African countries.**
- Grit is currently listed on the Main Market of the London Stock Exchange ("**LSE**"), the Main Board of the Johannesburg Stock Exchange Limited ("**JSE**") and the Official Market of the Stock Exchange of Mauritius Limited ("**SEM**").
- We optimise our structural investments underpinned by **solid property fundamentals** to achieve **compelling US Dollar returns.**
- Our ability to sustain distribution is supported by predominantly **US Dollar and EURO-denominated long-term leases,** with **blue-chip multinational tenants** delivering strong sustainable income.
- Grit has a robust property portfolio with **diversification** across sectors and geography, backed by **comprehensive risk mitigation** policies and procedures.
- Grit has a strong management team with broad African experience and exposure, supported by in-country asset and property management teams.
- Grit has supportive anchor **key shareholders** committed to growing the platform.

ZAMBIA
65 834m²
Kafubu Mall
Mukuba Mall
Cosmopolitan Mall

MOZAMBIQUE
65 685m²
Commodity House Ph 1
Commodity House Ph 2
Vodacom Building
Mall de Tete
Zimpeto Square
VDE Compound
Bollore Warehouse

JSE: GTR
LSE: GR1T
SEM: DEL.N0000

First Mauritian-based company to be registered on the main market of the London Stock Exchange.

African footprint

(As at 30 June 2018)

KENYA

19 681m²

Buffalo Mall
Imperial Warehouse Ph 1
(excl. Ph 2 land)

MAURITIUS

120 046m²

Barclays House
Victoria Beachcomber Resort & Spa
Mauricia Beachcomber Resort & Spa
Canonnier Beachcomber
Resort & Spa
Tamassa Resort

Botswana

Equity Invesment

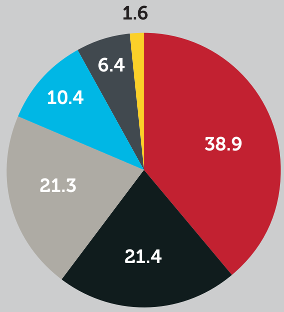
Retail	US$224.8m
Office	US$153.5m
Hospitality	US$140.7m
Corporate accommodation	US$37.3m
Light industrial	US$25.3m
Held for Development	US$3.4m
Other Investments	US$3.1m

Strategic

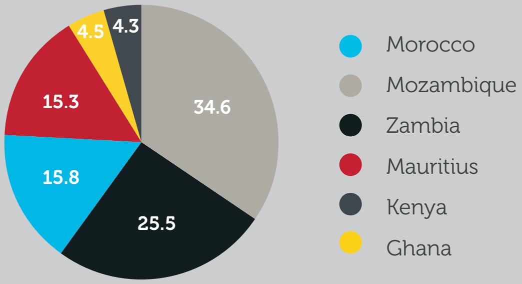
Portfolio Summary

at 30 June 2018

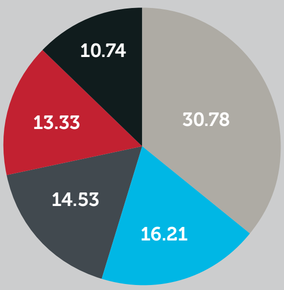
GEOGRAPHICAL PROFILE
by GLA (%)



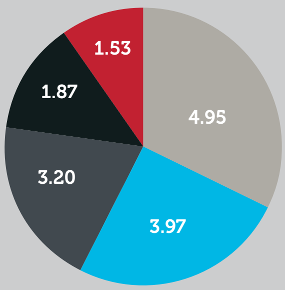
GEOGRAPHICAL PROFILE
by rental income (%)



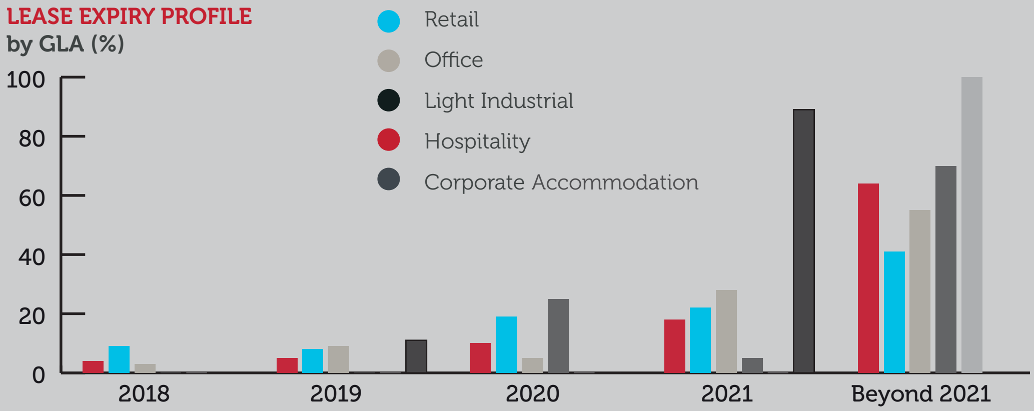
WEIGHTED AVERAGE RENTAL PER m^2 BY SECTOR
(US$)



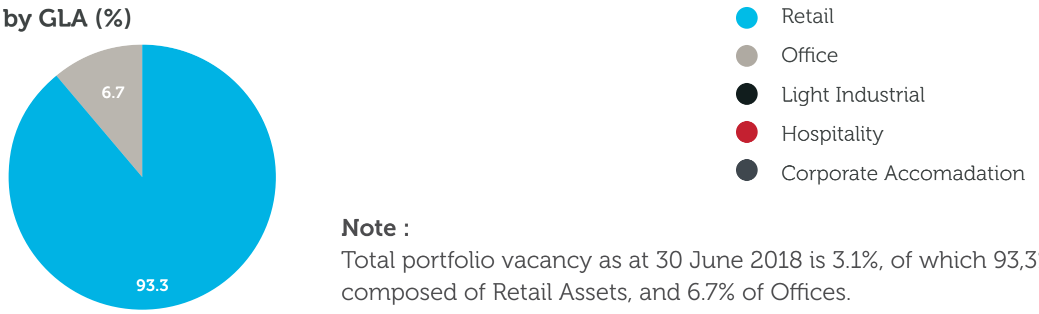
WEIGHTED AVERAGE RENTAL ESCALATIONS BY GLA PER SECTOR



LEASE EXPIRY PROFILE
by GLA (%)

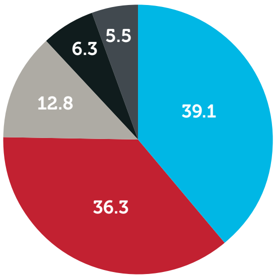


VACANCY BY SECTOR
by GLA (%)

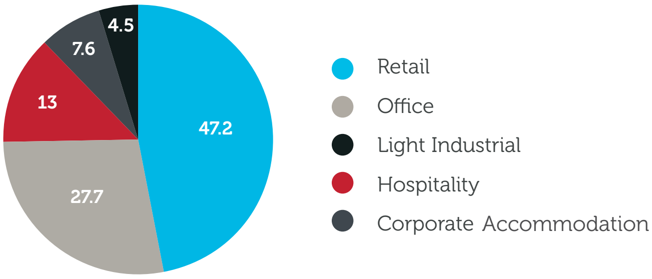


Note :
Total portfolio vacancy as at 30 June 2018 is 3.1%, of which 93,3% is composed of Retail Assets, and 6.7% of Offices.

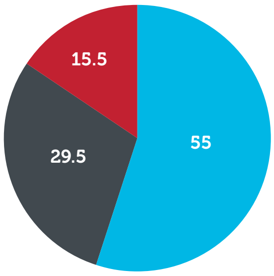
SECTOR SPLIT
by GLA (%)



SECTOR SPLIT
by rental income (%)



TENANT PROFILE
(%)

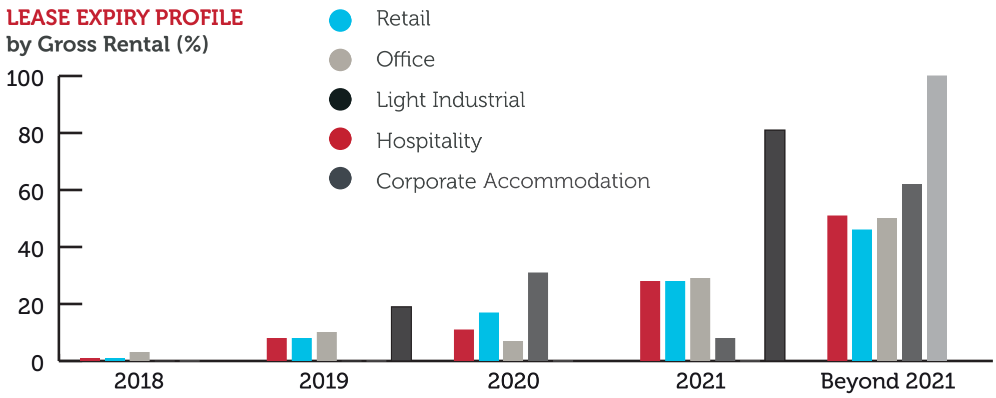


A- Large national tenants, large listed tenants, government and major franchisees

B- National tenants, listed tenants, franchisees, medium to large professional firms

C- Other (127 out of 431 tenants)

LEASE EXPIRY PROFILE
by Gross Rental (%)



Strategic

Portfolio Summary (Continued)

Commodity House Phase 1

Properties as at 30 June 2018

Property	GLA m²	Acquisition date	Functional currency	Effective purchase price	Geographical sector	Property type	Tenancy profile*	Vacancy (%)	Weighted average rental per m² US$
Commodity House Phase I	7 478	23 July 2014	US$	US$32.5m	Mozambique	Office	A – B	–	34.80
Commodity House Phase II	3 217	23 July 2014	US$	Included in phase 1	Mozambique	Office	A – B	–	35.30
Anfa Place Shopping Centre	31 933	23 July 2014	MAD	US$114.7m	Morocco	Retail	A – C	18.3	41.44
Barclays House	8 269	16 February 2016	MUR	US$13.2m	Mauritius	Office	A – B	4.6	12.40
Hollard Building	5 052	28 April 2015	US$	US$14.9m	Mozambique	Office	A – B	–	22.70
Vodacom Building	10 659	22 May 2015	US$	US$49.0m	Mozambique	Office	A	–	23.80
Zimpeto Square	4 771	31 August 2015	US$	US$10.2m	Mozambique	Retail	A – C	30.4	17.90
Bollore Warehouse	5 856	27 May 2016	US$	US$8.6m	Mozambique	Light Industrial	A	–	12.90
VDE Housing Estate	17 071	30 September 2016	US$	US$33.1m	Mozambique	Corporate accommodation	A	–	20.90
Tamassa Resort	21 567	28 March 2017	EUR	EUR37.2m	Mauritius	Hospitality	A	–	15.70
Imperial Phase I (excluding Ph2 land)	13 560	16 August 2017	US$	US$18.0m	Kenya	Light industrial	A	–	8.90
Capital Place	4 944	10 May 2018	US$	US$8.5m	Ghana	Office	A – B	5.5	41.60
Mall de Tete	11 581	March 2017	US$	US$24.2m	Mozambique	Retail	A – C	–	17.10
Buffalo Mall (50%)	6 121	30 April 2016	US$	US$4.3m	Kenya	Retail	B – C	0.5	14.30
Mukuba Mall (50%)	28 236	01 December 2015	ZMW	US$31.5m	Zambia	Retail	A – C	3.0	18.60
Kafubu Mall (50%)	11 923	01 December 2015	ZMW	US$9.1m	Zambia	Retail	A – C	1.0	13.90
Cosmopolitan Mall (50%)	25 675	30 September 2016	US$	US$24.2m	Zambia	Retail	A – C	2.3	22.20
Canonnier Beachcomber Resort and Spa (44.4%)	25 248	02 December 2016	EUR	EUR21.5m	Mauritius	Hospitality	A	–	14.20
Mauricia Beachcomber Resort and Spa (44.4%)	23 266	02 December 2016	EUR	EUR20.5m	Mauritius	Hospitality	A	–	14.20
Victoria Beachcomber Resort and Spa (44.4%)	41 696	02 December 2016	EUR	EUR27.1m	Mauritius	Hospitality	A	–	14.20

Notes
Tenant Profile
Tenants in our portfolio are categorised by grade.
A – Large national tenants, Large Listed tenants, government and major franchisees
B – National tenants, listed tenants, franchisees, medium to large professional firms
C – Other

 # Valuer
KF *Knight Franck*
JLL SSA *LaSalle Sub Saharan Africa*
Broll SSA *Broll Sub Saharan Africa*
Broll IO *Broll Indian Ocean*
REC *Real Estate Advisory Services Mozambique*

[1] *The three Beachcomber properties were valued as a whole and management has split the total valuation across the three properties*

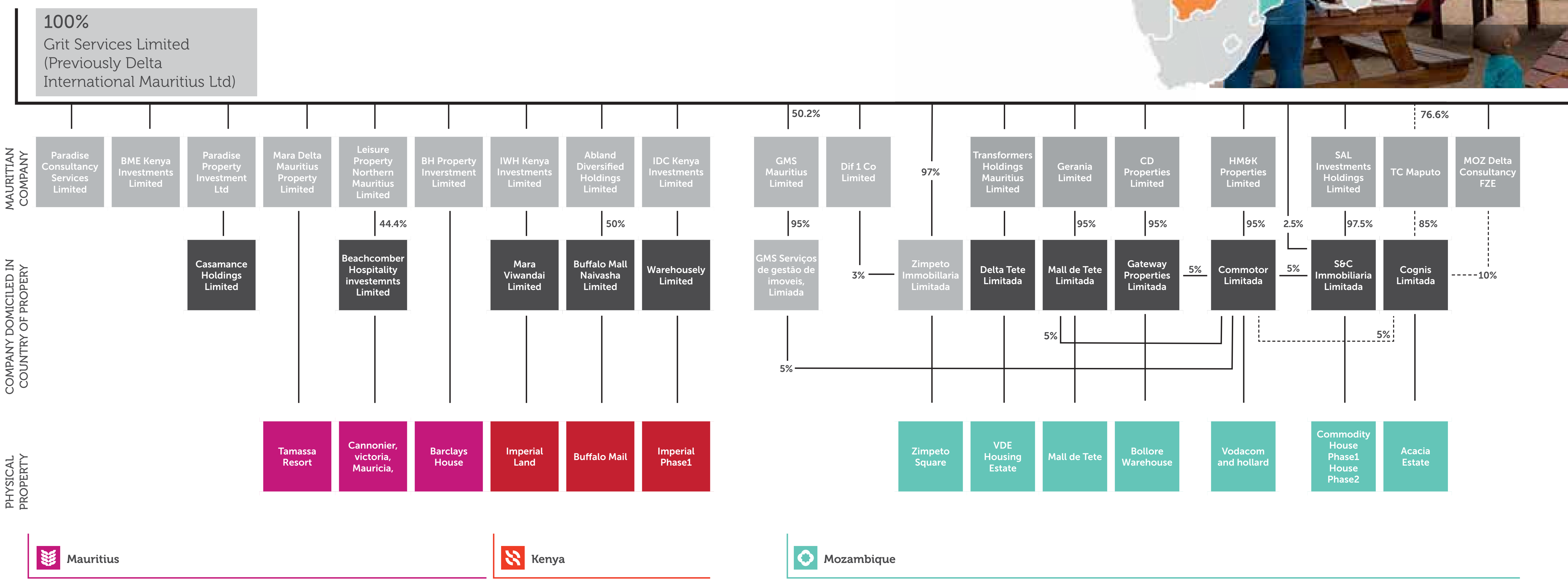
Cosmopolitan Mall

WALE – GLA	WALE – Rent	Valuer#	Valuation date	Valuation US$m	Average annualised property yield (%)
8.53	8.38	REC	30 June 2018	43.2	8.80
0.83	0.83	REC	30 June 2018	17.3	6.7
4.13	5.16	KF	30 June 2018	92.8	5.03
8.94	9.40	Broll IO	30 June 2018	15.4	7.28
5.96	5.62	JLL SSA	30 June 2018	19.6	8.33
2.50	2.50	JLL SSA	30 June 2018	45.9	8.09
2.39	3.39	JLL SSA	30 June 2018	9.2	7.57
1.87	1.88	JLL SSA	30 June 2018	6.5	13.74
2.09	1.97	JLL SSA	30 June 2018	37.3	7.94
8.58	8.58	Broll IO	30 June 2018	48.9	8.34
9.08	9.08	Broll SSA	30 June 2018	18.8	8.1
4.07	4.11	Broll SSA	30 June 2018	12.2	8.7
4.34	6.11	JLL SSA	30 June 2018	25.6	9.1
8.87	6.78	Broll SSA & Directors Adjustments	30 June 2018	5.2	5.65
2.78	2.78	Broll SSA	30 June 2018	38.5	6.37
2.59	2.10	Broll SSA	30 June 2018	13.0	6.86
4.17	3.91	Broll SSA	30 June 2018	40.5	6.3
13.50	13.50	Broll IO	30 June 2018	30.2[1]	7.25
13.50	13.50	Broll IO	30 June 2018	24.9[1]	7.25
13.50	13.50	Broll IO	30 June 2018	36.7[1]	7.25

Strategic

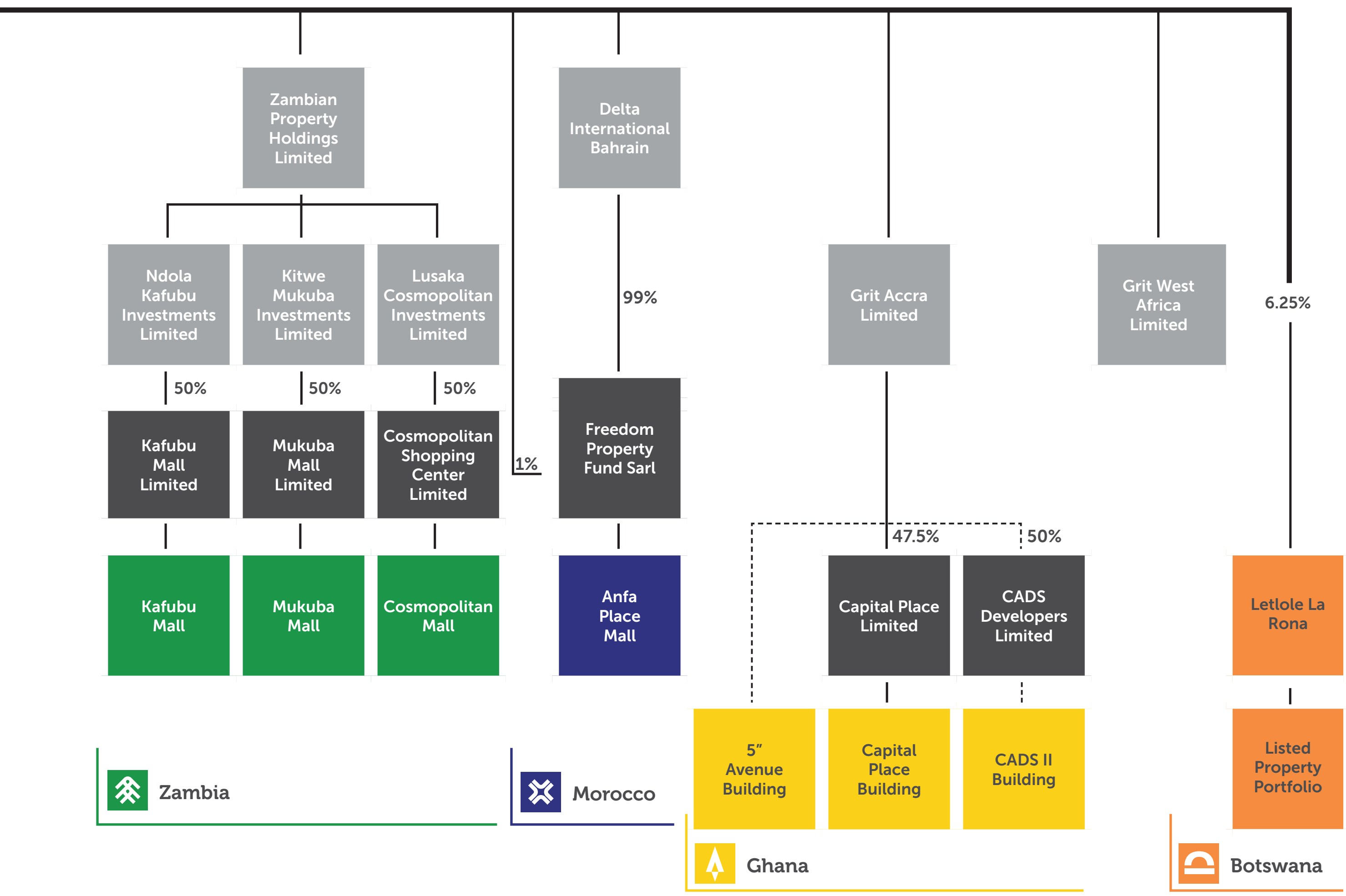
Corporate Structure

grit
Real estate income group



*100% Shareholding unless otherwise indicated.
*______________: Structure as at June 2018
*-----------------: Forward looking Structure

Acacia Estate



Peter McAllister Todd
CHAIRMAN

Strategic

Chairman's statement

Introduction

Grit continued to deliver against its stated growth objectives of creating a diversified property portfolio of hard currency-based assets across carefully selected African countries. A month after the close of the June financial year-end, Grit distinguished itself as the first Mauritian-listed company to list on the main market of the London Stock Exchange ("LSE"), thus providing access to additional capital to fund the Group's growth aspirations.

The Company now holds primary listings on both the LSE and the Johannesburg Stock Exchange ("JSE"), with a secondary listing on the Stock Exchange of Mauritius ("SEM").

LSE listing and US$132.2 million capital raise

The Board initiated a process more than a year ago to identify an optimal platform that would position Grit for its next growth phase. The objective was to diversify sources of equity funding and introduce new long-term shareholders to the Company.

This strategy was successfully executed as our LSE listing culminated with a gross equity raise of US$132.2 million, introducing fresh capital and strong support from a number of new international institutions.

In preparation for the LSE admission, a number of adjustments to the historical financial information arose, mainly due to variations in the established practice of applying IFRS in different jurisdictions and aligning to international best practice (see note 42 of the financial statements).

In compliance with best practice, as defined by the European Public Real Estate Association (EPRA), Grit will now be disclosing EPRA NAV, earnings and metrics (which include Company specific adjustments) in its financial results.

The EPRA underlying principle is that NAV reported in the financial statements under IFRS does not provide stakeholders with the most relevant information on the fair value of the assets and liabilities, within an ongoing real estate investment company, with a long-term investment strategy. The objective of adjusted EPRA NAV is to highlight the fair value of net assets held on an ongoing and long-term basis.

Financial performance

The Group continued to perform in line with market guidance, delivered a dividends return on the last issue price of US$1.43 of 8.5% (annualised) and a EPRA NAV growth of 6%.

The LSE listing and successful capital raise positively impacted on the gearing with an expected reduction in loan to value ("LTV") ratio from 51.4% to approximately 40% by June 2019. It should be pointed out that although Grit distributes income similar to a Real Estate Investment Trust ("REIT") it does not have REIT status and is therefore taxed in each jurisdiction. Therefore, the use of gearing in certain jurisdictions is of paramount importance to provide appropriate tax shielding.

The overall portfolio remains well-tenanted at a 96.7% occupancy rate, with Anfa Place Shopping Centre (Anfa) in Morocco, the Company's largest asset by value, providing significant upside potential following the completion of its refurbishment and tenant optimisation initiatives.

Chairman's statement continued

Expansion and diversification

The Group continued making accretive acquisitions, further diversifying its asset base and regional exposure. During the period, Grit successfully expanded its portfolio into Ghana, the Company's first expansion into West Africa when it acquired interests in Capital Place Building and secured the acquisitions of the 5th Avenue and CADS II building in the capital city, Accra. These acquisitions will complete in the 2019 year.

These commercial office buildings are held under long-term leases with multi-national companies and, in line with Grit's strategy of forming strategic partnerships, Grit's interest has been financed in part through the issue of equity at net asset value. On completion, the Ghana portfolio will account for 16% of the enlarged portfolio. The Company also further expanded its portfolio in Mozambique, further diversifying its asset base with the acquisition of an interest in an A-grade corporate residential estate. Acacia Estate, with state-of-the-art security features, leased to an International Embassy and international oil company. The asset is located in Costa do Sol, Maputo and has been completed following financial year-end.

Governance and Board

Although I have been the lead independent director of Grit since its inception, this is my first report as chairman following the resignation of Mr Sandile Nomvete as a result of his responsibilities and position held as an executive director of Delta Property Fund Limited, a company listed on the JSE.

On behalf of the Board, management and all staff, we wish to thank Sandile Nomvete for his steadfast support and guidance as founding chairman over the past five years.

A number of additional Board changes took place during the last financial year:

- Ms Jackie van Niekerk did not stand for re-election as non-executive director as she took up an executive role in a South African REIT; and
- Mr Chandra Gujadhur retired as independent non-executive director, with the subsequent resignation of Mr Maheshwar Doorgakant as an alternative to Mr Gujadhur.

On behalf of the Board, I thank Chandra, Maheshwar and Jackie for their contributions and support during their tenures.

- In the lead-up to our LSE listing, a number of new appointments were made, and I wish to welcome these new directors to the Board;
- Mr Paul Huberman was appointed as independent non-executive director and chairman of the Audit Committee;
- Ms Nomzamo Radebe was appointed as non-executive director; and
- Ms Catherine McIlraith joined the Board as independent non-executive director.

More information on the qualifications and experience of our new Board members is available on page 79 of this integrated report.

Subsequent to Grit's listing on the LSE, the Company now holds primary listings in London and Johannesburg and a secondary listing on the SEM[1].

The Mauritian Securities Act 2005 and the SEM have granted a waiver to the Company from the requirements to file and publish quarterly financial reports following the LSE listing. Grit will therefore be filing and publishing half-yearly reports within the reporting deadlines provided under the Mauritian Securities Act, 2005 and the SEM Listing Rules, which also comply with JSE Listings Requirements and the LSE Listing Rules.

[1] *The listing on the SEM is termed a 'secondary listing'. However, all SEM Listing Rules apply to the Company, except the requirements to publish quarterly financial reports.*

Words of appreciation

Grit has a strategically placed property portfolio, diversified and strong tenants and significant headroom for growth. These fundamentals are leveraged through the skills of our people and their relationships with investors, banks, tenants, regulators and other stakeholders in the communities where we operate.

I would like to thank my fellow Board members, the Grit team, our investors and stakeholders for their continued support during a watershed year of seizing opportunities to create sustainable above average returns for our investors.

Peter Todd

Chairman

Bronwyn Anne Corbett
CHIEF EXECUTIVE OFFICER

Strategic

Chief Executive Officer's statement

Introduction

The focused strategy of the Company to become the real estate partner of choice to blue-chip tenants has resulted in a quality portfolio, which has created a platform to deliver on shareholder returns. Grit has created a solid foundation to enhance shareholder value and grow a unique investment offering to the international investor market. The multi-geographic investment strategy, securing hard currency rentals (mitigating local currency exposure), blue-chip tenants and a quality portfolio has mitigated many perceived Africa risks.

LSE main market listing and US$132.2 million capital raise

On 31 July 2018, Grit successfully listed on the main market of the LSE, raising US$132.2 million in fresh equity (before costs) and introducing UK-based and international institutional investors to the Group. The proceeds of this raise place Grit on a new growth trajectory, allowing it to achieve scalability, reduce debt and strategically diversify the portfolio through the acquisition of additional yield-enhancing assets.

Notwithstanding strong anchor shareholder support, the Board realised that in order for the Company to optimally fulfil its mandate of unlocking value for shareholders, diversification of its funding sources was required.

Following extensive research of potential platforms across the globe, the Board recommended a listing on the main market of the LSE to shareholders, based on market depth, the number of emerging and frontier market institutional investors, alignment with the JSE and European corporate governance and financial reporting standards.

The capital raise associated with the LSE listing was aimed at:

- broadening and diversifying our shareholder base with established and international investors;
- supporting Grit's growth aspirations to acquire its yield-enhancing current and future pipeline;
- improving underlying liquidity and tradability of the shares and access into a number of major indices;
- enhancing Grit's position as the leading international platform for investing into Africa real estate; and
- accessing new strategic partnerships.

The successful LSE listing and capital raise allowed Grit to conclude a number of pipeline transactions and reduce debt, in line with the targeted loan to value of 40% by June 2019.

The increased market capitalisation and share price rerating subsequent to the listing, positions Grit well for inclusion in a number of frontier and emerging market indices with future inclusion in the FTSE Frontier, MSCI Frontier, SAPY and all-share indices, based on a continued improvement in liquidity.

Corporate activity

The financial results for the year ended 30 June 2018 reflects deployment of the gross proceeds of the US$121 million raised through the rights offer concluded in the prior financial year. This includes positive financial impact of the remaining assets completed, together with the consistent performance from the current property portfolio during the year. Total income-producing assets have increased from US$488.5 million in June 2017 to US$642.3 million as at 30 June 2018 as set out in the table in the Chief Financial Officer's Statement.

Details of the assets acquired during this period are as follows:

- On 18 August 2017, the Company acquired a minority stake in **Letlole La Rona Limited**, which is listed on the Botswana Stock Exchange. The investment provides an initial entry into the Botswana market (an investment grade country) and a base for developing the necessary expertise to expand investments into the country. The value of the investment is US$3.1 million.
- **Imperial Health Sciences Logistics Warehouse** located in Nairobi, Kenya and underwritten by the parent listed company in South Africa, completed on 16 August 2017 (total asset value of US$21.0 million, including the adjacent vacant land). The adjacent land is ear-marked for redevelopment and potential NAV growth.

Strategic

Chief Executive Officer's statement continued

- On 11 August 2017, following receipt of the required regulatory approvals, the Company exercised its convertible loan and was issued 44.428% of the share capital of Beachcomber Hospitality Investments Limited for a net purchase price of US$57.1 million.
- On 14 April 2018, Grit announced the acquisition of a 47.5% interest in the Company that owns an office complex known as **Capital Place**, a three-building complex located on a 1.88 acre parcel of land in the Airport Residential Area of Accra, Ghana anchored by blue-chip tenants. The seller is a privately held Ghanaian property investment, development and management company, focusing on commercial and residential property development.

This acquisition further increased Grit's portfolio in Ghana and allows for a strategic partnership with Sir Samuel Jonah's company, Mobus Properties (Ghana) Limited, which will work jointly with Grit West Africa, the asset management arm of Grit in Ghana, on future real estate opportunities and the seller's property developments.

The acquisition was financed through the issue of new Grit shares, amounting to US$8.5 million, issued at a price of US$1.5267 per share, net of dividends on 11 May 2018. A US$5.0 million fully refundable deposit has been paid for the acquisition of the remaining 52.5% interest in Capital Place.

The following assets have/will be acquired post the year-end:

- On 13 April 2018 the Company announced that it signed an agreement to acquire an 80.1% interest in Acacia Estate located in Costa do Sol, Maputo Mozambique. The residential complex is tenanted by an International Embassy and International oil company under long-term leases. The aggregate purchase consideration is US$23.5 million and will be partly settled in cash and partly through an equity issue. Suspensive conditions associated with the sale of the asset were fulfilled on 27 August 2018.
- On 26 March 2018, Grit announced that it had paid a refundable deposit of US$2 million for the acquisition of the CADS II building situated in Accra. The total consideration for a 50% stake in the Company is US$10.7 million and the effective date of this transaction is the 15 August 2018. Post year an additional payment of US$ 8.5 million was made and the property is currently under transfer.
- On 15 March 2018, Grit signed an agreement to acquire the 5th Avenue Corporate Offices complex in West Cantonments, Accra. The building is tenanted by a blue-chip anchor tenant occupying 53% of the gross lettable area and contributing 58% of the rental stream. The parent company of the second biggest tenant, occupying 34% of the gross leasable area and contributing 30% of the rental income, is a leading owner, operator and developer of wireless and broadcast communication towers and is listed on the New York Stock Exchange. The aggregate purchase consideration is US$20.5 million, the effective date of this transaction is expected to be in October 2018.

Valuations

All properties across the portfolio were independently externally valued as at 31 January 2018 for the LSE listing in July 2018.

Valuers were subsequently requested to update their January 2018 valuations for year-end financial reporting purposes as at 30 June 2018.

The majority of properties retained and held their value with marginal increases in value derived from respective annual lease escalations.

The Beachcomber Hospitality assets, in Mauritius, increased in value in Euro terms; however, due to the Euro weakening against the US Dollar; these assets currently reflect a decrease in US Dollar value.

A marginal decrease in US Dollar value for Barclays House was as a result of a similar forex impact with the value having actually increased in Mauritian Rupees; however, the Mauritian Rupee strengthened against the US Dollar.

Anfa Shopping Centre, in Morocco, experienced a slight valuation uptick due to the positive progression of the refurbishment project. Upon completion of the development project in 2019, we anticipate a further valuation upside with the current devaluation being directly related to the refurbishment of a trading centre.

The Vodacom building shows a minor value reduction since the January valuation due to the lease renewal post December 2020 not having been finalised.

We continue to experience challenging retail trading conditions especially in Kenya and Mozambique; however as at 30 June 2018, our retail assets–being community convenience and essential shopping centres–held their value due to the positive valuations of the Zambia retail assets.

Changes in debt facilities

Material changes to the debt facilities were as follows:

- Bank of China advanced a long-term debt of US$37.9 million for a period of five years for the acquisition of Cosmopolitan Mall in Lusaka, Zambia. The proceeds of the loan were utilised to settle the existing debt held by the vendor with Standard Bank.
- The loan was priced at six months LIBOR + 4.0%, which had a favourable impact on the cost of funding.
- Bank of China advanced a loan of US$8.6 million to acquire the Imperial Health Sciences Logistics Warehouse in Nairobi, Kenya. The loan was priced at six months LIBOR + 4.0%.
- As part of Grit's hedging strategy to convert the revolving credit facility from US$ to EUR, the Company secured a dual-currency facility from Barclays Bank Mauritius amounting to US$20.0 million (equivalent to EUR17.1 million). These loans attract interest at LIBOR + 3.5% and Euribor + 3.8% respectively.
- In March 2018, a short-term revolving line of US$20 million was advanced from SBM Bank (Mauritius) Limited, priced at three months LIBOR + 3.5%.
- In June 2018, the Company refinanced the loan in relation to the Barclays House asset. The loan was converted to a Euro facility and the underlying Mauritian Rupee lease stream was hedged via a forward sales agreement that converts the Mauritian Rupees lease stream to Euros for a period of three years.

The Company continued with its multibank strategy which has had a positive impact on the weighted average cost of debt as well as mitigating potential refinance risk. The result of the above transactions was a reduction in the weighted average cost of debt from 5.78% at 30 June 2017 to 5.75% at 30 June 2018. The LTV at 30 June 2018 was 51.4% after it normalised to 42.8% post 30 June 2017 when cash held from the capital raise was effectively deployed. The increase is attributable to further drawdowns made on acquisitions.

Proceeds from the recent capital raise and LSE listing will be used to settle revolver debt facilities which is expected to result in the LTV to normalise to approximately 40% by June 2019.

Following the LSE listing and as part of its debt diversification strategy, the Company is currently exploring a debt rating by an international ratings agency with the view of entering the debt market with a note programme. Shareholders will be kept informed of progress in this regard.

Strategic

Chief Executive Officer's statement continued

Risk management

Grit continues to strictly enforce a number of investment hurdles (margins of safety) that any investment consideration has to adhere to, before being recommended to the Investment Committee and ultimately to the Board.

Although some of these self-imposed safeguards may protract the negotiation and transfer process, their effectiveness are underscored by the portfolio's stable performance even throughout the Mozambican economic difficulties over the past two years.

Some of these margins of safety include:

- US Dollar or Euro-denominated income streams: 93% of portfolio rental income is in hard currency or pegged to the US$/Eur (Morocco);
- Political risk insurance across the portfolio, which includes the repatriation of funds;
- Investment in politically and economically stable countries – 45% of the portfolio is located in investment grade countries;
- Land tenure is ensured through comprehensive due diligence processes in partnership with expert in-country legal counsel. Nine of Grit's assets are freehold;
- Debt diversification – Grit employs a multibank strategy and currently engages with eight banks on the continent;
- Counterparty strength – 68.8% of Grit's tenants are in Forbes 2000 or "Other Global" list. The Group has a weighted lease expiry rate of 7.4 years and a 96.7% occupancy rate (including structural vacancies at Anfa); and
- Self-imposed soft portfolio exposure limitations of 25% per asset class and per country.

Increasing skills and capacity

The LSE listing process rigorously interrogated the quality and depth of our internal processes, procedures and capacity. This has resulted in a bulking up of senior positions with additional skills set and knowledge base. This includes the establishment of a highly skilled compliance function and team. Complementary skills and experience are also being added across various functions of the Company where needs were identified.

Africa is inherently complex from an operational perspective and a skilled and experienced management team is paramount to a sustainable performance.

Outlook

Grit has positioned itself with a unique and enviable platform to capitalise on the significant opportunities and growth on the African continent. Given the strength of the Company's existing portfolio coupled with the opportunities presented by the Company's recent LSE listing, we continue to look to the future with confidence. Our focus will be on total return including maintaining the dividend and net asset value growth of the portfolio. The platform established across the African continent is substantial and will be leveraged further to grow the portfolio and reduce the overall cost base of the Company.

Thanks

I wish to thank our founding chairman, Mr Sandile Nomvete for his support, advice and friendship over the years and wish him well in his future endeavours. In addition, I want to thank the Board for their ongoing guidance, through a period of tremendous growth and also the vigorous process of listing on the LSE.

On behalf of Grit I welcome our new shareholders to the Company and wish to thank all shareholders for their encouragement and support in what was a watershed year for the Company.

Lastly, a sincere thanks to Team Grit and your families for making this organisation truly great. You are the embodiment of our ethos: Grit is passion and perseverance, for long-term sustainability and goals. It's the day in, day out.

Bronwyn Corbett

Chief Executive Officer

Leon van de Moortele
CHIEF FINANCIAL OFFICER

Strategic

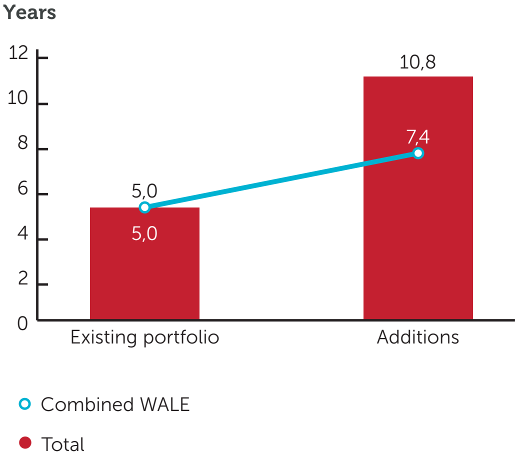
Chief Financial Officer's statement

Our financial results for the year ended 30 June 2018 have shown a solid return with the resilient property portfolio delivering an increase in distribution of 1% on the prior year's result for a total distribution per share of US$12.19 for 2018. The growth in the dividend was impacted by the non-recurring expenses relating to the LSE, additional resources employed within the Company, the depreciation of the Euro against the US Dollar in the later part of 2018 negatively impacting the Euro revenue stream as well as the targeted pipeline assets only being transferred after year end. Due to the Anfa Place redevelopment the centre carried certain vacancies which should be occupied upon completion creating further uplift in NAV and dividend growth.

The successful rights issue in 2017 enabled Grit to further diversify it's portfolio of assets across a number of jurisdictions and asset classes with significant expansion into corporate accommodation and hospitality sectors. The expansion of the Euro based Mauritian hospitality assets and the continued ability to provide hard currency based income streams have further de-risked the portfolio.

Combined WALE has increased from 6.8 years to 7.4 years at the reporting date. The annual increase predominantly driven by new acquisitions during the year, including the Imperial Warehouse and Beachcomber acquisitions which included long term rental agreements. The WALE for new acquisitions stood at a healthy 10.8 years at reporting date. The existing property WALE of 5.0 years is being managed through the active management of the portfolio and key lease extensions signed in the period.

ACQUISITIONS EFFECT OF WALE



The following assets were transferred/completed during the year:

Income generating assets acquired	Country	Sector	Investment value (in USD m)
Beachcomber Hotels (44.428%)	**Mauritius**	Hospitality	57.1
VDE Housing Compound	**Mozambique**	Corporate accommodation	36.0
Imperial Distribution Centre	**Kenya**	Light industrial	21.0
Commodity House phase II	**Mozambique**	Office	16.5
Capital Place (47.55%)	**Ghana**	Office	7.9
Letlole La Rona	**Botswana**	Property investment	3.1
Gateway Developments	**Mauritius**	Property investment	1.0
Total			**142.6**

Total investment in income-generating assets have increased from US$488.5 million in 2017 to US$642.3 million in 2018.

Composition of income producing assets	2017 US$'m	2018 US$'m
Investment properties	307.8	**383.1**
Deposits paid on investment properties	24.4	**11.1**
Other investments	–	**4.2**
Investments in associates investment property	89.0	**201.3**
Other loans receivable*	66.7	**42.1**
Intangible assets (right of use of land)	0.6	**0.5**
Total	488.5	**642.3**

** This includes receivable balances from partners in Zambia relating to the loan from Bank of China of US$77 million used to fund the acquisition. The Material balance in 2017 relates to the shareholder loan included in the US$47 million Beachcomber acquisition that has been converted into equity. See note 8 on page 166 for the details of the other loans receivable and note 11 on page 173 for borrowings.*

Chief Financial Officer's statement continued

Presentation of financial results

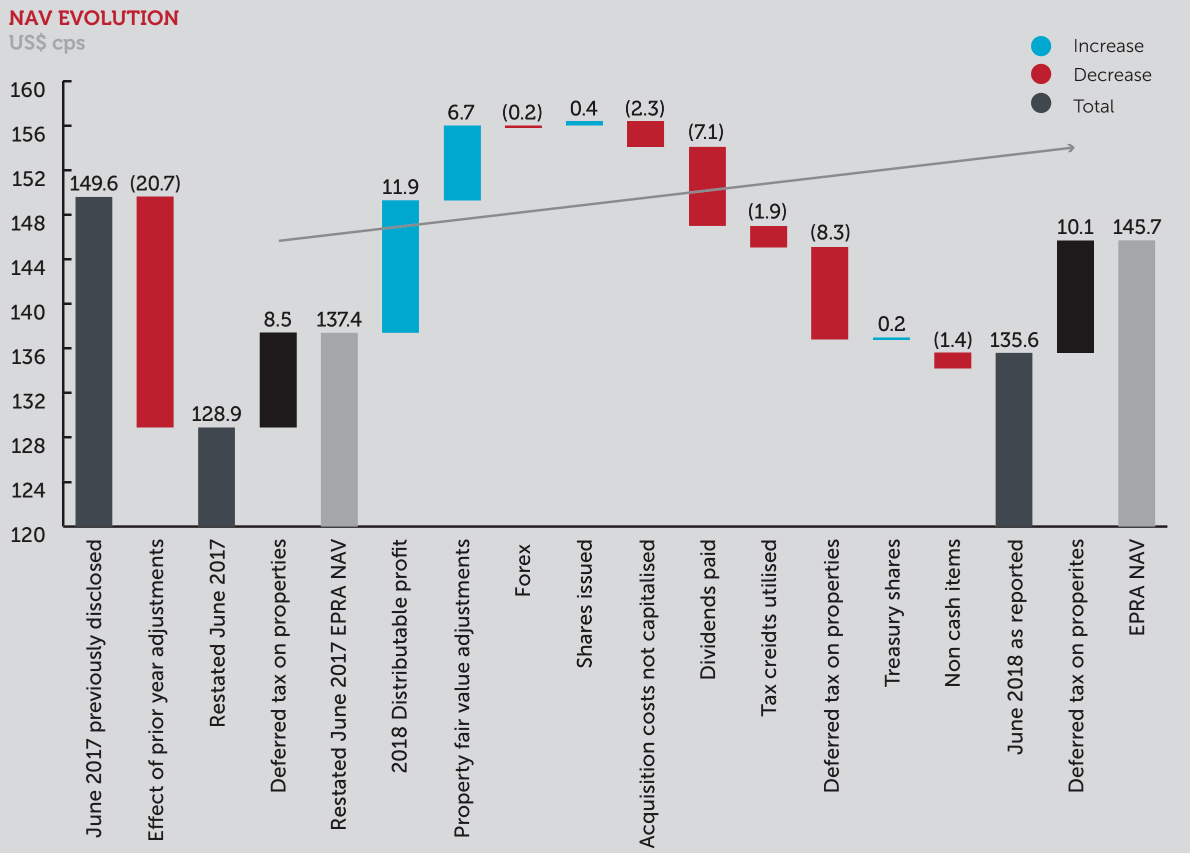
The financial statements have been prepared in accordance with IFRS. In accordance with best practice in the sector, alternative performance measures have also been provided to supplement IFRS based on the recommendations of EPRA. EPRA Best Practice Recommendations ("**BPR**") have been adopted widely throughout this report and are used within the business when considering our operational performance as well as matters such as dividend policy and elements of our Directors' remuneration. Full reconciliations between IFRS and EPRA figures are provided in note 44 on page 229.

NET ASSET VALUE

NAV per share increased by 5.2% year-on-year, or US$6.7cps, from US$128.9cps to US$135.6cps (both on a restated 2017 basis). EPRA NAV increased by 6.0% or US$8.3cps from US$137.4cps to US$145.7cps. This increase in NAV is attributable to strong portfolio growth, with gains from hospitality assets equating to US$7.5 million, in Anfa Place US$1.7 million and the Zambian retail centres amounting to US$6.6 million.

While the net operating income per building has increased in line with escalations, valuation increases on the existing portfolio are being hampered by the macroeconomic climate, particularly in Mozambique. The progress made on the ENI's capital investment programme in the Rovuma Basin continues to be positive news for the Mozambique economy. Management believe that this will provide the long-awaited impetus for sustainable economic growth in Mozambique with the Group well positioned to take advantage from this growth.

The movement of the IFRS and EPRA NAV per share is as follows:

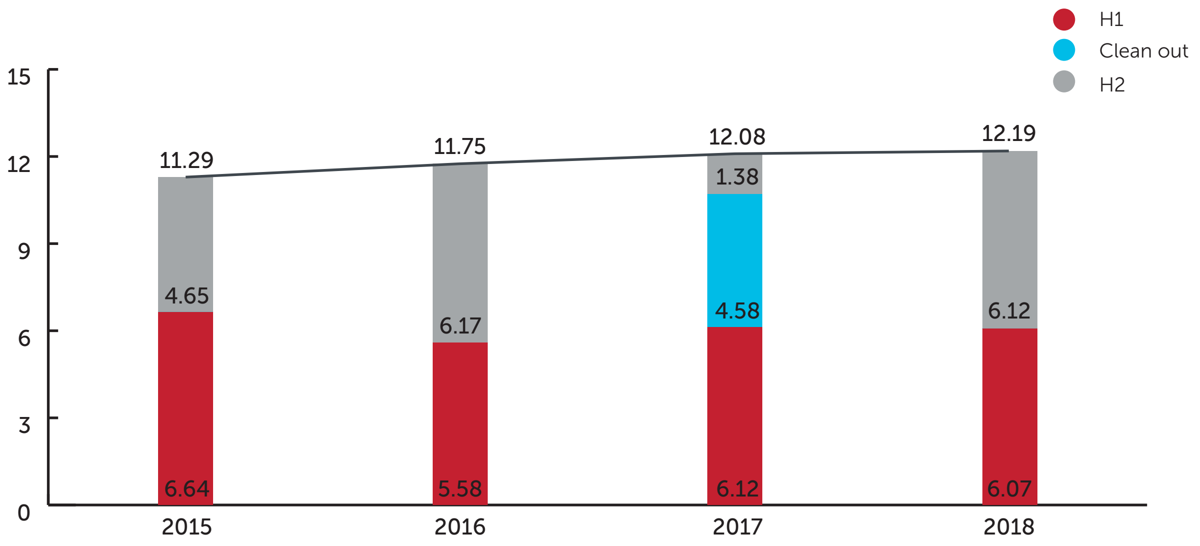


DIVIDEND

The strong financial performance and distributable earnings growth has allowed the Group to declare a final distribution of 6.12 USD cents per share, taking the full year distribution to 12.19 USD cents per share (2017: 12.07 USD cents per share). This represents annual growth of 1%. The Group is targeting an annual dividend growth of 3% – 5% in 2019.

Gross rental income increased to $32.1 million (2017: US$22.9 million) and net property income was up to US$25.7 million from US$16.8 million in the prior year. This is due to the additional rental income received from the full year income from Lux Tamassa Resort and Mall de Tete as these were transferred in March 2017. These reflect annual increases of 40.1% and 53.0% respectively.

DIVIDEND HISTORY



INCOME STATEMENT

Despite vacancies across the portfolio remaining low, the strategic vacancies within Anfa Place Shopping Centre (in line with the upgrade to the centre) limited the increase in overall revenue. New acquisitions in the form of Imperial Distribution Centre and the Vale Housing Compound were transferred, and contributed to the rental income increase, during 2018.

Property operating costs increased by 5.8% (or US$0.4 million), with the full year inclusion of Mall de Tete and Tamassa Resort. Provision for doubtful debts is related to the recoverability of debts from tenants at Anfa Place and Barclays House.

In real terms, operating costs as a percentage of rental income decreased in the period from 31.4% in 2017 to 22.8% in 2018. This has been achieved through the acquisition of triple net lease assets and cost savings initiatives and synergies across the geographical locations. This is in spite of increase in the provision for bad debts attributable to Anfa Place as a result of the construction work taken place in 2018.

Strategic

Chief Financial Officer's statement continued

The Group incurred a 85.5% year-on-year increase in administration expenses to US$14.7 million, largely attributable to costs associated with the Group's admission to the LSE, an impairment charge with Freedom Asset Management (a company controlled by the Group, but has no ownership interest), and transactional fees incurred. Adjusted administration costs[1] attributable to the shareholders of the Group increased by 16.7% to US$8.0 million reflecting increased staff costs of managing the growing portfolio. With the Company's active on-site management approach to asset and property management in the various jurisdictions, the Company has attracted a number of highly skilled and experienced staff to manage the portfolio. The adjusted administration costs as a percentage of property investments have reduced from 1.4% in 2017 to 1.3% in 2018, showing the commitment by the Group to proactively manage the cost base.

[1] *Adjusted administration costs to asset values are defined and calculated as administration costs less non-controlling administration costs, acquisition cost and initial setup costs.*

Total profit for the year attributable to shareholders was US$28.6 million compared with a US$6.6 million loss after tax in 2017. Adjusted EPRA earnings for 2018, which removes non-cash items such as fair value movements, straight lining of leases and unrealised foreign currency translation impacts, increased three-fold during the year to US$22.8 million from US$5.6 million in 2017.

The distributable income statement movements for the year is as follows:

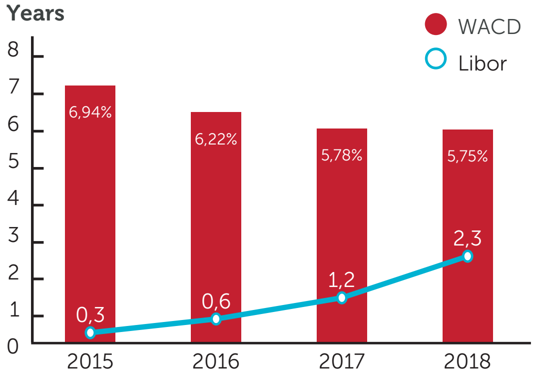
	2018 USD '000
Basic Earnings attributable to the owners of the parent	**28.6**
Add Back non cash items:	
– Straight-line leasing (non-cash rental)	**(1.1)**
– Total fair value adjustment on investment properties	**(5.1)**
– Fair value adjustments included under income from associates	**(8.9)**
– Fair value adjustment on other investments	**0.8**
– Fair value adjustment on other financial asset	**0.1**
– Unrealised foreign exchange gains or losses (non-cash)	**(1.1)**
– Share based payments	**0.3**
– Movement in deferred tax	**3.2**
– Depreciation and amortisation	**0.3**
Items added back	
– Acquisition costs not capitalised	**3.5**
– Listing and setup costs included in administrative expenses	**1.3**
Other cash generation	
– VAT and tax credits utilised	**2.9**
– Rental concessions for capital projects	**0.7**
TOTAL DISTRIBUTABLE EARNINGS	**25.5**

Debt and financing

As financing is integral to our business model, the Group has continued to develop strong relationships with financiers. The multi-banked approach adopted by Grit has resulted in the introduction of new banking relationships with Bank of China (now our biggest financier), SBM (Mauritius) Ltd as well as Nedbank Limited.

In the year, the Group refinanced debt of $38.0 million held with Afrasia, Nedbank and Rockcastle to ensure the Group manages the weighted average costs of debt ("**WACD**"). Despite the increase in the 3-month USD Libor rates in the period ending 30 June 2018, the Group managed to reduce its WACD to 5.75% (2017: 5.78%). This was achieved by entering into Euro based loans and by reducing high cost debt with low cost short-term debt facilities while the Group was raising equity capital.

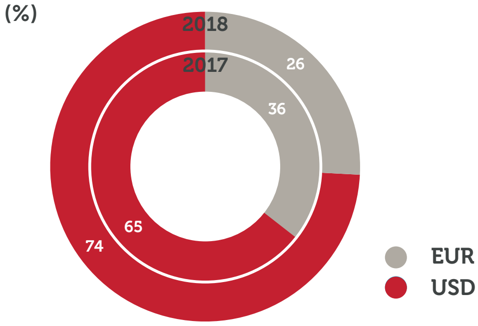
WEIGHTED AVERAGE COST OF DEBT



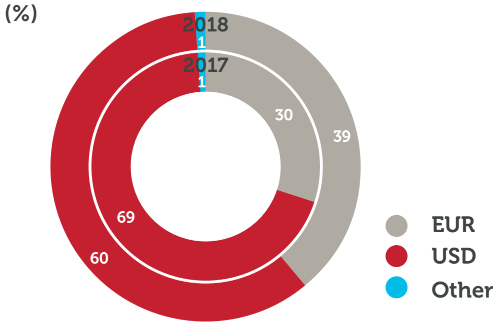
Euro based exposures are entered into to match the currency of the underlying assets with the funding source. As at 30 June 2018, the USD and EUR exposures amounted to 59.8% (2017: 68%) and 39.2% (31%), respectively.

Debt continues to be matched to the underlying cashflows of the assets. The increase in the Euro based assets has resulted in an increase in the portion of debt transactions concluded in Euro's. The increase in USD denominated investments assets are predominantly driven by the USD NAV growth and the capital structuring of the Zambian properties.

INVESTMENT CURRENCY EXPOSURE



DEBT CURRENCY EXPOSURE



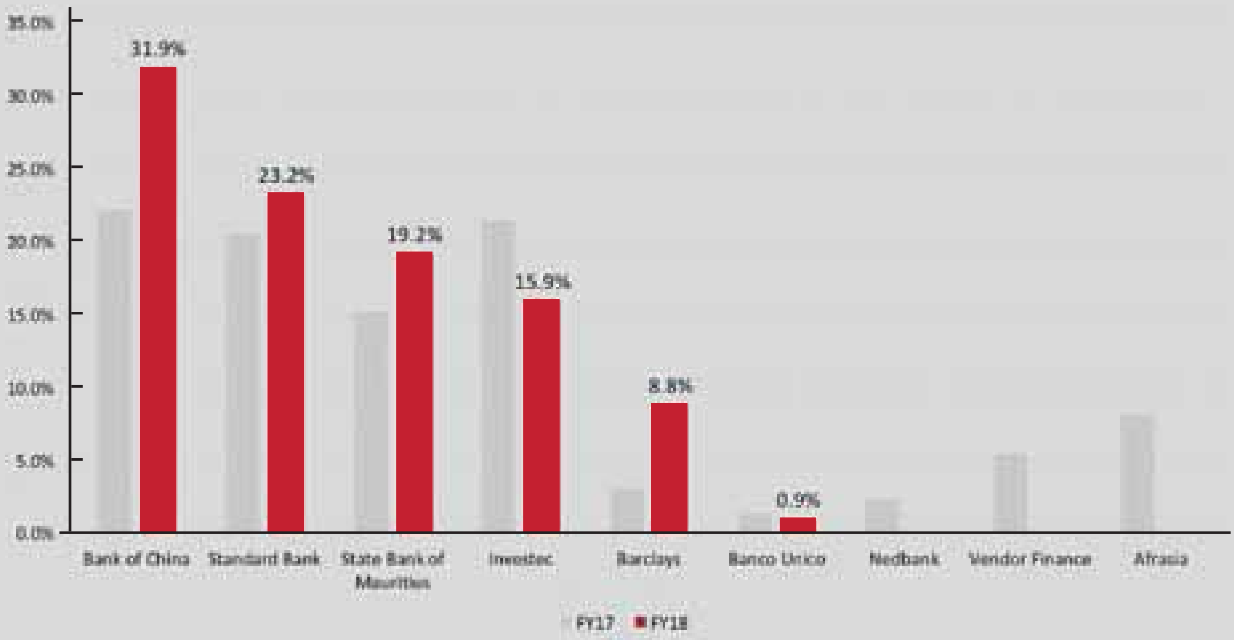
Chief Financial Officer's statement continued

The Group raised an additional US$93.1 million of debt in 2018 to fund acquisitions. 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 Bank of China, Standard Bank and SBM (Mauritius) Ltd. During the year, the Group secured a new banking partner, Barclays Bank, who have provided a revolving credit facility for the LSE listing as well as being the primary funding of the Ghanaian portfolio.

A breakdown of the new debt is as follows:

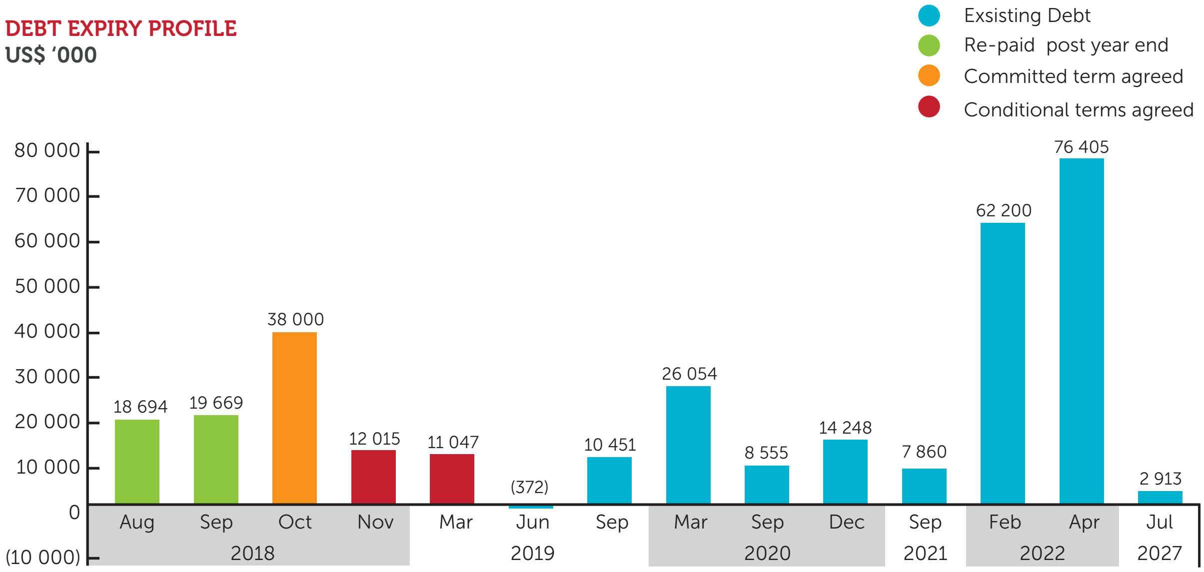
Financier	Rate	Currency	Term	Related property	Debt raised US$m
Standard Bank Mauritius	Three-month LIBOR + 5.5%	USD	15 months	Vale Housing Compound	11.6
Standard Bank South Africa	Three-month LIBOR + 5.5%	USD	One year	Commodity House Phase II	12.0
State Bank Mauritius	Three-month Euribor + 4.25%	EUR	27 months	Beachcomber	3.7
Bank of China	Six-month LIBOR + 4%	USD	Five years	Cosmopolitan Mall	37.5
Bank of China	Six-month LIBOR + 4%	USD	Five years	Imperial Distribution Centre	8.6
State Bank Mauritius	Three-month LIBOR + 3.5%	USD	One year	Revolving credit facility	19.7
					93.1

The total debt by financier is now as follows:



Note: Above figures include loans with associated companies

The debt expiry profile is as follows:



As at the balance sheet date, the weighted average maturity of our debt was 2.3 years (2017: 3.3 years). The revolving credit facilities with SMB (Mauritius) Ltd and Barclays Bank Mauritius were settled with the proceeds from the capital raise. The Group also agreed terms for the refinancing of US$38 million of debt and has agreed conditional terms on a further US$23 million of debt maturing in the year ended 30 June 2019.

The Group's loan to value ("**LTV**") increased to 51.4% in 2018 (2017: 42.8%). This was driven by the utilisation of the short-term funding facilities to progress acquisitions completed prior to successful fundraising in July 2018. Gearing is expected to normalize in the 2019 financial year to approximately 40% after the acquisition of Acacia Estate, 5th Avenue and CADS II and the settlement of the short-term debt facilities following the capital raise.

Appreciation

Grit's continued expansion provides exposure to a number of different property dynamics, tax and accounting policies and practices. The dynamic and complex environment in which the Company operates can only be managed through the continued dedication of our highly qualified and talented staff as well the support of the Board and executives. We look forward to continuing the delivery on our commitment to produce strong growth in results for the benefit of our stakeholders.

Leon van de Moortele

Chief Financial Officer

Our business model

Our principal business model is to acquire, manage and invest in properties; directly or indirectly, which provide compelling hard currency investment returns. The Group also targets blue-chip multinational tenants with strong long-term leases. Grit diversifies across sectors and targets investment grade African countries enabling repatriation of funds. Assets are optimised via hands-on, strategic and strict asset and property management of the properties.

Value in

Inputs

Sources of capital

Financial Capital

- CFO Statement Pg 27-34

Manufactured Capital
(Deployment of financial capital)

- Property Portfolio Pg 53-76

Social and Natural Capital

- Tenant relationships Pg 39
- Stakeholder confidence
- Corporate social responsibility Pg 121-122

Human Capital

- Our people
- Skills and career development
- Strong leadership team Pg 77-84

Intellectual Capital

- Strong brand image
- Culture shaping

Strategy

Pg 38

Key risks

Pg 41-45

Key Jurisdictions

Pg 7-8

Stakeholders Engagement

Pg 47-48

Value out

Outputs

Grit Highligths

Pg 5-6

London called...

We Answered

- Listed on the Main Market of the LSE in July 2018
- First & only Pan-African Real Estate stock listed on the LSE
- Intention to convert to a Premium Listing on the Main Market of the LSE
- Shares fully-fungible across all 3 exchanges (LSE, JSE & SEM)
- Successful capital raise of US$132.2 million
- First & only Mauritian-domiciled company listed on the main market LSE
- Enabled access into indices – S&P Africa Frontier, FTSE Frontier, MSCI Frontier

Strategy

talented people

- Internal, strong & experienced executive management
- Passion & commitment
- Continuous staff development

consistent performance

- Attractive & sustainable hard currency income stream
- 8 consecutive dividend payments
- Proven ability to raise capital

grit
Real estate income group

quality portfolio

- Geographic & sector diversification
- Low vacancy & long-term leases
- 45% in investment grade African countries
- Successful repatriation of funds
- In-country asset & property management

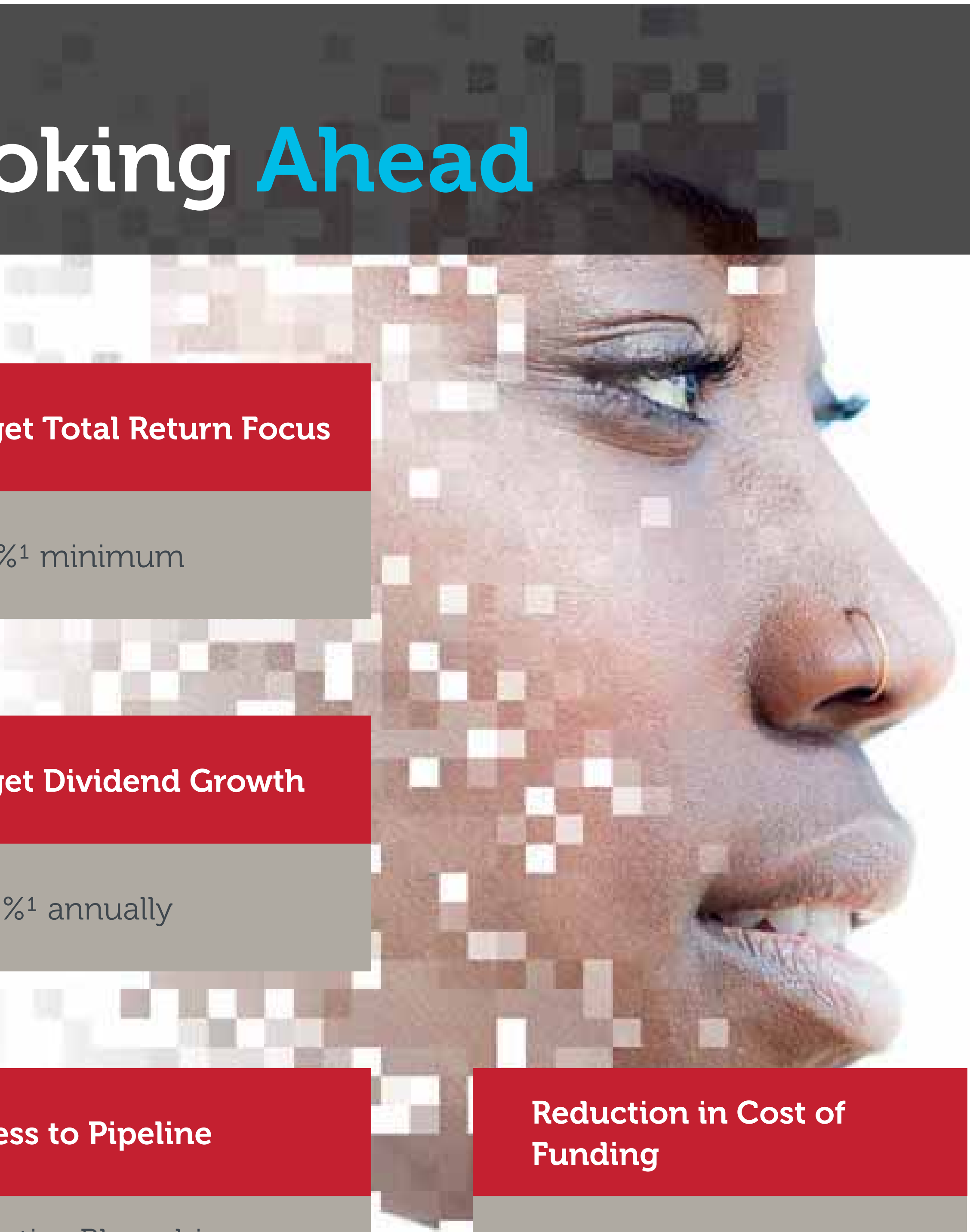
relationships

- Multi-bank strategy
- Supportive anchor shareholders
- Ability to access pipeline
- Blue-chip multinational tenants
- Joint ventures

Key Tenants

Rank	Key Tenant	Industry	GLA (% of Group Total)	Income (% of Group Total)	Tenant Grading	Lease Covenant	Lease Currency
1	Beachcomber Resorts & Hotels	Hospitality	29%	9%	Other Global	Triple Net	EUR
2	vodacom	Telecommunications	4%	8%	Forbes 2000	Double Net	USD
3	LUX* Resorts & Hotels	Hospitality	7%	8%	Other Global	Triple Net	EUR
4	VALE	Mining	5%	6%	Forbes 2000	Gross	USD
5	Global Petroleum	Oil & Gas Exploration	1%	4%	Forbes 2000	Gross	USD
6	Edcon	Retail	3%	4%	Pan African	Gross	USD/ ZMW
7	game	Retail	3%	3%	Forbes 2000	Gross	USD
8	SHOPRITE	Retail	4%	3%	Forbes 2000	Gross	USD
9	IMPERIAL	Logistics	4%	3%	Pan African	Triple Net	USD
10	BARCLAYS	Financial Services	3%	3%	Forbes 2000	Traditional	USD/MUR
TOTAL			64%	51%			

Looking **Ahead**



Target Total Return Focus

12.0%[1] minimum

Target Dividend Growth

3 - 5%[1] annually

Access to Pipeline

Accretive Blue-chip tenancies

Reduction in Cost of Funding

Debt restructuring

Existing Geographies

Leveraging off current footprint for growth

Liquidity & Indices Focus

Boosting liquidity and accessing indices

1. These are targets only and are not guaranteed. These targets are based on a number of bases and assumptions which may or may not materialize.

Strategic

Key risks

Principle risks and uncertainties

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

During the year, to continuously improve the risk management process, as mentioned in the Audit Committee Report, Grant Thornton was engaged to assess design effectiveness of risk mitigating controls.

Key risks are disclosed below:

Risk	Consequence and impact	Risk mitigation
COMPLIANCE		
Regulatory risk – JSE, LSE and SEM compliance	Regulatory risk is associated with compliance and reputation risks. As Grit is multi listed on JSE, LSE and SEM markets, various rules and regulations need to be adhered to. Failure to comply with the rules and regulations may lead to fines, public censures, deregistration from the stock market and ultimately affect the reputation of the Group.	• Strong relationships with all corporate sponsors and Company Secretary. • Completion of annual compliance checklist internally subject to approval by authorised sponsors. • Appointment of consultants for specialised assignments..
Regulatory risk – multi-jurisdictional legal compliance	As the Group has established its presence in several parts of the world, unintentional non-compliance with new laws may result in fines or public censures. At entity level, contractual terms drafted with the Group may be in contradiction to country specific laws thereby resulting in inability to enforce contractual terms.	• Detailed country due diligence process conducted considers aspect like multi-jurisdictional legal compliance. • Engagement of local offices of international legal firms within the operational jurisdictions. • Appointment of suitably qualified local in-country managers with oversight from senior management dedicated to specific countries.
Non-compliance with debt covenants	Debts covenants are risk monitoring indicators for investors and lenders. Non-compliance with debt covenants may lead to increased finance costs by financiers and inability to raise additional funding for future projects and the debt being called in.	• Ratios (both actual and forecast) and debt covenants monitored by Management on a monthly basis and by the Board on a quarterly basis.

Risk	Consequence and impact	Risk mitigation
STRATEGIC		
Repatriation risk	Repatriation risk relates to exchange control regulations in operating jurisdictions which might act as barriers to the flow of funds back to ultimate holding Company, Grit, in terms of foreign supplier payments, interests and dividends. Consequently, this can lead to economic losses for the Group. Moreover, project financing may also be delayed due to approval processes with regulators in relation to foreign equity to debt investments.	• Establishment of appropriate Group accounting policies and procedures to avoid any economic losses. • Establishment of appropriate Group structure to avoid complex regulatory conditions. • Appointment of legal and advisory teams to ensure policies, procedures and structures are compliant with local laws. • Retention and recruitment of competent in-house finance team to analyse and recommend appropriate solutions to avoid repatriation risks. • Approval from the Executive Team and the Board prior to investment resolution.
Reputational risk	A negative image may lead to volatility in share price and affect shareholder's confidence in the Group.	• Oversight by the Board and independent directors. • Strong investors and stakeholders' relations. • Transparent culture and reporting. • Regular communication with stakeholders.
Foreign Exchange risk	The Group's reporting and functional currency is USD. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and Moroccan Dirham (which itself is partially pegged to the Euro together with the US Dollar) and to a lesser extent the Mauritian Rupee, Mozambican Metical, Zambian Kwacha, Botswanan Pula, Ghanaian Cedi and Kenyan Shilling. Any severe impact on exchange rate conversion may have a negative effect on the Group's earnings, share price, ability to raise capital and repayment of debts. Foreign exchange movements can also impact negatively on property revaluations and affect the Group's balance sheet.	• Investments are concentrated to strong based economies that have stable exchange rates vis-à-vis USD. • Conversion of all other currencies cash balances to USD on receipt or when foreign exchange rates are appropriate. • Matching the debt currency of the investment to the underlying functional currency where investment is placed.
Country risk	New government policies and regulations proclaimed might be to the detriment of the Group, such as, restrictions over flow of dividends, capital repatriation, exaggerated direct and indirect taxes and land ownership restrictions.	• Extensive due diligence on country's risk performed by internal and external specialised personnel.
	Social and political unrest in a particular country may affect the market confidence which may lead international tenants to exit from that country or cease their trading activities. Consequently, this may impact on the revenue of Grit as the risk may lead to high tenant default risks when local tenants are affected.	• Establishment of investment limit by country.
	Economic, social and political instability in a country might affect the expected return on investment.	• Independent bi-annual country risk report obtained, and alert system established. • Insurance cover for political and social risks.

Strategic

Key Risks continued

Risk	Consequence and impact	Risk mitigation
FINANCIAL		
Destruction of investment property	Damage to investment property due to external factors not within the control of Group, for example, earthquake, flood, terrorist attack and riot may lead to material damages of investment properties and hence, financial loss to the Group.	• Establishment of Group insurance policy and business continuity plan procedures. • Adequate insurance cover taken for all properties.. • Approval by the Board in relation to adequacy of insurance cover (covering replacement cost and loss of income)..
Liquidity and refinance risk	Liquidity risk is the risk that the Group is not able to meet its financial commitment as and when they fall due. Consequently, the Group might be exposed to inabilities to refinance debt on expiry and inabilities to raise debt to fund new projects.	• Debt financing is limited to 50% of the total investment. • Forward cash-flow management is established for regular monitoring of the Group's liquidity. • Monitoring debt markets in all operational jurisdictions to obtain best borrowing option. • Debt tendering. • Board and Investment Committee regularly monitor the liquidity of the Group. • Early engagement with financiers before termination date.
Skills shortage for finance staff in certain jurisdictions	It is the Group's requirement to publish its results regularly and obtain financial information for monitoring and decision making process by the Board. Certain jurisdictions where the Group is present, have a shortage of skilled staff in the finance department. Due to this shortage, there may be delays from those jurisdictions to report accurate financial information in a timely manner. Consequently, there is a risk of non-compliance with statutory and internal requirements.	• Thorough review by the Executive Team on management reporting.
Credit risk	Credit risk involves default from tenants in respect of obligations under a lease contract and failure to recover amounts due on time. In extreme circumstances, after all possible efforts have been taken to recover debts, the Group may need to proceed with write off of material amounts.	• Approval by Executive Team to continue with a doubtful tenant. • Vigilant credit control and debt collection process by Property Managers. • Continuous monitoring of trading densities within the retail environment to identify and address potential risks before default. • Deposits and security to be provided by the tenants (including sureties where applicable).
Interest rate risk	Excessive volatility in interest rates may adversely affect the profitability of the Group and return on investments.	• Use of interest rate swap by the Group when appropriate. • Ability to access debt from multiple jurisdictions and currencies. • Limited duration of loan terms.

Risk	Consequence and impact	Risk mitigation
OPERATIONAL		
Underperformance of property managers	Where Property Management Companies (the "Property Managers") fail to perform their duties in accordance with objectives set by the Group, the consequence may affect the financial performance of the Group at large. It may lead to reputational risk, cash flow risk, increased vacancy in buildings, inadequate return on investment and deterioration of buildings due to poor maintenance.	• Performance driven contracts with Property Managers. • Review of exceptional debtors report by Asset Managers. • Recruitment of efficient and competent Property Managers. • Regular meetings between Asset Managers and Property Managers. • Regular and independent property inspections of buildings.
Language barriers	Language barriers can create misinterpretation of instructions that might result in delays to projects and non-delivery of services. It may also cause delays in producing management reports.	• All local employees required to have a working knowledge of English. • As and when required, there is provision of additional English training.
Contracts required to be recorded in the official language of the specific country	Distinct contract laws exist in different countries. Therefore, a standard agreement may not be applicable for all jurisdictions. Hence, there is a risk of inability to correctly interpret detailed contractual terms and conditions, where a standardised agreement cannot be adopted.	• Use of suitably qualified sworn translations for all legal documentation. • Engagement of local legal counsel who are fluent in both English and the local official language of the respective jurisdiction. • Incorporating clause governing preference, that is, English contract shall prevail over contract drafted in local official language.
Arrears and bad debts	Failure to recover amounts on time leading to compromised performance resulting in financial loss.	• Vigilant credit control process and management reporting by property managers.
	Breakdown in relationships with key tenants.	• Continued engagement with tenants by asset managers
	Write-off of material bad debts.	• Robust debt collection process. • 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).
Information technology (IT) failures	Information technology ("IT") has become a crucial element in the good running of the business and failures in IT infrastructure may lead to impaired operational ability and delayed and inaccurate financial reporting due to loss of data.	• Daily backups to an offsite storage facility. • Multiple iterations of backup data. • IT services outsourced to suitably qualified service providers.

Strategic

Key Risks continued

Risk	Consequence and impact	Risk mitigation
OPERATIONAL continued		
Vacancy risk	Vacancy risk arises when properties remain vacant for prolonged periods or properties are not fully rented. It consequently erodes the rental income and affects profitability and return on investment. It may further fire back to repayment of Group's debt capital invested in the properties and affect the liquidity of the Group.	• Tracking of vacant properties by Property and Asset Managers. • Early engagement with tenants approaching lease expiry dates. • Strong focus on tenant relationships to ensure retention.
Physical deterioration of properties	Physical deterioration of properties may not attract tenants. Consequently, this may increase vacancy risk and operational costs. High operational costs may in turn lead to a decline in profitability.	• Regular site visits performed by Asset Managers in addition to the monthly inspections conducted by the Property Managers. • Proactive and reactive annual repairs and maintenance programmes.. • Tenants' complaints monitored by Property and Asset Managers. • Board oversees state of properties and approve maintenance programmes. • Setting up of three year rolling capital replacement budget. • Ad hoc external assessment of reports by consultants • Health and safety inspection of properties. • Regular meetings with tenants and Property Managers for early detection of potential issues..
Unplanned departure of key personnel	Sudden departures of key staff may disrupt the operations and possible reputational damage of the Group.	• Succession plan designed and implemented which addresses risks related to all key personnel.
Default by a major tenant	Major tenants are tenants, who are, either, a single tenant occupying a property, or a tenant for whom a property was specifically designed and built and/or a tenancy whose rental contribution is a large percentage of the monthly rental collection and/or whose presence is significant for a property's sustainability or demand or success. Default by such a major client might significantly impact the profitability of the Group and affect the loan repayment capacity of the Group.	• Regular interaction with tenants and monitoring of their financial position. • Credit risk assessment for all new tenants, particularly major tenants. • Early cancellation or reduction of space occupied by the major tenants.

The directors recognise the need to conduct the enterprise with inteGrity and in accordance with generally acceptable corporate practices. This includes timely, relevant and meaningful reporting to shareholders and other stakeholders, providing a proper and objective perspective of the Company and its activities.

The directors have, accordingly, established mechanisms and policies appropriate to the Company's business in keeping with its commitment to comply with best practices in corporate governance. The Board will review these from time to time. The directors recognise that creating wealth and delivering value to all stakeholders are prerequisites for sustainability of the business as a going concern.

Grit is committed to reporting openly on the key issues affecting the Group's operations, its corporate governance practices and any other information which may have a material effect on the decisions of stakeholders. The directors are cognisant that stakeholder perception may have an impact on the reputation of the Company and, as such, the Board, as the ultimate custodian of corporate reputation and stakeholder relationships, considers a blend of shareholder and stakeholder interests in the context of its overarching duty to act in the best interests of the Company. Management engages with analysts and shareholders on a regular basis to ascertain expectations and perceptions of the Company.

Strategic

Stakeholder engagement

Shareholders and investment analysts

- Annual General Meetings
- Annual and interim reports
- Results presentations
- Continuous one-on-one meetings with investors and analysts
- Investor roadshows
- Media announcements
- SEM, JSE and LSE announcements via SENS, SEM website and RNS
- Website updates
- Compliant and transparent reporting
- Integrated Report

Governments and regulators

- Regular contact with the SEM, JSE and LSE
- Interaction with the Mauritian Financial Services Commission
- Meetings with country Central Banks
- Detailed review of policies

Tenants

- Regular site visits
- Formal communication via email and letters
- Strategic discussions at management level
- Independent market research
- Early renewals

Beachcomber Le Canonnier

Employees

- Performance and development reviews
- Direct and regular communication
- Open door policy by executive management
- Formalised HR department

Suppliers and service providers

- Supplier performance is monitored regularly
- Tenders are awarded based on price and quality
- Formal communication

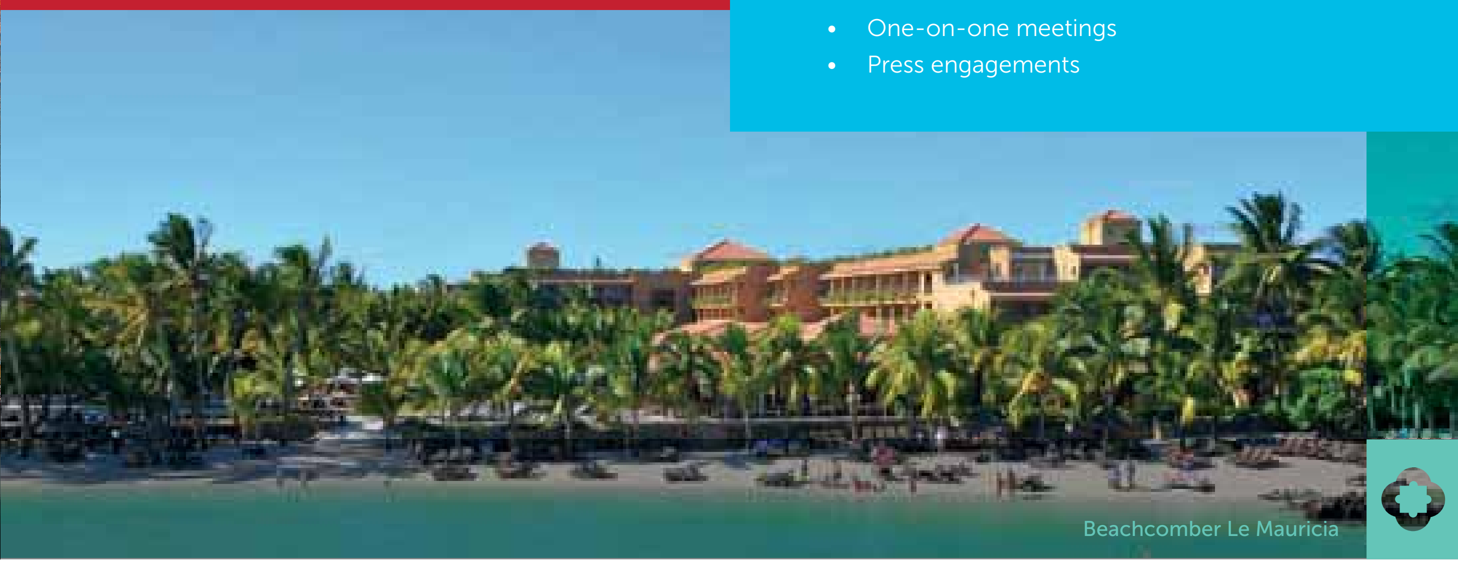
Beachcomber Le Victoria

Financiers

- Multi-bank approach
- Cash flow and solvency forecasts
- Report to financial stakeholders
- Monitoring of key financial ratios and covenants
- Site visits
- Ongoing negotiations with bankers and financiers to secure better rates and conditions
- Consideration of alternative sources of capital by the Board and corporate advisers
- Debt markets
- Financier roadshows

Media

- Web broadcasts
- Press releases
- Television interviews
- One-on-one meetings
- Press engagements



Beachcomber Le Mauricia

Strategic

Timeline

Key events

JULY 2014
Completion of inward listing on the JSE Limited's ALT-X board

MARCH 2015
Debut on Mauritius Stock Exchange (SEM) and migration from BSX. Maiden distribution of US$6.64cps

APRIL 2015
Introduction of the Public Investment Corporation as Anchor Shareholder in US$42.0m capital raise

JUNE 2015
Maiden issue of shares on the SEM

AUGUST 2015
Paid distribution of US$4.65cps, taking FY2015 distribution to a total of US$11.29cps

NOVEMBER 2015
Delta Africa and Pivotal announces business agreement to become Mara Delta

MARCH 2016
Paid distribution of US$6.17cps for six month period ended 31 December 2015

MAY 2016
Delta Africa officially becomes Mara Delta – the largest pan African income fund listed on the JSE and SEM

OCTOBER 2016
Paid distribution of US$5.58cps, taking FY2016 distribution to a total of US$11.75 cps

2014 2015 2016

Market Activity Shareholder Paid Distribution

Anfa Place

JUNE 2017
Distribution – clean out dividend for period 1 Jan 17 to 30 Apr 17 of US$4.57cps prior to rights offer

JULY 2017
Shareholders approved Grit's rebrand and name change, reflecting the Group's current reality and future growth ambitions

OCTOBER 2017
Inclusion into the SEM-10 Index

JULY 2018
Grit successfully raised US$132m in London Listing Capital Raise

JULY 2018
Introduction of UK Investors into share register

2017 | **2018**

MARCH 2017
Paid distribution of US$6.12cps

JUNE 2017
Raised US$121 million by way of a rights offer at an issue price of US$1.40 per share, significantly increasing market cap and asset value to c.US$600 million

OCTOBER 2017
Paid distribution of US$1.38cps

NOVEMBER 2017
Introduction of NPF as a strategic shareholder

MARCH 2018
Paid distribution of US$6.07cps for the six months ended 31 December 2017

JULY 2018
Grit becomes the first Pan-African Real Estate Income Group & first Mauritius-domiciled company to list on the Main Market of the London Stock Exchange

Corporate Activity

Raised Capital

Strategic

Timeline

Acquisition of assets

2014

Mozambique
Morocco

JULY 2014
Acquired Commodity House Phase 1 as its 1st asset for US$32.5m (Mozambique)
Acquisition of Anfa Place Shopping Center for US$114.68m (Morocco)

2015

Mozambique

APRIL 2015
Acquisition of Hollard/KPMG building for US$14.9m

Mozambique

MAY 2015
Acquired the Vodacom Building for US$49m

Mozambique

AUGUST 2015
Acquisition of Zimpeto Square for US$10.2m

Zambia

DECEMBER 2015
Acquired 50% stake in Kafubu Mall and Mukuba Mall for US$40.6m

2016

Mauritius

FEBRUARY 2016
Acquisition of Barclays House for US$13.6m

Kenya
Mozambique

APRIL 2016
Acquisition of a 50% stake in Buffalo Mall (Kenya) & Bollore Warehouse (Mozambique) for US$14.8m (combined)

Mauritius

DECEMBER 2016
Leaseback acquisition of a 44.4% stake in Beachcomber Hospitality Investments (BHI), owner of 3 luxury resorts in Mauritius for US$83.4m

Retail Assets
Commercial Offices
Hospitality

Imperial Warehouse

2017

Mauritius / Mozambique
MARCH 2017
Leaseback acquisition of Tamassa Resort (Mauritius) from Lux Resorts for US$40m & acquisition of Mall de Tete (Mozambique) for US$24.2m

Zambia
JUNE 2017
Acquisition of a 50% stake in Cosmopolitan Mall for US$37.2m

Botswana / Kenya
AUGUST 2017
Acquisition of Imperial Distribution Center for US$18m (Kenya)
Acquisition of a 6.25% stake in Letlole La Rona (Botswana)

Mozambique
NOVEMBER 2017
Completion of Commodity House Phase II at a value of US$17.3M

2018

Mozambique
JANUARY 2018
Acquisition of VDE Housing Estate for US$33.3m

Ghana
MAY 2018
Acquired 47.5% of Capital Place for US$ 8.5m

Mozambique
AUGUST 2018
Acquisition of 80.1% stake in Acacia Estate for US$23.4m

Ghana
AUGUST 2018
Acquisition of 50% interest in CADS II Building for US$10.7 m

Ghana
SEPTEMBER 2018
Acquisition of 5th Avenue Building for US$14.4m

Corporate Accommodation

Light Industrial

Mauritius

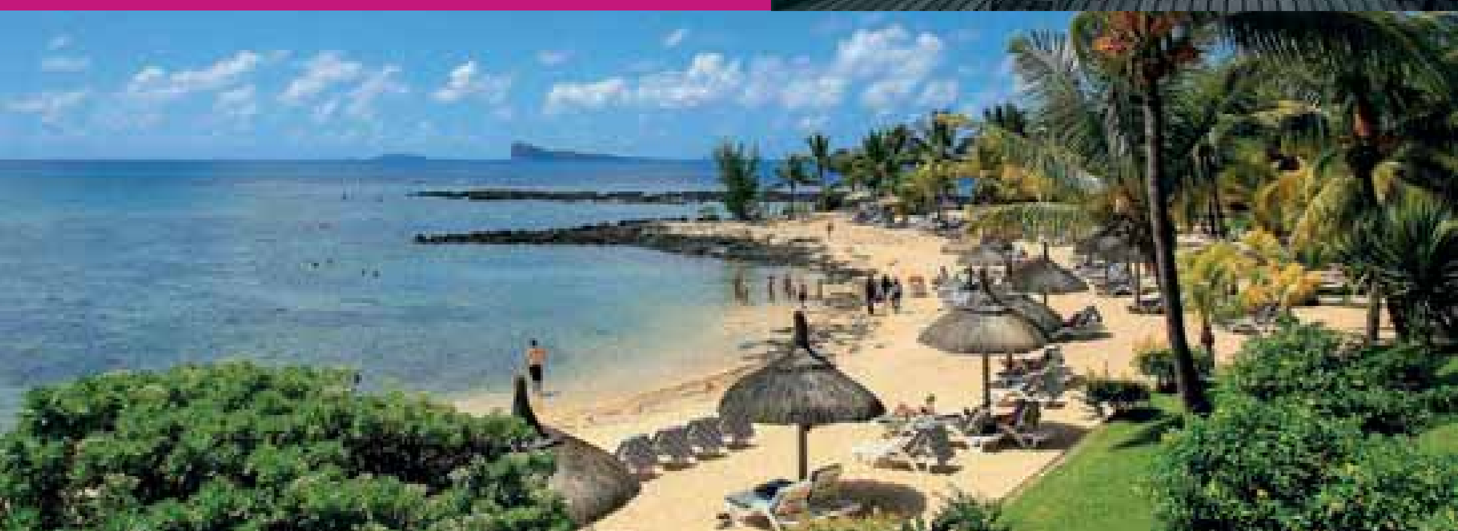
Canonnier Resort & Spa

(44.4% ownership)

Location: Pointe aux Canonniers, Mauritius

Sector:	Hospitality
Anchor tenant:	Beachcomber
GLA and no. of rooms:	25 248m^2 and 284 rooms
Valuation[1]:	US$30.2m
Occupancy:	100%

[1]Value proportionate to 44.4% interest held, management has ascribed indicidual value based on consolidated value provided by Broll Indian Ocean .



Mauritius

Barclays House

Location: Ebene, Mauritius

Sector:	Office
Anchor tenant:	Barclays Bank
GLA:	8 269m²
Valuation:	US$15.4m
Occupancy:	95%

Tamassa Resort

Location: Bel Ombre, Mauritius

Sector:	Hospitality
Anchor tenant:	Lux Island Resorts
GLA and no. of rooms:	21 567m^2 and 214 rooms
Valuation:	US$48.9m
Occupancy:	100%

Mauritius

Mauricia Resort and Spa

(44.4% ownership)

Location: Grand Baie, Mauritius

Sector:	Hospitality
Anchor tenant:	Beachcomber
GLA and no. of rooms:	23 266m^2 and 238 rooms
Valuation[1]:	US$24.9m
Occupancy:	100%

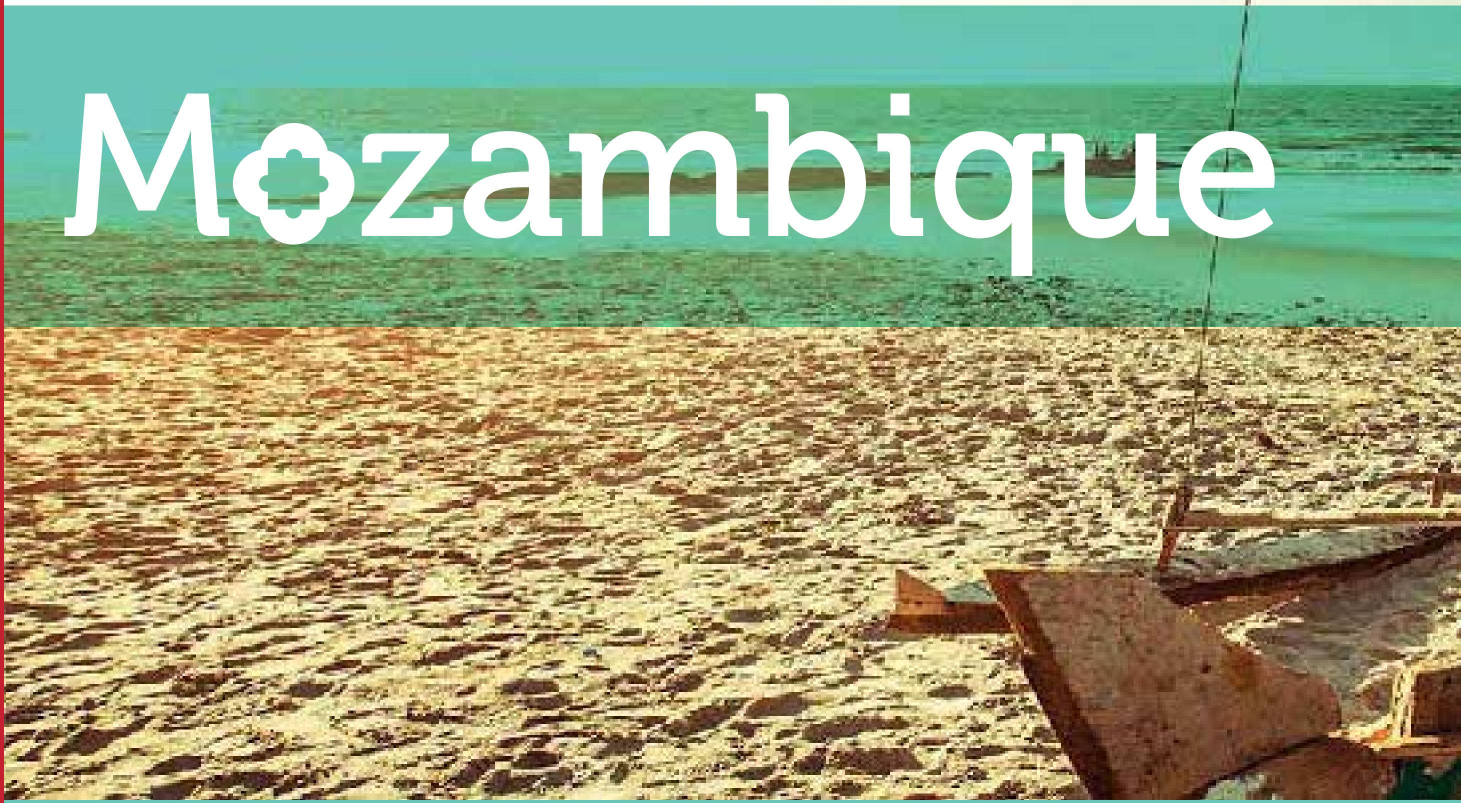
Victoria Resort and Spa

(44.4% ownership)

Location: Pointe Aux Piments, Mauritius

Sector:	Hospitality
Anchor tenant:	Beachcomber
GLA and no. of rooms:	41 696m^2 and 294 rooms
Valuation[1]:	US$36.7m
Occupancy:	100%

Mozambique



Commodity House Phase 1

Location: Maputo, Mozambique

Sector:	Office
Anchor tenant:	Global Petroleum
GLA:	7 478m^2
Valuation:	US$43.2m
Occupancy:	100%

Commodity House Phase 2

Location: Maputo, Mozambique

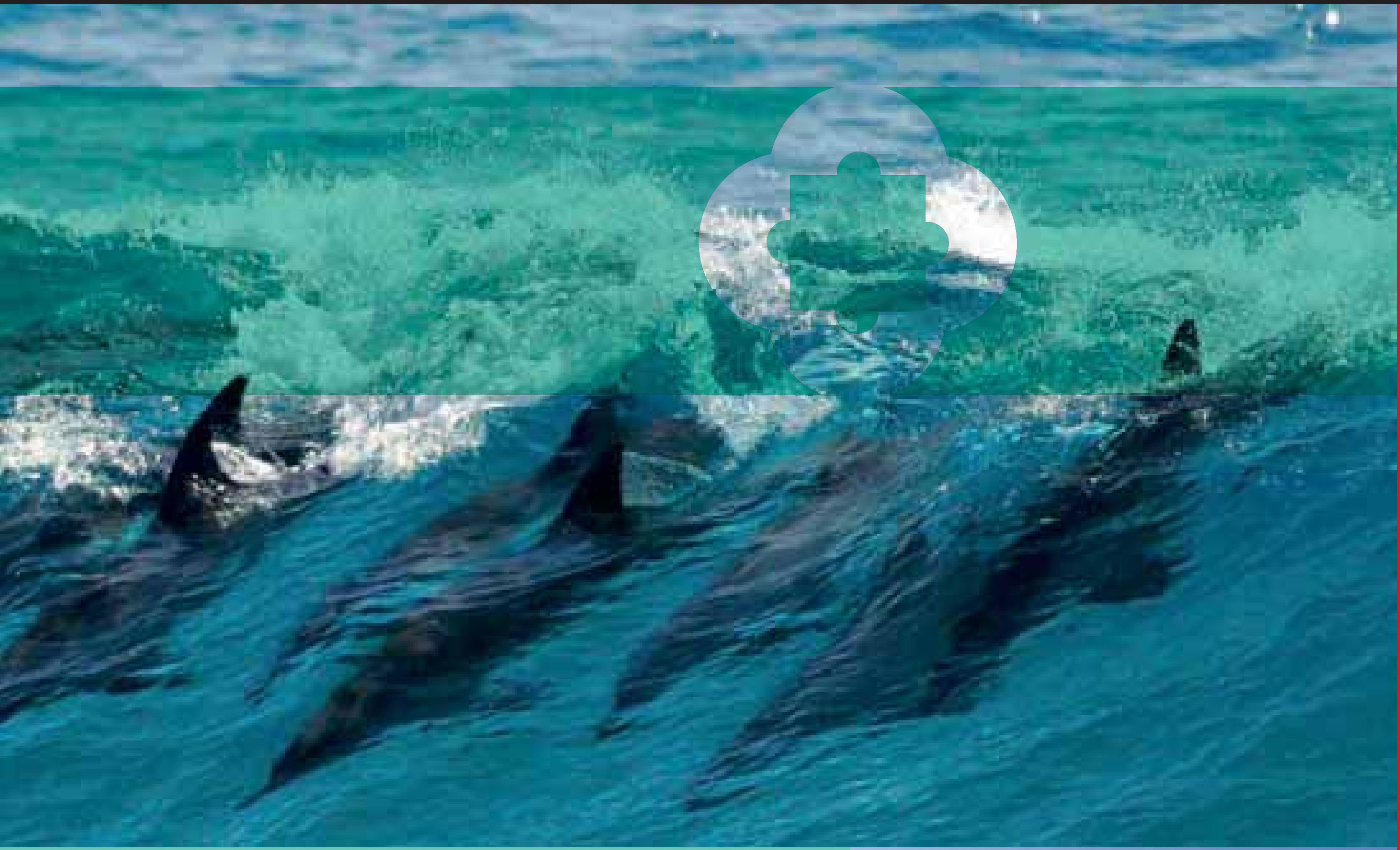
Sector:	Office
Anchor tenant:	18-month Income Guarantee
GLA:	3 217m^2
Valuation:	US$17.3m
Occupancy:	100% (Income guarantee from Developer)

Mozambique

Hollard Building

Location: Maputo, Mozambique

Sector:	Office
Anchor tenants:	KPMG, BP and Hollard
GLA:	5 052m²
Valuation:	US$19.6m
Occupancy:	100%



Vodacom Building

Location: Maputo, Mozambique

Sector:	Office
Anchor tenant:	Vodacom
GLA:	10 659m^2
Valuation:	US$45.9m
Occupancy:	100%

Mozambique

Zimpeto Square

Location: Maputo, Mozambique

Sector:	Retail
Anchor tenant:	Central Supermarket
GLA:	4 771m^2
Valuation:	US$9.2m
Occupancy:	70%

Mall de Tete

Location: Tete, Mozambique

Sector:	Retail
Anchor tenants:	Central Supermarket
GLA:	11 581m^2
Valuation:	US$25.6m
Occupancy:	100% (Net income guarantee from Developer)

Mozambique

VDE Housing Estate

Location: Tete, Mozambique

Sector:	Corporate accommodation
Anchor tenants:	VALE and Barloworld
GLA:	17 071m²
Valuation:	US$37.3m
Occupancy:	100% (Income guarantee from Developer)

Acacia Estate

acquired after year-end

(80.1% ownership)

Location: Maputo, Mozambique

Sector:	Corporate accommodation
Anchor tenant:	1st World State Department
GLA:	18 400m² (100%)
Valuation:	US$60.9m* (100%)
Occupancy:	100%

**Majority interest of 80.1% held*

Mozambique

Bollore Warehouse

(50% ownership)

Location: Pemba, Mozambique and houses seven warehouses

Sector:	Light industrial
Anchor tenants:	Bollore Africa Logistics and Plexus Cotton
GLA:	5 856m^2
Valuation:	US$6.5m
Occupancy:	100%

Morocco

Anfa Place

Location: Casablanca, Morocco

Sector:	Retail
Anchor tenants:	Carrefour, H & M, M & S, LC Waikiki and Virgin Megastore
GLA:	31 933m^2
Valuation:	US$92.8m
Occupancy:	82%

Kenya

Buffalo Mall

(50% ownership)

Location: Naivasha, Kenya

Sector:	Retail
Anchor tenant:	Tusky's
GLA:	6 121m^2
Valuation:	*US$5.2m (50% share)
Occupancy:	100%

**Valuation per Broll SSA, but includes Director's ajustments and excludes land for Phase 2.*

Imperial Warehouse

(Warehouse and land)

Location: Nairobi, Kenya

Sector:	Light Industrial
Anchor tenant:	Imperial Health Sciences
GLA:	13 560m^2
Valuation:	US$18.8m
Occupancy:	100%

Zambia

Mukuba Mall

(50% ownership)

Location: Kitwe, Zambia

Sector:	Retail
Anchor tenants:	Shoprite, Game and Pick n Pay
GLA:	28 236m^2
Valuation:	US$38.5m (50% share)
Occupancy:	97%

Kafubu Mall

(50% ownership)

Location: Ndola, Zambia

Sector:	Retail
Anchor tenant:	Shoprite
GLA:	11 923m^2
Valuation:	US$13m (50% share)
Occupancy:	99%

Zambia

Cosmopolitan Mall

(50% share)

Location: Lusaka, Zambia

Sector:	Retail
Anchor tenants:	Game and Shoprite
GLA:	25 675m²
Valuation:	US$40.5m (50% share)
Occupancy:	98%

Ghana

5th Avenue Corporate Offices

acquired after year-end

Location: Accra, Ghana

Sector:	Offices
Anchor tenant:	IT PPP
GLA:	5 070m^2
Valuation:	US$21.1m
Occupancy:	100%

Ghana

Capital Place

(47.5% ownership)

Location: Accra, Ghana

Sector:	Offices
Anchor tenant:	Hollard
GLA:	4 944m^2
Valuation:	US$12.2m (47.5% share)
Occupancy:	95%

CADS II Building

acquired after year-end

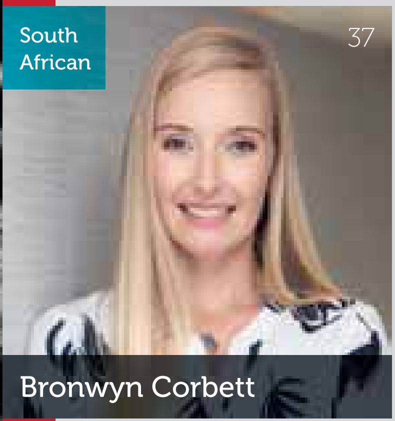
(50% ownership)

Location: Accra, Ghana

Sector:	Offices
GLA:	7 262m² (100%)
Valuation:	US$18.1m
Occupancy:	100%

Governance

Board of directors



Bronwyn Corbett

EXECUTIVE DIRECTOR

Appointed to the board: 12 May 2014 • Listed directorships: 1 (Grit Real Estate Income Group) • Committee: Investment

Bronwyn Corbett (37), South African – Executive Director and Chief Executive Officer

Bronwyn is a founding member and Chief Executive Officer (CEO) of Grit. Bronwyn has over 13 years' experience in the real estate investment sector. She was Financial Director of a real estate investment firm for four years before joining Motseng Investment Holdings in April 2009 as CFO. Together with the CEO, she was instrumental in growing the Company's direct real estate exposure to R2 billion in three years, before listing the portfolio on the JSE as Delta Property Fund – where she held the positions of CFO and CIO. Bronwyn was part of the executive team that grew Delta Property Fund to a portfolio valued at R12 billion in four years and converted the structure to a REIT. During her tenure at Delta Property Fund, Bronwyn spearheaded the diversification of the REIT's funding sources into the debt capital markets, leading to the establishment of a R2 billion Domestic Medium-Term Note Programme. In 2014, she co-founded Grit where she was appointed CEO.

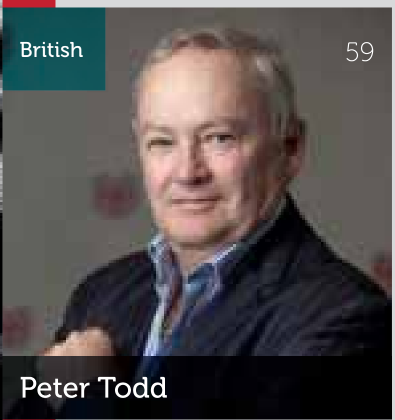
Leon van de Moortele

EXECUTIVE DIRECTOR

Appointed to the board: 30 June 2015 • Listed directorships: 1 (Grit Real Estate Income Group)

Leon van de Moortele (43), South African – Executive Director and Chief Finance Officer

Leon joined Grit in April 2015, as Chief Finance Officer (CFO), where he has utilised his tax structuring knowledge and experience in operating in Africa to expand the asset base of the Group. 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. 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 Cote d'Ivoire).



Peter Todd

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the board: 14 August 2014 • Appointed as Chairman: 12 April 2018 • Listed directorships: 2 (Grit Real Estate Income Group and Astoria Investments Ltd • Committees: Investment (Chairman), Nomination (Chairman), Remuneration and Social & Ethics

Peter Todd (59), British – Independent Non-Executive Chairman

Peter is a qualified attorney and began his career as the senior tax manager at Arthur Anderson 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. The practice was focused on the property and finance industry.

In 2000, Peter established Osiris Group in the BVI and Mauritius to provide international corporate finance and administrative services to global clients.

Peter held a non-executive director position at Redefine International Limited from its initial listing for some nine years and served for several years as Audit Committee chairman. Peter has been involved with Grit since inception on the SEM and has otherwise been involved in the property industry for many years, in South Africa and also in the UK and in Africa. Peter also has extensive corporate finance experience with regards to listing of companies on various exchanges including the JSE, LSE and SEM.

Ian Macleod

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the board: 30 June 2015 • Listed directorships: 2 (Grit Real Estate Income Group and Delta Property Fund) • Committees: Remuneration (Chairman), Nomination, Investment, Risk and Audit

Ian Macleod (65), South African – Senior Independent Director

Ian holds a BCom (Honours) in Real Estate Investment, Valuation and Development and has over 43 years of experience with financial institutions, including Standard Bank of South Africa and Nedbank with a specific focus on Real Estate Credit Risk. He has extensive knowledge of the real estate sector's key role players, business sector and geographic nodes. Ian has managed portfolios in excess of R80 billion during changing economic cycles and managing problematic properties in economic downturns. It is Ian's expertise and knowledge that have seen him previously hold the position of Head of Credit for Real Estate for Standard Bank of South Africa.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the board: 29 March 2018 • Listed directorships: 2 (Grit Real Estate Income Group and Town Centre Securities plc) • Committees: Audit (Chairman), Risk, Nomination and Social & Ethics

Paul Huberman (57), British – Independent Non-Executive Director

Paul is a Chartered Accountant and Chartered Tax Adviser. He currently advises companies in the real estate and finance sectors and has over 30 years' experience. Paul is a non-executive director at Town Centre Securities plc (TCS), a premium listed company on the London Stock Exchange. TCS is a property investment and development company with property and car parking assets in excess of £385 million. Paul is also a non-executive director at Galliard Homes Limited, a major UK homebuilder with a development pipeline of approximately £3.5 billion. Paul is currently a non-executive director of Life At Limited, which trades as Life Residential, a privately-owned residential estate agency, specialising in new luxury developments and having 12 offices across London. Paul was previously a non-executive director at JCRA Group Limited, the independent advisers on interest rate risk management, debt finance and foreign exchange exposure. Paul was previously finance director at three primary listed companies on the London Stock Exchange. Asda Property Holdings plc, a property company specialising in commercial and residential investment and development; Regent Inns plc, a managed pub company; and Grantchester Holdings plc, a property company specialising in UK retail warehouses.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to the board: 24 November 2017 • Listed directorships: 5 (Grit Real Estate Income Group, Astoria Investments Ltd, Les Gas Industriels Limited, CIEL Limited and The Mauritius Union Assurance Company Limited) • Committees: Social & Ethics (Chairman), Risk (Chairman), Audit and Remuneration

Catherine McIlraith (54), Mauritian – Independent Non-Executive Director

Catherine is a Mauritian citizen and holds a Bachelor of Accountancy degree from the University of the Witwatersrand, Johannesburg and has been a member of the South African Institute of Chartered Accountants since 1992. She served her articles at Ernst & Young in Johannesburg. She then joined the investment banking industry and has held senior positions in corporate and specialised finance for Ridge Corporate Finance, BoE NatWest and BoE Merchant Bank in Johannesburg. She returned to Mauritius in 2004 to join Investec Bank where she was Head of Banking until 2010. Catherine is a Fellow Member of the Mauritius Institute of Directors ("MIoD"). She has also been a member of the Financial Reporting Council. She has served as an independent non-executive director and as a member of various Committees of a number of public and private companies in Mauritius including Afrasia Bank Limited from 2011 to 2017. Catherine also served as a Director of MIoD for five years and as its Chairperson for two years from 2014 to 2016.

NON-EXECUTIVE DIRECTOR

Appointed to the board: 24 November 2017 • Listed directorships: 1 (Grit Real Estate Income Group) Committees: Investment, Nomination and Social & Ethics

Nomzamo Radebe (41), South African – Non-Executive Director

Nomzamo is the Chief Executive Officer of Excellerate Real Estate Services, a division of Cushman and Wakefield Excellerate, one of South Africa's leading property services companies. Nomzamo is a qualified Chartered Accountant, with a successful career spanning over 20 years, 12 of those years spent in various roles in the real estate sector. She is a Certified Retail Property Executive by the International Council of Shopping Centres.

Nomzamo is a former chief investment officer of Pareto Limited, a leading company in the retail property industry in South Africa. Prior to joining Pareto, Nomzamo worked in the National Treasury's Asset and Liability Unit as a Director and in the Sasol Group treasury unit as a Treasury Operations Manager. She completed her articles with KPMG Inc.

She is a Past President of the South African Property Owners Association (SAPOA) and also a Past President of the South African Council of Shopping Centres (SACSC). She was awarded the IPM Business Leader of the year 2016 and the Five Star Woman award by the Women in Property Network in 2009.

She is the Chairman of Munich Reinsurance Company of Africa Limited and has been a non-executive director of several other companies.

NON-EXECUTIVE DIRECTOR

Appointed to the board: 7 February 2017 • Listed directorships: 3 (Grit Real Estate Income Group, Public Investment Corporation and Committees: Risk, Investment and Social & Ethics

Matshepo More (36), South African – Non-Executive Director

Matshepo is a Chartered Accountant and holds a Certificate in Theory of Accounting and a Bachelor of Business Science in Finance. Matshepo served her articles at Deloitte, specialising in financial institutions, before being seconded to New York to handle a large asset management company. She was promoted to audit manager on her return to SA. Matshepo left Deloitte to join the Public Investment Corporation in South Africa ("PIC") in 2009, where she was appointed as Finance Manager. In 2011, she was appointed CFO of the PIC, where she is responsible for the Corporation's finances, ensuring that the PIC complies with the Public Finance Management Act, which regulates financial management of all public entities in the national government and provincial governments. Matshepo is a member of the Financial Reporting Standards Council, a statutory body responsible for issuing financial reporting standards in South Africa and she also serves on the Board of the Independent Regulatory Board for Auditors.

Details of directorships held in other organisations

Bronwyn Corbett

- Copapax Proprietary Limited
- Bowwood and Main No 117
- Phamog Properties Pty Ltd
- Choice Decisions 300 Pty Ltd
- Atterbury Parkdev Consortium Proprietary Ltd
- Hendisa Investments Proprietary Ltd
- Dorado 1 Ltd
- Gateway Delta Development Holdings Limited
- Africa Property Development Managers Ltd
- BG Africa Ltd

Leon van de Moortele

- Van de Moortele Properties Pty Ltd
- Abland Diversified Holdings Limited
- BH Property Investments Limited
- Casamance Holdings Limited
- CD Properties Limited
- DIF 1 Ltd
- Freedom Asset Management
- Gerania Ltd
- GMS Mauritius Limited
- 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
- Transformers Holdings Mauritius Limited
- Zambian Property Holdings Limited
- BME Kenya Investments Limited
- Grit Services Limited
- WH Kenya Investments Limited
- SAL Investment Holdings Ltd
- Delta International Bahrain
- Zimpeto Immobiliaria Limitada
- Mall de Tete Limitada
- Gateway Properties Limitada
- Commotor Limitada
- S & C Immobiliara Limitada
- Delta Tete Limitada
- Mara Viwandani Limited
- Warehousely Limited
- Kafubu Mall Limited
- Mukuba Mall Limited
- Grit Accra Limited
- Grit West Africa Limited

Peter Todd

- Osiris Management Services Ltd
- Osiris Secretarial Services Ltd
- Osiris Corporate Solutions (Mauritius) Ltd
- Osiris International Trustees Ltd
- Starlite Aviation Operations Ltd
- Starlite Africa Training Ltd
- Heavylift Charters Ltd
- Hover Aviation Insurance Ltd
- Luangwa Investments Ltd
- African Construction Ltd
- Kabwe Investments Ltd
- Luano Investments Ltd
- Solwezi Investments Ltd
- Tradehold API Ltd
- Nampula Investments Ltd
- Coronation Group Investments Ltd
- CGI Capital Ltd
- Ascheim Property Ltd
- CGI Capital Ltd
- CoroCap Holdings Ltd
- CoroCap Property Ltd
- CoroCap Property Management Ltd
- Coronation Group Investments Ltd
- CoroCap Ruby Limited Ltd
- Eschbon Property Limited Ltd
- Astoria Investments Ltd
- Astoria LP Holdings Ltd
- Sofrica Investment Company Ltd
- Sofrica Holdings Ltd
- GB Fund Services
- Daytona Capital
- Rock PHB Ltd
- Delta International Mauritius Limited
- DRC Investments Limited
- Great North Investments Limited
- Kabwe Investments Limited
- Katanga Investments Limited
- Kin Oasis Investments Limited
- Kinois Investments Limited
- Kinshasa Investments Limited
- Lubumbashi Investments Limited
- Wusakili Investments Limited

Ian Macleod

- Delta Property Fund Ltd
- Paradise Property Investment Ltd

Paul Huberman

- Wigan Properties Limited
- Jawbones Hill Limited
- J.C. Rathbone Trustees Limited
- Tufton Media Limited
- Clapham Offices Limited
- Town Centre Securities plc
- Galliard Group Limited
- Galliard Holdings Limited
- Galliard Homes Limited
- The Protein Ice Cream Company Limited
- Life at Parliament View Limited
- Life at Limited
- Javin Property Co (London) Limited
- Javin Property Portfolio Limited
- Javin Enterprises Limited
- Bevian London Properties Limited
- Peaktop Properties (Marylebone) Limited
- Transgain Limited
- Advance Holdings Limited
- Templewood Securities Limited
- P H Outdoor Media Ltd

Catherine McIlraith

- Les Gaz Industriels Ltd
- CIEL Ltd
- Astoria Investments Ltd
- CIEL Finance Ltd
- The Mauritian Union Assurance Ltd
- La Prudence Mauricienne Assurances Ltee
- Mammouth Mauritius Ltd
- Mid-Market Africa Fund
- Marina Joint Investment Ltd
- Southern Ocean Holdings Ltd
- Canal Duplex Investment Ltd Que Pasa Investment Ltd

Nomzamo Radebe

- Munich Re-insurance Company of Africa
- Excellerate Property Services (Pty) Ltd
- Excellerate Real Estate Services (Pty) Ltd, trading as JHI
- JHI Properties (Namibia)(Pty) Ltd
- JHI Retail Proprietary Limited
- Gensec Property Services (Lesotho) (Pty) Ltd

Matshepo More

- Public Investment Corporation Soc Ltd
- Independent Regulatory Board for Auditors
- Industrial Development Corporation ADR
- International Airports South Africa

Bronwyn Corbett

CHIEF EXECUTIVE OFFICER

See Board of Directors on page 79 for Bronwyn's summary *curriculum vitae*.

Leon van de Moortele

CHIEF FINANCIAL OFFICER

See Board of Directors on page 79 for Leon's summary *curriculum vitae*.

Governance

Executive management team

The Executive Management Team ("Exco") is responsible for our 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.

Jaco van Zyl

DEPUTY CHIEF FINANCIAL OFFICER

BCom (Hons), CA(SA)

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. After completing his articles, he moved to Federal Airlines as Financial Manager and ultimately assumed responsibility of the full finance function of the South African and Mozambican operations. 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. Here his African experience expanded further into Mauritius, Botswana and Mozambique. Since joining Grit in February 2016, Jaco has assumed responsibility for the Group's reporting and treasury function, effectively flowing funds within the Grit structure and maintaining debt facilities. During the year, Jaco moved into the role of Deputy Chief Financial Officer.

Eric Weirich

FINANCIAL DIRECTOR

CA(SA)

Eric joined Grit as Finance Director of Delta International Mauritius Limited on 1 September 2018. Previously, Eric was working at Gazprom Marketing & Trading (GM&T) London (Gazprom), where he was the Global Head of Business Planning and Reporting and acted as Head of the Global Controlling as from November 2016. His role included managing and directing a financial reporting team, comprised of 14 members, controlling the statutory reporting across three continents. Eric is a Chartered Accountant having qualified with PwC in South Africa before taking up senior roles with Doosan Power Systems and then Gazprom.

Belinda Wong-Vacher

CHIEF INVESTMENT AND CORPORATE ADVISORY OFFICER

BSc (Hons), MBA (University of Mauritius)

Belinda holds a Certificate in Business Accounting (CIMA), BSc (Hons) (Finance), MBA (University of Mauritius), Financing the Entrepreneurial Business Programme (London Business School, UK) and Strategy Execution for Business Leaders (Insead, France). Prior to joining Grit, Belinda started her career at Rogers Group in 2006, one of Mauritius' most prominent conglomerate as an investment trainee. She has spent 13 years working for the Company, whereby her career took her through the various facets of real estate, project management and corporate advisory, all contributing to her most recent position there as Head of Projects and Corporate Advisory. Belinda also held the position of Executive Director of Ascencia Limited, Mauritius' largest domestic property company, where she was responsible of Fund Management, Strategic Management and Investor Relations.

GROUP RISK AND AUDIT OFFICER

BCom (Hons), CA(SA)

Moira joined Grit as the Chief Integration Officer (CIO) in May 2016. She holds a BCom (Honours) degree from the University of South Africa and is a qualified Chartered Accountant with more than 20 years of experience, in auditing, finance and business, including managing her own practice before partnering with an audit and accounting practice in 2005. In 2008, Moira relocated to Mauritius where she worked for Investec Bank (Mauritius) and later the CCI Group as Group Financial Controller before joining Grit. Moira has recently taken on an expanded and more challenging role as Group Risk and Audit Officer.

GROUP GENERAL MANAGER

BCom, LLB

Heidi joined Grit as Chief Operating Officer in May 2016. Heidi has 19 years' experience in commercial and real estate and is an admitted attorney having graduated with BCom and LLB degrees in addition to specialised qualifications in the real estate sector. Heidi has recently taken on an expanded role as Group General Manager. Before joining Grit, Heidi was with the Broll Property Group, where she was one of the Group Directors and Managing Director of their Investor Services Division. In this capacity, Heidi was responsible for the Asset Management, Property Management and Retail Leasing businesses at Broll. Her expertise includes asset management, investment management, portfolio management, portfolio and management structures and performance management, lease management models, value optimisation of property assets, property acquisitions and disposals, real estate development projects (Greenfield opportunities), redevelopment/refurbishment projects (Brownfield opportunities) and portfolio analysis and due diligence. Prior to joining Broll, Heidi successfully managed her own property investment consulting business for over two years and held previous positions in the industry as a director for Atterbury Asset Managers as well as General Manager for RMB Properties (Pty) Limited (now known as Eris Property Group).

Governance

Corporate governance statement

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 Management Team, with one of their duties being the oversight and implementation of good governance.

The Board is fully committed to complying with all legislation and regulations that are applicable to the Company in its various jurisdictions. In addition, the Company will comply with the recommendations of established corporate governance frameworks. For the year ended 30 June 2018 this included, but was not limited to, the Mauritian Companies Act, the SEM Rules, the JSE Listings Requirements, the National Code of Corporate Governance for Mauritius 2016 and the King IV Report on Corporate Governance™ for South Africa 2016 ("King IV™").

Following the Company's successful standard listing on the Official List of the UK Listing Authority and admission to trading on the main market of the London Stock Exchange on 31 July 2018, the Company has chosen to adopt the 2018 Financial Reporting Council's UK Corporate Governance Code (the Code). Throughout the financial year ending 30 June 2018 the Company had no requirements or obligations in relation to UK Corporate Governance.

The National Code of Corporate Governance for Mauritius 2016

A register summarising Grit's application of the principles of National Code of Corporate Governance for Mauritius 2016 is available on www.grit.group.

King IV ™

A register summarising Grit's application of the principles of King is available on www.grit.group.

UK Corporate Governance

Being a Standard Listed company on the LSE, Grit is not required to comply with the UK Corporate Governance Code, however has the intention to fully comply with the Code.

Details of the Company's compliance with the Code are outlined on the governance section of the Company's website and available via the following link. www.grit.group

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 delegated specific authority to each Committee.

For each Committee, the roles and responsibilities are defined in a Board approved charter. The board delegates authority to Exco, via the Chief Executive Officer ("**CEO**"), to manage the business and affairs of the Group. Exco is responsible for ensuring that board decisions are effectively implemented in line with its mandates.

The Board believes that the Committees, as shown below, are appropriate for the Company:

Board of Directors

Audit Committee	Risk Committee	Investment Committee	Remuneration Committee	Nomination Committee	Social & Ethics Committee
Read report on page 112	*Read report on page 115*	*Read report on page 90*	*Read report on page 99*	*Read report on page 109*	*Read report on page 117*

Executive Committee

The Board has delegated the management of the Group's daily operations to Executive Committee

Refer to page 83 for members.

Overview

The Board believes that achieving the highest standards of corporate governance is key to achieving the Group's vision and strategy and creating and sustaining value for the Group's stakeholders.

The Board's responsibilities are formalised by way of a charter, which is reviewed on an annual basis.

The charter sets out its responsibilities for the adoption of strategic plans, monitoring of operational performance and management, communication policy and director selection, orientation and evaluation and determination of policy and processes to ensure the integrity of the Company's risk management and internal controls.

The Board has established several Committees to give detailed attention to certain of its responsibilities. All these Committees operate under Board approved charters and terms of reference. Save for Exco, all other Committees are chaired by an Independent Non-Executive Director.

External advisors, executive directors and senior management who are not members of specific Committees may attend Committee meetings by invitation.

The Board has set the strategic objectives of the Company and has determined the investment and performance criteria and continues to be responsible for the sustainability, proper management, control, compliance and ethical behaviour of the businesses under its direction.

Directors' dealings

Dealing in the Company's securities by directors is regulated and monitored as required by the SEM Rules and the JSE Listings Requirements and for the purposes of the Market Abuse Regulation. The directors have adopted the model code for securities transactions by directors as detailed in Appendix 6 of the SEM Rules as well as the JSE listings Requirements.

All directors' trading must take place exclusively outside prescribed closed periods preceding the announcement of the Company's interim and year-end financial results, during any period while the Company is trading under cautionary announcement or during which there is inside information relating to the Company and at any other time deemed necessary by the Board.

This policy is managed by the Company Secretary with the persons authorised to clear directors for trading in open periods being the Chairman and, in his absence or in the case of any potential conflict, the Senior Independent Director.

Independence

The independence of our non-executive directors is considered on a regular basis to ensure that they remain capable of providing unbiased and objective contribution to boardroom discussions and it is the Company's belief that the passage of time does not lead to a lack of independence.

All directors have confirmed (as they are required to do annually) that they have been able to allocate sufficient time to discharge their responsibilities effectively. Our directors are required to notify the Chairman of any alterations to their external commitments that arise during the year with an indication of the time commitment involved.

We have established an agreed procedure by which directors can, for the purposes of discharging their duties, obtain independent professional advice at the Company's expense. No director had reason to use this facility during 2018.

Corporate governance statement continued

Conflicts of interest

As a non-executive director's independence could be impinged where a director has a conflict of interest, the Board operates a policy that restricts a director from voting on any matter in which they might have a personal interest. Prior to all major board decisions, the Chairman requires the directors to confirm that they do not have a potential personal conflict with the matter being discussed. If a conflict does arise, the director is excluded from discussions.

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.

Roles and responsibilities

Our Board is composed of the Chairman, two executive directors, four Independent Non-Executive directors, two Non-Executive directors and is supported by our Company Secretary. Their key responsibilities are set out below:

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.
- Promoting effective engagement between the Board and its shareholders.

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 appraised of important and strategic issues facing the Group.
- Ensuring that the Group's business is conducted with the highest standards of integrity, in keeping with our culture.

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.
- Acting as an intermediary for non-executive directors when necessary.

Non-executive directors (NED's)

- 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.
- Review the inteGrity of financial reporting and that financial.

Company operates a unitary tier board whereby the roles of Chairman and CEO are separately held, and their responsibilities are clearly established, set out in writing and regularly reviewed by the Board.

The overall roles and responsibilities of the Board are:

- Ensuring compliance with applicable laws and regulations and adopted non-binding rules, codes and standards.
- Responsible for leading and controlling the Company's business, the Company's strategy, key policies and the approval of financial objectives and targets.
- Custodian of the Company's corporate governance and ensures that Grit is a responsible corporate citizen in light of the impact its operations might have on the environment and the society in which it operates.
- Responsible for risk governance which includes establishing and monitoring of the Group's risk management programme, which incorporates internal controls and risk management procedures.
- Ensuring communication to stakeholders is timely, relevant, meaningful and transparent.
- Responsible for Information Governance within the Company.

Board meetings are held at least quarterly, with additional meetings convened when circumstances necessitate. External advisers, executive directors and senior management who are not members of specific Committees may attend Committee meetings by invitation.

Risk management

Our Board have ultimate responsibility for ensuring the Group have robust risk identification and management procedures in place. The Board has delegated the monitoring responsibility to the Risk Committee. The diagram on page 115 in the Risk Committee report illustrates the Group's risk management structure and how certain risk management activities are delegated to the level that is most capable of overseeing and managing the risks.

The risk management mechanisms in place include a system for the ongoing identification and assessment of risks, development of strategies in respect of risk, communication of risk management policies throughout the Group and processes to mitigate and reduce identified risks.

The Board has identified and continuously monitors key risk areas, key performance areas and non-financial aspects relevant to the Group. They are, on an ongoing basis, provided with information in respect of key performance indicators, variance reports and industry trends.

Information Governance

The Board is ultimately responsible for information Governance within Grit. The management of information technology and information security governance are delegated to the IT function. The Board has delegated this responsibility to the Risk Committee. Where a need for significant expenditure on information technology is identified, a budget would be prepared, which would be approved by Exco, the Risk Committee and ultimately the Board. Exco would present to the Risk Committee at the various meetings held during the year. At monthly management meetings actual expenditure is monitored against the approved budget.

Grit has an existing Information Security and Acceptable Use Policy which includes the below additional policies;

- Internet and Email Policy
- Mobile Device Security
- Computer Virus Policy
- Software Policy
- Access codes and Passwords Policy
- Physical Security Policy

Corporate governance statement continued

Code of Ethics and Business Conduct

The above policies can be found on Grit's website www.grit.group.

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 governments, 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 Board approved Code of Ethics and Business Conduct policy, which is reviewed annually. The policy can be viewed on the Company's website www.grit.group

Engaging with our shareholders

The Board recognises the need to conduct the enterprise with inteGrity and in accordance with generally acceptable corporate practices. This includes timely, relevant and meaningful reporting to shareholders and other stakeholders, providing a proper and objective perspective of the Company and its activities.

The directors have, accordingly, established mechanisms and policies appropriate to the Company's business in keeping with its commitment to complying with best practices in corporate governance. The Board will review these from time to time. The directors recognise that creating wealth and delivering value to all stakeholders are prerequisites for sustainability of the business as a going concern.

Grit is committed to reporting openly on the key issues affecting the Group's operations, its corporate governance practices and any other information which may have a material effect on the decisions of stakeholders. The directors are cognisant that stakeholder perception may have an impact on the reputation of the Company and, as such, the Board, as the ultimate custodian of corporate reputation and stakeholder relationships, considers a blend of shareholder and stakeholder interests in the context of its overarching duty to act in the best interests of the Company. Management engages with analysts and shareholders on a regular basis to ascertain expectations and perceptions of the Company.

Refer to page 47-48 of Stakeholder Engagement.

Our performance, training and development.

Board Evaluation

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 size of the Company.

The Board as well as the individual directors have their performance reviewed annually to identify areas for improvement in the discharge of individual director's and the Board's functions. These reviews will be undertaken by the Chairman and, if so determined by the Board, an independent service provider. Nominations for the re-appointment of a director will only occur after the evaluation of the performance and attendance of the director at board meetings.

The Board evaluates the Chairman's performance and ability to add value to the Company on an annual or such other basis as the Board may determine.

The Board ensures that the role and function of the CEO is formalised and that the CEO's performance is evaluated against specific criteria. The Chairman, or a sub-Committee appointed by the Board, appraises the performance of the CEO at least annually.

The Board is satisfied that Non-Executive directors reflect the necessary skills, experience, diversity and independence.

Training and development

New appointees are appropriately familiarised with the Group's business through a formal induction programme which the Board has established. The programme aims to familiarise incoming directors with the Group's operations, senior management and its business environment, and to induct them in their fiduciary duties and responsibilities, including but not limited to the SEM Listing Rules and the JSE Listings Requirements. Directors continue to receive *ad hoc* briefings from time to time on relevant new laws and regulations as well as on changing economic risks.

The information needs of the Board are reviewed annually and directors have unrestricted access to all Company information, records, documents and property to enable them to discharge their responsibilities effectively. Efficient and timely methods of informing and briefing Board members prior to scheduled Board meetings are in place.

The Board has established a procedure for directors, if necessary in furtherance of their duties. The directors of the Group have unfettered access to the advice and services of the Company Secretary and 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.

Investment Committee

The Company has also established an Investment Committee with a primary remit for making recommendations to the Board on decisions affecting the Company's investment portfolio and on investment opportunities to grow the Company's portfolio in line with the Company's Investment Policy.

A summary of the Company's Investment Policy is available on the Company website via the following link www.grit.group.

As part of the Company's investment process, the Investment Committee interrogates and scrutinises the investment merits of potential acquisitions against a clearly defined investment process and meets regularly to discuss investment opportunities. The Investment Committee ensures no deviation from this investment process and/or the broader investment strategy of the Company.

The specific role of the Investment Committee is to:

- understand the Company's investment goals and how the objectives support the Company's mission statement;
- periodically review and revise the Company's Investment Policy, strategy, and guidelines;
- monitor the performance of invested funds and ensure that investments are made in accordance with the Company's Investment Policy strategy, and guidelines; and
- provide recommendations on buying, selling, refurbishing and developing investments for the Company's portfolio.

The Committee also makes recommendations in relation to the disposal of investments.

The Investment Committee is chaired by Peter Todd, Chairman of the Company, with Ian Macleod, Matshepo More and Nomzamo Radebe, all non-executive directors, and Bronwyn Corbett, CEO of the Company, as members.

The Investment Committee engages external advisors to the extent required in relation to investment decisions.

The Investment Committee meets as circumstances dictate and during the year under review the Investment Committee met four times.

Details of attendance at Investment Committee meetings is outlined in the table below.

Corporate governance statement continued

Investment Strategy

Investment Guidelines

The following table provides guideline investment criteria, but each is considered on a case by case basis:

Sector	Tenant**	Vacancy (GLA)	WALE (main tenant)	Lease Currency
Office	Blue-chip or multinational head lease	Max. 5%	Min. 5 years	Hard currency*
Retail	Min. 70% A-grade tenants / nationals / anchors	Max. 10%	Min. 5 years	Min. 70% hard currency
Light industrial/warehousing	Blue-chip or multinational head lease	Max. 5%	Min. 5 years	Hard currency*
Residential	Blue-chip or multinational head lease	Max. 0%	Min. 5 years	Hard currency*
Hospitality	Blue-chip or multinational head lease	Max. 0%	Min. 5 years	Hard currency*
Schools	Blue-chip head lease	Max. 0%	Min. 5 years	Hard currency*
Hospitals	Blue-chip head lease	Max. 0%	Min. 5 years	Hard currency*

** or where the ability to hedge local currency can be done at minimal cost.*
*** the Company will target long-term leases with annual escalations to ensure rental growth.*

Investment Gates and Definitions

All investment opportunities will be subjected to three Investment Gates so as to establish their viability. Each opportunity will have to satisfy all criteria of each gate before it proceeds to the next. These Investment Gates (together with their respective criteria) and associated definitions are defined below:

No.	Term	Definition
	Gate 1: Country Criteria	
1.1	Repatriation of funds	The flow of funds from foreign territories into Mauritius and the associated conversion of foreign currency into USD.
1.2	Political risk	History of political unrest and the ability to change legislation that could affect our investment.
1.3	Currency Risk	The risk of fluctuating local currency FX rates vs. the US Dollar.
1.4	Land Tenure	The strength of title to land and legislation of ownership.
1.5	Debt	The ability or cost to raise debt.

No.	Term	Definition
	Gate 2: Target Criteria	
2.1	Sector	Commercial; retail; residential; industrial; hospitality.
2.2	Country Economic Forecast	A rating/synopses of the overall state of the country from an economic perspective – i.e. stable/unstable.
2.3	Ease and Cost of Management	The ease and the cost necessary to ensure the functional operation/management of the property.
2.4	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.
2.5	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.
2.6	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	
3.1	Ownership Structure	The extent of the respective ownership interests of the parties – expressed as a percentage shareholding.
3.2	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.
3.3	Road Access	The ease with which end-users can access the property using existing tarred roads.
3.4	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.
3.5	Debt Required	The amount of money that needs to be borrowed from a financial institution as a percentage of the Total Cost (incl. VAT).
3.6	Equity Requirement	The amount of money that needs to be provided internally as a percentage of the Total Cost (incl. VAT).
3.7	Risk Budget Amount	An equity amount required to cover initial expenses to analyse a deal. These costs are at risk at the analysis stage as the deal is not yet guaranteed to conclude.
3.8	Initial Property Yield	Net operating property income expressed as a percentage of purchase price/development cost.
3.9	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.
3.10	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.

Corporate governance statement continued

Strategic Countries

The Company will target the following countries:

- Morocco;
- Mozambique;
- Mauritius;
- Kenya;
- Zambia;
- Tanzania;
- Botswana;
- Uganda;
- Ghana;
- Ivory Coast;
- Seychelles;
- Senegal;
- Rwanda; and
- Cape Verde.

The list is not exclusive and the Company will pursue opportunities in other African countries, specifically where REIT legislation is being introduced.

The above mentioned countries have been chosen due to:

- Established in-country presence, partnerships and experience;
- Underpinned with hard currency based economies;
- Natural synergies with the European tourism and retail market;
- Strong urbanised and youthful middle class;
- Favourable policy reform;
- Stable government where political risk has been mitigated;
- Sustainable high growth rates;
- Acceptable GDP/spending power per capita;
- Strong inflow of FDI;
- Acceptable sovereign ratings and outlook by ratings agencies;
- Clear tax regimes; and
- Solid economic fundamentals.

Locality Focus

It is the intention to stay within the major metropolis and cities of each target country, but the Company can explore opportunities in (i) areas ear-marked for future growth due to burgeoning industries (e.g. oil and gas) and (ii) areas under pinned by local and foreign investment from government and multinationals.

Target nodes include;

- High and fast growth areas;
- Older well-established areas that are dominant and relevant; and
- Acceptable from an infrastructure and planning approval point of view.

Property Sector Focus

- **Offices**
  - Must form part of a high growth office node;
  - Leases and income referenced to USD or acceptable currency;
  - Long term leases with acceptable counterparties; and
  - Minimal retail and residential components in the office buildings.
- **Retail**
  - Target strip malls, neighbourhood centers, convenience centers, retail parks etc. with strong anchor tenant;
  - Leases and income referenced to USD or acceptable currency;
  - Minimal letting risk to be taken and where possible, rental guarantees/zero pricing for vacant space to be applied; and
  - Acceptable mixed-use developments with predictable income flow will be considered.
- **Corporate Accommodation**
  - Blue-chip or multinational head lease.
- **Light Industrial**
  - Blue-chip or multinational head lease;
  - Long term leases with acceptable counterparties;
  - Must form part of a high growth light industrial node; and
  - Leases and income referenced to USD or acceptable currency.
- **Hospitality**
  - Blue-chip or multinational head lease;
  - Sale and leaseback deal basis;
  - Assume no operational risk; and
  - Minimum lease term of 10 years.
- **Schools**
  - Blue-chip head lease;
  - Sale and leaseback deal basis;
  - Leases and income referenced to USD or acceptable currency; and
  - Minimum lease term of 10 years.

- **Hospitals**
  - Blue-chip head lease;
  - Sale and leaseback deal basis;
  - Leases and income referenced to USD or acceptable currency;
  - Minimum lease term of 10 years.

Leasehold Land

Where assets are held on leasehold land, there must be a minimum of 30 years remaining on the leasehold property rights.

Diversification

As a guideline, the Company should not hold (i) more than 25% of the GAV of the Company in any single investment and (ii) not more than 50% of the GAV of the Company in any single country. However, in certain circumstances the Company may take advantage of merit driven investment opportunities and not adhere to the two diversification guidelines above.

Investment Process And Deal Parameters

Deal Screening and the role of Committee ("IC").

Initial Screening

The deal team will do an initial deal screening to evaluate the proposed transaction in terms of investment parameters and the Company's appetite to enter into the transaction before a detailed analysis is performed.

Deal Forum

After the initial screening process, a deal forum paper (executive summary) will be presented to senior management for approval.

Investment Committee

Following approval by senior management, a more detailed paper addressing all risk and return considerations will then be presented to the IC.

After IC approval, the standard deal and legal implementation process will be conducted by the deal team.

Post Investment Committee

If during full Due Diligence, the parameters of a deal previously presented to IC have changed significantly, the IC will be updated accordingly and further approvals sought if necessary.

Gearing

At Company level, the target LTV is 50% or lower.

For lease discounting type facilities, the LTV could be higher depending on the strength of the counterparty's balance sheet and cash flows.

Lenders

International and local investment grade banks will be targeted for hard currency denominated debt funding.

Key considerations on the bank's ability to provide:

- Availability and liquidity in terms of hard currency funding through the term of the loan;
- Non-recourse, ring-fenced facilities
- No cross-default provisions to apply to other facilities;
- Minimum term of three years;
- Interest only facilities; and
- General acceptable debt funding terms and conditions when it comes to default provisions.

Currency

The Company will target hard currency leases or leases in local currency ("LC") at hard currency equivalent referenced/spot rates. For LC leases, hedging costs should be minimal and reflected in the purchase price.

The below will be required on all leases:

- Leases must be payable in hard currency or the LC equivalent of the hard currency (at reference/ spot rate);
- Where possible, FX risk must be passed to the tenant;
  - A risk exists where tenants are exposed to FX risk by paying their rental in USD while receiving income in LC. A LC depreciation could result in tenant failure. As such, anchor and national tenants should have access to hard currency across their operations or access to hard currency funds.

Governance

Corporate governance statement continued

Directors Attendance at Committee meetings during financial year

Names	Board	Audit Committee	Risk Committee	Nomination and Remuneration Committee*	Investment Committee	Social and Ethics Committee
Bronwyn Corbett[1]	5(7)				4(4)	
Leon van de Moortele[2]	7(7)					
Peter Todd[3]	7(7)			5(6)	3(4)	2(2)
Paul Huberman[4]	3(3)	2(2)	1(1)			
Nomzamo Radebe[5]	5(5)		2(2)			2(2)
Matshepo More[6]	6(7)	2(2)			3(4)	
Ian Macleod[7]	7(7)	4(4)	2(2)	6(6)	4(4)	
Catherine McIlraith[8]	5(5)	3(3)	2(2)			2(2)
Sandile Nomvete[9]	3(4)			2(5)		
Chandra Gujadhur[10]	3(3)	2(2)				
Maheswar Doorgakant[11]	1(1)					
Jacqueline van Niekerk[12]	0(2)	0(1)			0(1)	

Please read 5(7) as 5 meetings attended out of 7 possible.

* *The Nomination and Remuneration Committee was split into two different Committees, namely Nomination Committee and Remuneration Committee, as from 11 June 2018.*

[1] *Mrs Corbett was appointed to the Board on 12 May 2014 and is a member of the Investment Committee.*

[2] *Mr Van de Moortele was appointed to the Board on 30 June 2015.*

[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 Investment Committee. He is a member of the Remuneration Committee and Social and Ethics Committee.*

[4] *Mr Huberman was appointed to the Board on 29 March 2018 and is the Chairman of the Audit Committee. He is a member of the Risk Committee and Social and Ethics Committee. He was appointed to the Nomination Committee on the 11 June 2018.*

[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. She was a member of the Risk Committee.*

[6] *Mrs More was appointed to the Board on 7 February 2017 and is a member of the Investment Committee, Risk Committee and Social and Ethics Committee. She was a member of the Audit Committee.*

[7] *Mr Macleod was appointed to the Board on 30 June 2015 and is the Chairman of the Remuneration Committee. He is a member of the Audit Committee, Risk Committee, Nomination Committee and Investment Committee.*

[8] *Mrs McIlraith was appointed to the Board on 24 November 2017 and is the Chairperson of the Social and Ethics Committee and Risk Committee. She is a member of the Audit Committee and Remuneration Committtee.*

[9] *Mr Nomvete, the previous chairman of the Board, was appointed to the Board on 12 May 2014 and resigned on 13 April 2018 . He was a member of the Nomination and Remuneration Committee.*

[10] *Mr Gujadhur was appointed to the Board on 30 June 2015 and was the Chairman of the Audit Committee till his resignation on 29 March 2018. He was the Chairman of the Audit and Risk Committee.*

[11] *Mr Doorgakant was appointed to the Board on 11 March 2015 and resigned on 7 March 2018. He attended the Board meeting of the Company as alternate to Mr Gujadhur on one occasion.*

[12] *Mrs Van Niekerk was appointed to the Board on 1 June 2016 and was a member of the Audit, Investment and Risk Committee. She resigned on 24 November 2017.*

Dividend policy

The dividend policy adopted by the Board is to pay a semi-annual dividend to shareholders, typically in March and October in each year. Special distributions may be made by the Board from time to time. Any dividend declared is determined based on all cash generated from the underlying investments. Total dividend is thus determined as rentals received from tenants, rental and income guarantees received from vendors and pre-transfer that accrue to the Company, plus VAT and tax credits obtained in underlying investments, less cash components of administrative expenses and net finances less current tax charged in profit and loss. Such dividend is limited to the maximum amount of distributable reserves and antecedent dividend reserves in the Company and shall be determined by the Board in compliance with the solvency and liquidity requirements set out in the Mauritian Companies Act.

The Company declares dividends in US Dollars and shareholders on the UK Register and the Mauritian register will, by default, receive dividend payments in US Dollars. Shareholders on the South African register will, by default, receive dividend payments in Rand. For shareholders on the South African register, the date on which the exchange rate between US Dollars and Rand is set will be announced at the time the dividend is declared. A further announcement will be made once the exchange rate has been set. Shareholders on the Guernsey branch register may, on completion of a dividend election form, elect to receive dividend payments in Sterling. Dividend election forms will be available from the Guernsey Branch Registrar on request. Following Initial Admission, Depositary Interest Holders will be able to elect through CREST to receive their dividends in Sterling by the usual CREST dividend election processes.

Professional advice

As advised earlier, all directors have direct access to the advice and services of the Company Secretary. There is a Board procedure in place for directors, to take independent professional advice, if necessary, in furtherance of their duties, at the Company's expense.

Material clauses of the Constitution

There are no clauses of the Constitution deemed material enough for separate disclosure.

Shareholders' agreement affecting the governance of the Company by the Board

The directors confirm that, to the best of their knowledge, they are not aware of the existence of any such agreement.

Share options plans

Since 1 July 2014 the Group has operated the following equity settled share-based remuneration schemes:

During the year under review, the Company introduced an equity settled share-based remuneration scheme for the executive directors, senior managers and key employees ("Eligible Employee(s)") called the **Grit Long Term Incentive Scheme** ("the Grit Scheme"). The purpose of the Grit Scheme 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. In August 2016, the Company's subsidiary, Freedom Asset Management had implemented an equity settled share-based remuneration scheme (the FAM scheme) in order to provide for the retention of staff within the Group following the internalisation of the asset management function into the Group. In January 2018, all awards under the FAM scheme were replaced by new awards in the Grit Scheme.

Eligible Employees are awarded shares on an annual basis subject to both Company performance and individual performance targets. The weighting

Governance

Corporate governance statement continued

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.

Shareholder information

Kindly refer to page 237 for detailed share price information and shareholder analysis.

Non-audit services

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

- PWC Mauritius at 30 June 18 US$ 23,115 (2017: Nil)
- BDO Mauritius at 30 June 18 US$ Nil (2017: $ 27 000)
- BDO UK LLP at 30 June 18 US$ 1.6m (2017: Nil)

Related party transactions

Refer to note 31 on page 193 in the Annual Financial Statements

Donations and contributions

No political donations have been made by the Company or its subsidiaries during the financial period.

The Company has identified various initiatives that fall into the Company's Corporate Social Responsibility programme. Refer to page 121 for detailed information on these initiatives.

Third party management agreement

Other than the property management agreements, there were no agreements between third parties and the Company or its subsidiaries during the year under review.

The Company Secretary

Intercontinental Fund Services Limited, a suitably qualified, competent and experienced Company Secretary has been appointed and appropriately empowered to fulfil 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 the Company Secretary who 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.

The Company Secretary is subject to an annual evaluation by the Board.

The Board is satisfied with the expertise, experience, competence and qualifications of the Company Secretary in terms of section 3.84(h) of the JSE Listings Requirements. Given the appointment of an external service provider, the Board confirms that the relationship between the Board and the Company Secretary remains at arm's length.

The Certificate from the Company Secretary, which states that the Company has filed all such returns as are required under the Mauritius Companies Act, 2001 in terms of section 166(d), appears on page 138 of this Integrated Annual Report.

Special resolutions passed during the last financial year

Annual General Meeting 2017

1. **Special resolution number 1 – Waiver by shareholders**
   RESOLVED AS A SPECIAL RESOLUTION that the waiver of the first offer to shareholders, whether in proportion to their shareholdings in the Company or otherwise, of the shares to be issued by the Company pursuant to the authority granted under ordinary resolutions number 5 and 6, be and is hereby approved.

2. **Special resolution number 2 – Antecedent dividends (reduction in stated capital)**

   RESOLVED AS A SPECIAL RESOLUTION that the Company be authorised, 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 to reduce the Company's stated capital by an amount not exceeding US$12.2 million for the purpose of making a distribution to shareholders as antecedent dividends.

3. **Special resolution number 3 – Change in constitution**

   RESOLVED AS A SPECIAL RESOLUTION that, subject to approval of such changes by the SEM, the constitution of the Company be and is hereby revoked in its entirety and that a new constitution be adopted reflecting the changes listed in the table.

4. **Special resolution number 4 – Share buy-back by Grit and its subsidiaries**

   RESOLVED AS A SPECIAL RESOLUTION that the Board of Directors of the Company is hereby authorised by way of a general authority to proceed with a repurchase by the Company of up to 4.9% of its current issued shares at a price which is maximum 10% below the net asset value per share of the Company at the time of repurchase and not more than 5% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the repurchase is effected (the JSE will be consulted for a ruling if the Company's securities have not traded in such five business day period) ("Share Buyback"), subject to the SEM Listing Rules, the Securities (Purchase of Own Shares) Rules 2008, any relevant Mauritian Laws, the JSE Listings Requirements or the requirements of any other exchange on which the Company is listed. Any shares repurchased by the Company will be cancelled.

General Meeting 10 May 2018

1. **Special resolution number 1 – Adoption of the amended constitution**

   RESOLVED AS A SPECIAL RESOLUTION that, subject to the approval of ordinary resolution number 1, ordinary resolution number 2, special resolution number 2 and the implementation of the LSE Listing, the Amended Constitution, the key changes of which are summarised in the Circular, a copy of which was available for inspection and a copy of which has been signed by the chairperson for identification purposes and tabled at the General Meeting, be and is hereby adopted with effect from the LSE Listing Date, which Amended Constitution hereby repeals and replaces the existing Constitution in its entirety.

2. **Special resolution number 2 – Authority to disapply pre-emption rights in terms of the Mauritian Companies Act and the constitution**

   RESOLVED AS A SPECIAL RESOLUTION that, subject to the approval of special resolution Number 1, Ordinary Resolution Number 1 and ordinary resolution number 2, the Directors are specifically empowered to issue shares and to sell shares from treasury (as applicable) for cash pursuant to the authority referred to in ordinary resolution number 1 and ordinary resolution number 2 above as if the pre-emption rights on issue in the Constitution, the Mauritian Companies Act or otherwise applicable did not apply to any such issue or sale, such power to expire immediately following completion of the Issue, save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be issued or sold from treasury after such expiry and the directors may issue or sell from treasury equity securities in pursuance of such offer or agreement as if the power had not expired.

Remuneration Committee report

In May 2018, in preparation for the Listing of Grit on the LSE, the combined Nomination and Remuneration Committee was split into two separate Committees. Although there is no requirement per the various codes of Corporate Governance applicable to the Company throughout the financial year to have these separate, the Board resolved to split the Nomination and Remuneration Committee as part of good practice and to align the Company with UK governance practices that would apply to the Company throughout the financial year 2018/2019.

Under its terms of reference, the Remuneration Committee ("**Committee**") has an independent role, operating as an overseer and a maker of recommendations to the Board on, *inter alia*, remuneration policy of the Company, the payment of performance bonuses, executive director and senior manager remuneration, short, medium and long-term incentive schemes and employee retention schemes.

Composition of the Committee

Ian Macleod as Chairman

Catherine McIlraith

Peter Todd

In line with good governance the members of this Committee are all independent and non-executive.

The terms of reference of the Committee, contained in the Charter, is reviewed annually by the Board and is available on the Company's website, www.grit.group.

Meetings of the Committee

During the year under review, the combined Nomination and Remuneration Committee met five times, in September, November (2017) February, March and May (2018).

The Committee meets at least three times a year and, if required, meetings can also be attended by the CEO, CFO and any other person knowledgeable in remuneration matters.

Roles and Responsibilities

The Committee is responsible for:

- ensuring that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes; and
- making recommendations to the Board on remuneration policy; payment of performance bonuses, executive remuneration, incentive schemes and employee retention schemes.

The Committee endeavours to ensure that:

- through its Monitoring role, the remuneration practices of staff are applied consistently and in accordance with the remuneration policy and they are compliant with the laws, governance principles and regulations of the jurisdictions that the Group operates in;
- quality staff are attracted, retained and rewarded;
- remuneration is regularly benchmarked against other similar peers;
- variable remuneration is linked to performance and the remuneration policy is structured in such a way as to ensure this link is ongoing. This link will be continuously reviewed, necessitating transparent and continuous improvements to the design of the variable remuneration plans; and
- employees are responsibly and fairly remunerated and that equal pay for work of equal value is afforded to all employees.

At the AGM held in November 2017 the remuneration policy and implementation report were tabled and approved by shareholders.

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 guaranteed and variable pay. The desired outcomes from the remuneration policy include:

- enhanced internal fairness through consistent remuneration decision-making;
- appropriate and responsible remuneration decisions;
- enhanced employer of choice profile; and
- desired corporate culture.

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.

Remuneration philosophy

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

We believe that remuneration plays a key role in:

- Facilitating the attraction and retention of staff; and
- Reinforcing the alignment of individual staff goals with Grit's business objectives.

The following guiding principles underpin the performance-based remuneration philosophy which will apply 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: Guaranteed remuneration (excluding expatriate allowances paid as part of the Expatriate Policy) will be targeted at the market median and total remuneration will be targeted between the industry specific market median and the 75th percentile for outperformance. External benchmarking against the peer group is conducted every two 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 inwardly and multi-listed on the London, Mauritian and Johannesburg Stock Exchanges, also taking into account specific countries where samples are based. 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: 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

Remuneration Committee report continued

changes.

Remuneration elements

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

Remuneration element	Definition	Policy	Strategic intent and eligibility	Performance linkage
Guaranteed package (Excluding Expatriate Allowances)	Grit Group applies the Cost to Company 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.	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 two 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.	To reward all permanent employees for completion of their base role requirements and competencies. To attract and retain employees.	Individual performance and competence.

Remuneration element	Definition	Policy	Strategic intent and eligibility	Performance linkage
Benefits	Compulsory contributions to local statutory requirements. Additional elements of reward such as annual leave, maternity leave and sick leave are also considered under this aspect of remuneration. Benefits are also benchmarked against the appropriate market from time to time to ensure they remain competitive. Group Life and Disability.	Participation in the medical insurance scheme relevant to the jurisdiction and job level is compulsory unless the employee provides proof that he or she is a dependent of an alternative registered scheme. Contributions shall be in accordance with the plan selected in terms of job level, the cost of the which shall be paid by the Company in addition to the Annual guaranteed salary. Dependents (spouse and a maximum of 2 children under the age of 21 years whilst studying full time) are included in the employee benefit. Risk benefits of 3x annual guaranteed salary Group. Life Cover and disability cover which is made up of TTD cover of 75% of guaranteed salary and PHI of 75% of guaranteed salary is provided to all employees. Normal retirement age for the executive is 65 years.	To enhance the employee value proposition.	None
Short-term incentives – STI plan and Discretionary Bonus	A short-term incentive to reward executives, senior management and key talent on achieving and exceeding their personal and company annual performance targets.	Performance is assessed taking into account specific annual performance criteria (Key Results Indicators – KRIs), both at a corporate level and an individual level. To receive the payment the recipient must be in the employ of the Company at the time of payment and must not be under notice of termination. STI awards will be paid annually between October and November following the end of the performance year. Awards are at the sole discretion of the Committee. Joiners starting on or after 1 July will participate in the plan on a pro rata basis following the successful completion of the probation period.	To encourage superior performance by rewarding key/strategic employees against the achievement of their KRIs. To attract, motivate and retain strategic employees who are accountable for, and contribute to, the achievement of key short-term business performance measures.	The STI plan is a key driver of the Company's strategy. This is demonstrated through the careful selection of performance criteria (KRIs) that are aligned to the Company's strategy. The performance metrics are consistent with long-term value creation.

Remuneration Committee report continued

Remuneration element	Definition	Policy	Strategic intent and eligibility	Performance linkage
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 objectives. To reinforce the values of the Company by publicly acknowledging achievements which embody those values.	To encourage outstanding performance and contribution to the business at all levels.	Extraordinary performance over and above achievement of KRIs.
Long-term incentive plan	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 generally of 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.	The LTI plan (the LTIP) is effected 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.	Attract and retain key employees. Align reward programmes with shareholder expectations. Link rewards to organisational success over a multi-year period. Provide wealth accumulation opportunities. Deliver market competitive total compensation.	The LTI plan is a key driver of the Company's strategy. This is demonstrated through the careful selection of performance criteria (Key Performance Indicators – KPIs) that are aligned to the Company's long-term strategy. The performance metrics are consistent with long-term value creation.

Guaranteed package

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 21.44%, effective on 1 July 2018.

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 of 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:

Individual STI Award = [Guaranteed package] X [STI target%] X [(CPF) + (IPF)]

STI payment = TGP x on-target % (grade specific) x [(Corporate Performance Factor x weighting) + (Individual Performance factor x weighting)].

Participants	STI on target
Job Level 18–17	80%
Job Level 16–14*	50%
Job Level 14–13	33.3%
Other Key Talent Job Level 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 16–14*	60%	40%
Job Level 14–13	50%	50%
Job Level 12	30%	70%

* *Executive management.*

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 2018 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, taking into account 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.

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

Remuneration Committee report continued

Corporate Performance Factor

Achievement against performance conditions will be limited to Dividend Yield as a percentage of NAV per share being achieved (Dividend Yield %) as the gate-keepers, however, a penalty will also be applied if NAV Growth is not achieved to determine the Corporate Performance Factor:

- Dividend Yield (70% weighting)
- NAV/Share growth (30% weighting)

Long-Term Incentive Plan

The Grit Real Estate Income Group Limited Long-Term Incentive Plan ("**Scheme**") 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 Scheme is a key driver of the strategic priorities of Grit Real Estate Income Group Limited ("**the Company**") and its subsidiaries (collectively, the "**Group**"). This is demonstrated through the careful selection of performance criteria (key performance indicators – KPIs) 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 Scheme 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.

The Award Criteria shall be 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 performance hurdles for any award is the achievement of the distribution target for the financial year under review plus positive NAV movement (or a 10% reduction if a result of a 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
[(Individual Performance Factor x Individual Performance Weighting) + (Company Performance % x
Company Performance Weighting)]

The Remuneration 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 shall vest on the Vesting Date. In the event that 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, as set out in the table below. The vesting period will be extended by any period for which the Participant's performance level drops below 'meets requirements' rating.

Moderated performance appraisal rating	Description
1	Unsatisfactory performance
2	Needs improvement
3	Meets requirements
4	Exceeds requirements
5	Outstanding performance

Executive director contracts

The executive directors do not have fixed term contracts with the Company. A three-month notice period is required for the executive directors for the termination of services. 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 2018 financial year the remuneration policy of the Group was applied.

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

Executive directors

2018	Salary (USD'000)	Other benefits (USD'000)	Performance bonus (USD'000)	Total (USD'000)
B Corbett	**312**	**89**	**128**	**529**
L van de Moortele	**238**	**68**	**72**	**378**

2017	Salary (USD'000)	Other benefits (USD'000)	Performance bonus (USD'000)	Total (USD'000)
B Corbett	292	76	212	580
L van de Moortele	179	58	126	363

Other Executive Committee members

2018	Salary (USD'000)	Other benefits (USD'000)	Performance bonus (USD'000)	Total (USD'000)
Other Executive Committee members* (4)	**500**	**74**	**102**	**676**

2017	Salary (USD'000)	Other benefits (USD'000)	Performance bonus (USD'000)	Total (USD'000)
Other Executive Committee members (2)	468	38	135	641

* *Consists of Exco Team. Refer to page 79.*

LTI Awards

Details of awards of Ordinary Shares Granted pursuant to the Grit Share Incentive Plan which are Held by the Directors are as follows:

	Date of grant of award	Ordinary Shares	Vesting date for award
B Corbett	30 June 2014	340,987	June 2019
	30 June 2017	534,375	June 2022
	30 June 2015	215,862	June 2020
L van de Moortele	30 June 2017	273,597	June 2022

Governance

Remuneration Committee report continued

Non-executive directors' fees

The table below sets out the non-executive directors' fees paid for the 2018 and 2017 years.

Non-executive director name	Year ended 30 June 2018 (USD'000)	Year ended 30 June 2017 (USD'000)
Peter Todd	**25**	23
Paul Huberman	**7**	–
Ian Macleod	**24**	19
Catherine McIlraith	**15**	–
Matshepo More	**17**	8
Chandra Gujadhur	**13**	17
Jackie van Niekerk	**7**	17
Maheshwar Doorgakant	**8**	12

The table below sets out the approved non-executive directors fees per the Board and Committees for the year ended 30 June 2018.

Board and Committees	FY 2018 USD
Non-executive director	12 000
	Per annum
Lead independent director – additional payment	500
	Per month
Chairman of a Committees – additional payment	400
	Per month
Member of a Committees – additional payment	200
	Per month

In line with benchmarking exercises for Companies listed on the LSE, the board approved the following NED fees for the year ended 30 June 2019:

Board and Committees	FY 2019 USD Annual fee
Member of the Board	47 600
Additional Payments:	
Chairman of the Board	47 600
Senior Independent	23 800
Chairman of Audit Committee	23 800
Chairman of a Committee	8 400
Member of a Committee	4 200

The total NED fees payable for the 2019 year will be as follows

Non-executive directors' remuneration	**2019 USD**
Board membership fees	
Chairman	95 200
Senior Independent	71 400
Members	142 800
Additional Committee fees	
Audit Committee	
Chairman	23 800
Members	8 400
Risk Committee	
Chairman	8 400
Members	8 400
Nomination Committee	
Chairman	8 400
Members	12 600
Remuneration Committee	
Chairman	8 400
Members	8 400
Investment Committee	
Chairman	8 400
Members	8 400
Social and Ethics Committee	
Chairman	8 400
Members	12 600

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 (see shareholder diary on page 238 for dates). In the event that 25% or more of shareholders vote against either the Remuneration Policy or the Implementation Report 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.

Nomination Committee report

In June 2018, in preparation for the Listing of Grit on the LSE, the combined Nomination and Remuneration Committee was split into two separate Committees. Although there is no requirement per the various codes of Corporate Governance applicable to the Company throughout the financial year to have these separate, the Board resolved to split the Nomination and Remuneration Committee as part of good practice and to align the Company with UK governance practices that would apply to the Company throughout the financial year 2018/2019.

Under its terms of reference to assist the Board, the Nomination Committee ("**the Committee**") has the objective to ensure that the Board composition and structure are appropriate, including the size and composition of various board Committees and considering whether there is an appropriate split between executive, non-executive and independent directors.

Committee composition

The Committee consists of four non-executive directors, three of which are independent. At the date of this report the Committee comprised the following directors:

- Peter Todd – Chairman
- Paul Huberman
- Ian Macleod
- Nomzamo Radebe

Meetings of the Committee

During the year under review, the combined Nomination and Remuneration meeting met five times, in September, November (2017) February, March and May (2018).

The Committee will meet at least three times a year and, if required, meetings can also be attended by the CEO, CFO and any other person knowledgeable in nomination/succession matters.

Roles and responsibilities

The Committee is responsible for:

- 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;
- performing an annual review of the proper and effective functioning of the Board and the various Committees; and agreeing, on an annual basis, all measurable targets for achieving gender and race diversity on the Board.

The annual evaluation of the effectiveness of the Board, its Committees and its individual directors is conducted annually in September.

Board appointment and re-election process

Although members of the Board are appointed by the Company's shareholders, 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 Annual General Meeting.

The Nomination 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.

During the year

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

Mr Sandile Nomvete, as a result of his responsibilities and position held as an executive director of Delta Property Fund Limited, a company listed on the JSE, resigned during the year under review. Peter Todd was then appointed to the position of Chairman after being the lead independent director for Grit since August 2014,

The Board, management and all staff, wish to thank Sandile for his steadfast support and guidance as founding chairman during his five year tenure.

A number of additional board changes took place during the last financial year:

- Ms Jackie van Niekerk did not standing for re-election as non-executive director as had taken up a new executive position with a South African REIT; and
- Mr Chandra Gujadhur retired as independent non-executive director, with the subsequent resignation of Mr Maheshwar Doorgakant as an alternative to Chandra.

The Board thank Chandra, Maheshwar and Jackie for their contributions and support during their tenures.

In the lead-up to our LSE listing, a number of new appointments were made:

- Mr Paul Huberman was appointed as independent non-executive director and chairman of the audit Committee;
- Ms Nomzamo Radebe was appointed as non-executive director; and
- Ms Catherine McIlraith joined the Board as independent non-executive director.

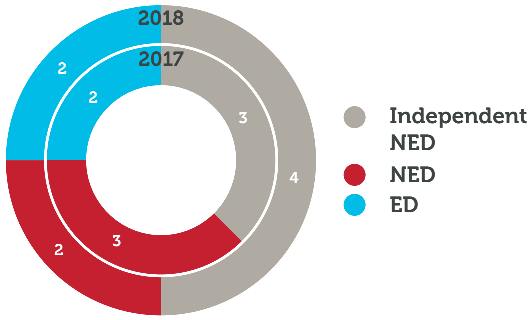
Transformation and Diversity

At Grit, we ensure that appointments to our Board 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.

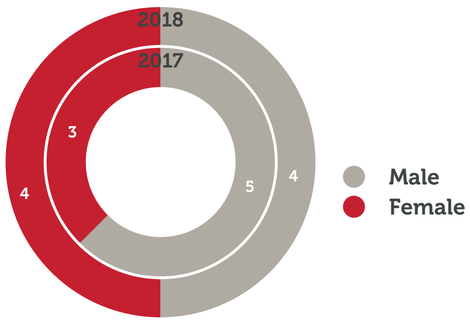
Following good corporate governance, Grit has adopted and approved both a Diversity and a Race Policy which can be viewed on www.grit.group.

The voluntary targets that the Board set, which are contained in these policies, have been met. Grit, when bench marked against other South African and UK REITS has one of the most transformed Board of Directors with 50% of the Board being female.

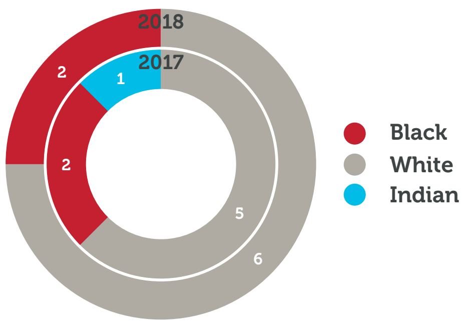
INDEPENDENCE



GENDER



DEMOGRAPHICS



Governance

Nomination Committee report continued

Succession planning

As directors we have a duty to ensure the long-term success of the Company, which includes ensuring that formal succession plans for the Board, CEO and other senior management appointments are developed and implemented. 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 Remco 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.

The CEO, the CFO and representatives from the Company Secretary attend the Committee meetings by invitation only.

The Committee Charter requires the Committee to meet a minimum of three times prior to the end of the financial year. This requirement has been met for the current financial year. Refer to page 95 for a schedule of meeting attendance.

The Committee Charter is reviewed annually by the Board and is available on request from the Company secretary.

Audit Committee report

The Audit Committee ("**the 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.

Composition of the Committee

The Committee is composed of three independent non-executive directors with a good diversity of experience including finance and real estate.

- Paul Huberman – Chairman
- Ian Macleod
- Catherine McIlraith

The Board considers that Paul Huberman's professional experience makes him suitably qualified to chair the Committee and that the other members of the Committee are all suitably qualified, experienced and financially literate.

Roles and responsibilities

The Committee has adopted a formal Charter which has been approved by the Board and has been incorporated in the Board Charter. The Charter sets out the Committees role and responsibilities. The Committees Charter is available on the Company's website at: www.grit.group.

The Committee is also 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;
- reviewing interim and annual financial statements and the integrated annual report;
- providing comfort to the Board that adequate and appropriate financial and operating controls are in place;
- determining the nature and extent of any non-audit services that the auditors may provide to the Company;
- ensuring good standards of governance, reporting and compliance are in operation;
- overseeing the internal audit function;
- ensuring the independence of the external auditors and overseeing the external audit process; and
- annually reviewing the expertise, resources and experience of the CFO and finance function and disclosing the results of the review in the integrated report.

Meetings of the Committee

During the year under review, the Committee met four times in September 2017, February, May and June 2018. In addition to the Committee members, by invitation only, meetings are attended by members of the Company's Executive Committee and representatives from the external Auditor. The external auditors have unrestricted access to the Committee. The Audit Committee met during the financial year to acknowledge, review and discuss, critical policies, judgements and estimates. During the year the Chairman of the Audit Committee has met with the external auditors without the presence of management.

Statutory duties

In the execution of its statutory duties relating to the financial year under review, the Audit Committee:

- nominated and recommended BDO and PWC for appointment, as joint external auditors of the Group, a registered auditor who, in the opinion of the Committee, is independent;
- determined 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;
- received and dealt appropriately with any concerns or complaints, whether from within or outside the Company, or on its own initiative, in relation to the matters as set out in the Companies Act; and
- made submissions to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting.

Governance

Audit Committee report continued

Following Grit's successful admission to trading on the LSE's Main Market on 31 July 2018, Grit now holds primary listings on both the Main Market of the LSE and the Main Board of the JSE, and a secondary listing on the Official Market of the SEM[1] (the "**Exchanges**" and each an "**Exchange**").

Under the SEM Rules and the JSE Listings Requirements, the Company is required to prepare and publish its abridged audited annual financial statements for its financial year ended 30 June 2018 within 90 days of its financial year-end, i.e. by no later than Friday, 28 September 2018. 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 and the JSE. 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.

BDO & Co., the Company's current appointed auditor, is accredited with the JSE and is a licensed auditor under the Mauritian Financial Reporting Act 2004. BDO & Co. has the authority, as statutory auditor of the Company, to sign off on the audited financial statements of Grit for SEM and JSE purposes. However, BDO & Co. 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. As part of that appointment, the Company has appointed, with shareholder approval, PwC Mauritius as joint statutory auditors with BDO & Co for the Company for the year ended 30 June 2018.

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

Regulatory compliance

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

Annual review of the external Auditor

The Committee reviewed the independence, objectivity and effectiveness of the external auditors, considering, inter alia the information stated in paragraph 22.15(h) of the JSE Ltd Listings Requirements 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 for the financial year ending 30 June 2019 as the sole statutory auditors and PwC UK should be appointed as auditors for JSE and LSE purposes.

As mentioned above PwC Mauritius have been appointed as joint external auditors for the financial year ending 30 June 2018. Prior to appointing PwC, their independence and objectivity were assessed and found to be satisfactory.

The Committee has satisfied itself in terms of paragraph 3.84 (g)(i) of the JSE Ltd Listings Requirements that the Group Chief Financial Officer, as well and the Group finance function has the appropriate expertise and experience.

Non-audit services

During the year under review, the following non-audit services where performed by:

- PWC Mauritius at 30 June 2018 US$23 115 (2017: Nil)
- BDO Mauritius at 30 June 2018 US$Nil (2017: US$27 000)
- BDO UK LLP at 30 June 2018 US$1.6m (2017: Nil)

Internal audit

Internal audit is an independent appraisal function which examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance. The function provides the Board with a report of its findings and recommendations for each audit it performs, as well as the comments of 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.

Grit has outsourced the internal audit function and up until 30 April 2018, Grant Thornton ("**GT**") were the appointed internal auditor. Due to GT's Limited resources they resigned as internal auditors for Grit. In June 2018 KPMG Advisory Services Limited ("**KPMG**") were appointed as Grit's internal auditors.

Internal audit operates within defined authority granted to it by the Audit Committee and the Board and reports to the Committee with notification to the Group Risk and Audit Officer. The KPMG internal audit team reports to the Group Risk and Audit Officer on day-to-day matters and to the Chairperson of the Committee.

[1] The listing on the SEM is termed as a 'secondary listing'. However, all SEM Rules apply to the Company, except the requirement to publish interim quarterly financial reports.

The KPMG internal audit team is led by an engagement partner and manager, both of which are University Degree holders specialised in audit.

During the year, GT were mandated to review the effectiveness of the design of controls in mitigating assessed risks of the Group. The process controls in most instances were found to be reasonable to mitigate the various risks.

Based on their assessment:

- properly documented policies and procedures where not always in place. Management response: A plan has been put in place to properly document all outstanding policies and procedures within the Group: and
- recommendation to adopt a formal Treasury Policy. Management response: A Treasury Policy has been drafted and will be submitted to the Board for approval.

The Group has an Internal Audit Charter which was established and approved by the Committee. The Internal Audit Charter was prepared by the GT internal audit team and sets out the purpose, authority and responsibility of the internal audit function of the Group. It is consistent with the terms of reference of the Audit Committee in respect of internal audit and the standards set by Institute of Internal Auditors.

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 internal audit team has unrestricted access to the Committees Chairperson, Exco, the records of the business units it audits as required, subject to controls in place to ensure compliance to Data Privacy related regulations.

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 2018. 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 2018.

We are satisfied 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, the JSE and the LSE.

We are satisfied with:

- The expertise and adequacy of resources within the finance function; and
- The experience of the senior financial management staff.

Going concern

The Committee through its review of the 2019 budget and cash flows and discussions with executive management reported to the Board that it supports management's view that the Company will continue to operate as a going concern for the foreseeable future.

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.

Risk Committee report

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:

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 register
Identifies and evaluates key risks and tolerance levels and ensures they are appropriately managed
Executive Committee
Maintains the Group's risk register
Manages the Group's risk management procedures
Reviews the operation and effectiveness of key controls
Provides guidance and advice to staff on risk identification and mitigation plans

Composition of the Committee

The Committee comprises of four NED's, three of which are independent.

- Catherine McIlraith – Independent Chairman
- Ian Macleod – Independent
- Paul Huberman – Independent
- Matshepo More

Meetings of the Committee

During the year under review, the Committee met twice. The attendance record is outlined in the corporate governance statement.

The Committee hold's sufficient meetings to discharge all its duties as set out in its charter, but subject to a minimum of two meetings per year.

The Committee liaises closely with the Audit Committee and may invite any relevant persons to attend Committee meetings.

Roles and responsibilities

The Committee has a adopted a formal charter which has been approved by the Board and has been incorporated in the Board Charter. The Charter sets out the Committees roles and responsibilities. The Committee's charter is available on the Company's website at www.grit.group.

The Committee is responsible for:

- Ensuring that the Group has implemented an effective policy and plan for risk management that will enhance the Group's ability to achieve its strategic objectives;
- Providing support on the risk appetite and risk management of the Group;
- Monitoring the implementation of the policy and plan for risk management;
- Ensuring that the risk management plan is disseminated throughout the Group and integrated in the day to day activities of the Group;
- Ensuring that risk management assessments and monitoring are performed on a continuous basis;
- Ensuring frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- Identifying the risk areas of the Group's operations to be covered in the scope of the internal and external audits; and
- Ensuring that the disclosure regarding risk is comprehensive, timely and relevant.

To fulfil its function, the Committee has specific oversight of financial reporting risks, internal financial risks, fraud risks and IT risks.

Enterprise Risk Management ("**ERM**") forms an integral part of the business and risks are considered in all decisions within the Group, both at board and management level.

When considering risk, the following main categories of risk are covered:

- Compliance risk;
- Strategic and hazard risk;
- Operational risk; and
- Financial risk.

The Executive Committee ("**Exco**"), in their task of implementing the Group's strategy, is responsible for:

- Ensuring an effective system to manage risks; and
- Implementing effective and efficient risk mitigations.

Exco maintain a Key Risk Register which is shared with the Committee on a quarterly basis. Refer to page 41 of the integrated annual report. The key risks are well managed and monitored regularly as the risks could change with changes in the industry, economy and stakeholders, amongst others.

During the year, to continuously improve the risk management process, as mentioned in the Audit Committee Report, Grant Thornton was engaged to assess design effectiveness of risk mitigating controls.

Risk management framework

How we identify risk

Risks are identified through workshops between the Exco and members of senior management, analytical techniques, independent reviews and use of historical data and past experience.

The continuous review of strategy and our environment ensures that we do not become complacent and that we respond in a timely manner to any changes.

How we assess risk

Following the identification of a potential risk, the Exco undertake a detailed assessment process to:

- 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.

How we monitor risk

As part of our risk management procedures, the Exco 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.

Monitoring activities include:

- the regular review and updating of risks and the risk register;
- independent third-party reviews of the risk management process to provide further assurance of its effectiveness;
- informing the Board to 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.

How we respond to risk

We implement controls and procedures in response to identified risks with the aim of reducing our risk exposure, so that it is aligned or below our risk appetite. The mitigation plans in place for our key risks are described in greater detail on pages 41.

As part of good corporate governance, a Whistleblowing policy has been implemented. The purpose of this policy is to ensure that no worker 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.

This policy is intended to encourage any worker who believes they have discovered malpractice or impropriety to report it as soon as possible, in the knowledge that their concerns will be taken seriously and investigated appropriately. It is not designed to facilitate the questioning of financial or business decisions taken by the Company, nor should it be used to reconsider any matters which have already been addressed under harassment, grievance, disciplinary or other procedures.

This policy is intended to cover concerns which are in the public interest. These concerns could include activities set out in the following (non-exhaustive) list:

- Financial malpractice or impropriety or fraud;
- Failure to comply with a legal obligation/statute;
- Breach of internal policies and procedures;
- Dangers to health and safety or the environment;
- Miscarriages of justice;
- Criminal activity;
- Improper conduct or unethical behaviour;
- Bribery;
- Unauthorised disclosure of confidential information;
- Attempts to conceal any of the above.

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

Social and Ethics Committee Report

The Social and Ethics Committee ("**the Committee**") was established to assist the Board with the oversight and reporting on organisational 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.

Composition of Committee

During the year under review and following recommended practices and good corporate governance, the members of this Committee are all non-executive directors, two of which are independent.

- Catherine McIlraith – Chairman (Independent)
- Peter Todd (Independent)
- Nomzamo Radebe

After year-end, Matshepo More has been appointed as a member of this Committee.

Meetings of the Committee

Per the Committee charter, the Committee should meet four times a year however as the Committee was only formalised in in February 2018, two meetings were held, which were attended by all Committee members.

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;
- driving environmental responsibility and sustainability matters; monitoring good corporate citizenship; and
- monitoring compliance with the Code of Ethics and Business Conduct Policy; and
- reviewing and monitoring the Company's stakeholder engagement plans, guidelines and practices.

Transformation

Foreword from our Chief Executive

In line with best practice global corporate governance, we all have a responsibility to be good corporate citizens. By governing our organisations in a way that supports the establishment of an ethical culture, leading with inteGrity and being socially responsible we encourage our continued existence.

This resonates and is embodied within the values which our business is centred around, it is the ethos of transformation in our business. Through our Transformation strategy we intend on reshaping the African Landscape. Redefining the African Continent as the last frontier is part of our DNA at Grit, this is what we tell the world, this is what we tell our investors, this is what we tell our shareholders.

Transformation is part of the growth narrative of our business and is an essential aspect that will ensure the Company's expansion across the continent. For Grit, transformation goes beyond our business, it translates to the relationships we foster and nurture with in-country partners, tenants and communities we operate in. It's about doing business in a manner that will have positive and sustainable impact in the long-term, to create opportunities and change people's lives for the better. This is a key strategic objective for us, as it has been through our diversity that we have been able to achieve significant success as an organisation.

Our Transformation policy highlights the key areas of focus in the business as being Economic Transformation Initiatives, Employment Equity and Diversity Management, as such our transformation strategy seeks to address the key areas highlighted by our policy.

The implementation of our strategy has seen Grit achieve exceptional results. The Company boasts a diverse and well represented work-force throughout the business and its subsidiaries with local key talent occupying senior management roles; led by a predominantly female executive management.

In June 2017 we concluded an empowerment partnership deal which saw an empowerment consortium acquire 11% shareholding in the Company, demonstrating our commitment to promote Inclusive Economic Transformation Initiatives.

Through various internal initiatives, we have ensured that we provide a platform to empower our people by providing study assistance mechanisms and opportunities to be able to leverage off of our diverse talent pool skills. During the year under review Grit has also introduced its internship programme.

We have continued to support various community outreach programme and are excited to partnering with two new NGO's where will be sponsoring and actively participating in their various programs as part of our CSR initiatives.

Introduction from the transformation champion

TRANSFORMING an economy is a multi-faceted, long-term investment and the many African countries which Grit Real Estate Income Group has a foot print in are no exception. Embedded in Grit's investment strategy and philosophy, is long-term sustainable investing which we at Grit believe will build sustainable economies throughout the continent.

Africa boasts vast opportunities and infinite possibilities of growth given the continents under-developed markets, it presents a platform for the most dynamic industrial revolution the world has seen thus far; rooted in digitalisation anchored by untapped resources and complemented by the entrepreneurial spirit of the "global citizen". Former President of the Republic of South Africa popularised this opportunity under the "African Renaissance "concept which spoke of Africa's scientific and economic renewal. The continent is well positioned to take advantage of this opportunity and showcase its prowess to the rest of the globe.

Africa has a population of over 1.1 billion people and is the second largest continent in the world. The continent's GPD grew by 5% almost double the global average. In the last decade six of the 10 fastest growing economies came from Africa, however over three quarters of the continents countries are in the bottom half of the per capita GDP ranking worldwide. The continent is however expected to double its economic output every 15 years according to the World Economic Forum analysts.

As any great opportunity always comes with challenges, so does the Great African narrative and despite the myriad of headwinds the continent is faced with these can be overcome with collaboration between African Leaders and Business.

Our transformation strategy is a blue-print that will help unlock value in the immediate micro-economies within which our assets are located; and unlocking value in our assets means unlocking the potential and uplifting our environment. Our transformation policy seeks to address socio-economic issues and create fair and sustainable opportunities parallel to the growth of the business.

We live in the most dynamic continent on the planet, it is our duty to ensure that this continent takes its place in the global markets and enrich the lives of the people.

Lunga Dlamini

Governance

Social and Ethics Committee Report continued

Internship Programme

As part of its transformation initiatives, Grit launched its first internship programme aimed at giving exposure to young graduates to the complex world of Real Estate investments on the African continent.

BA Social Sciences student, Lethabo Setata from the African Leadership University is our first candidate. The programme is designed to ensure that Lethabo acquires the necessary work experience and skills to understand Real Estate investments and how the various departments in Grit fit into the Real Estate universe, which is in-line with Grit's transformation strategy to promote equal opportunities to young people.

"Grit has given me the opportunity to go from being a property novice into a "Real estate fundi"; having been exposed to the various facets of the business, acquiring key technical skills that contribute positively to my career growth. The dynamic business environment has equipped me with an execution mindset and the ability to take initiative to making things happen. Being at Grit has deepened my passion for Real Estate across the African continent and the skills acquired during my time with the Company have placed me well on the way to achieving my dream to become an astute Real Estate investor".

Lethabo Setata

Corporate Social Responsibilities

Create an impact in our community

The Grit CSR programme was launched with great anticipation and success in May of 2018. In challenging ourselves to become true Grit Champions, we identified various projects to engage with and provide much needed support. Our efforts are tested against the pillars of our corporate philosophy, and challenges us to actively engage in bringing about positive change in areas where we can contribute on a significant scale.

Terre de paix is Championed by Sheila Edouard, Receptionist, and Grit has committed to support this community initiative with US$ 5 000 annually. Activities are focused on the combatting of poverty and its consequences on vulnerable groups, especially children. Launched in Mauritius in 1978, this NGO aims to provide much needed assistance to abandoned and vulnerable children, children out of the mainstream education system, poverty-stricken and other needy families.

Targets for 2018 – 2019: Apart from providing financial support, we shall organise a food and clothes donation campaign, driven by our team members, before the end of 2018 and follow up on this initiative by driving a stationary donation programme to equip children with much needed stationery equipment (books, pens, etc) at the start of the new school year at the beginning of 2019.

Reef conservation: This is a project of significant importance as it addresses the rapid decline of coral reefs surrounding Mauritius. Created in 2004, Reef Conservation is an accredited NGO dedicated to the Conservation and restoration of the coastal and marine environment of Mauritius. As this is not a localised problem, with the world's coral reefs under serious threat, this project speaks to supporting local effort and education in addressing a global problem. These habitats are under serious threat, and may species, dependent on these bio-habitats, face extinction due to rapid coral decline. Grit's involvement in Reef conservation activities are Championed by Belinda Wong, Chief Investment and Corporate Advisory Officer, and activities include awareness campaigns to inform the public about the danger of damaging the marine eco-system. The strategy for 2018 – 2019 is to support an education project named "Club Mer": this is a comprehensive programme aimed at educating children aged 14 to 17 years old about marine conservation and coral repopulation. The programme lasts 32 weeks and education sessions are conducted every Saturday. The cost is approximately US$ 1 000 per child.

Last Male Standing: For the second year, Grit was involved in 2018 in the Last Male Standing programme in Kenya. The Last Male Standing Rhino Cup is a cricket tournament and takes place in mid-June each year on the incredible cricket pitch located in the middle of one of the world's great conservation areas – Ol Pejeta in Laikipia in Northern Kenya. The project is Championed by Bronwyn Corbett, CEO, and Greg Pearson, Co-Founder. Grit sponsored a cricket team and is proud to have won the cup of this prestigious tournament for the second time. Targets for 2018 – 2019 are to continue bringing our support to this noble cause by financing our cricket team.

All Life Matters Animal Sanctuary ("ALM"): The aim of ALM, besides being a forever home to rescued animals, is to teach compassion – compassion towards one another, to animals and very importantly, compassion towards our environment. ALM employs 13 Mauritian staff who care for the animals and assist with the education programme. ALM has had several very successful events, where schools have arranged excursions to the sanctuary and the children have had, not only education but also the pleasure of enjoying the animals

One of the proud successes of the sanctuary this last year was the establishment of a veterinary clinic servicing the sanctuary, as well as providing access for local communities to affordable veterinary care.

The initiative is Championed by Moira van Westhuizen, Group Risk and Audit Officer and further supported by numerous Grit staff in their personal capacities. A recent sponsored event yielded more than US$ 2 800 for the benefit of ALM and attracted more than 38 vendors and participants to bring this project into the public's eye. We foresee that this initiative will be held annually. Grit supports this Mauritian NGO with a financial contribution of US$ 17 260 per year.

In the coming months Grit will expand its support to a further two Mauritian NGO's.

- Reef conservation
- Terre de paix

Governance

Directors' Report

The Board has pleasure in submitting the directors' report for the year ended 30 June 2018.

Nature of business

Grit Real Estate Income Group Limited ("**Grit**"), previously Mara Delta Property Holdings Limited, is the leading Pan African income-generating group that focuses on real estate assets in carefully selected African countries, excluding South Africa, underpinned by predominantly USD and EURO-denominated long-term leases with high quality tenants delivering strong sustainable income.

The Company was initially incorporated on 16 May 2012 in Bermuda and registered by continuation in Mauritius as a public company limited by shares on 11 March 2015, it holds a Category One Global Business License.

During the year under review Grit was dual listed on the official board of the SEM and the Main Board of the JSE. On 31 July 2018 Grit successfully listed on the Main Market of the London Stock Exchange.

At the year-end Grit has a portfolio of 22 investments with a total asset value of US$642m (2017: US$489m). Grit's portfolio of assets and investments comprise completed buildings and brownfield developments for refurbishing existing buildings. Grit's current geographical footprint is Mauritius, Morocco, Mozambique, Zambia, Kenya, Ghana and Botswana. With the various acquisitions over the past year, the sectors that the Group's properties are classified in now includes retail, commercial, light industrial, corporate accommodation and hospitality.

Strategy

Grit's strategy remains focused on the acquisition of assets that provide a sustainable income from high quality tenants, with predominantly US$ and EURO-denominated long-term leases, across the African continent, excluding South Africa, while maintaining an accretive distribution over the long term.

Management's immediate focus is on growing the net asset value of the business, bedding down pipeline acquisitions and increasing liquidity in the Company. As the Company has reached a level of critical mass following its most recent corporate activity, the Board and management anticipates less frequent capital raises to fund growth going forward.

Capital structure

Pursuant to its share buyback programme, the Company repurchased 59 400 of its own Ordinary Shares during April 2018 at ZAR 16.50 per Ordinary Share. These Ordinary Shares were subsequently cancelled with effect from 30 April 2018.

On 11 May 2018, Grit issued 5 567 564 new Ordinary Shares at US$1.5267 per Ordinary Share as consideration for its acquisition of a 47.5% share of Capital Place Limited which owns the Capital Place Building, a commercial building in Accra, Ghana.

As at 30 June 2018 Grit's issued share capital comprised:	**Number of shares**
Shares is issue at 30 June 2017	208 514 261
Share cancellation	59 400
New issue	5 567 564
Total issued shares at 30 June 2018	214 022 425

Review of activities

The results of the Group and the Company are commented on in the Chairman's, Chief Executive Officer's and the Chief Financial Officer's reports on pages 17 to 34 and are set out in the financial statements on pages 139 to 232.

Distributions

The following distributions were declared during the 2018 financial period:

- Distribution number 8 of US$6.07 cps for the six months ended December 2017.
- Distribution number 9 of US$6.12 cps for the six months ended June 2018.
- The full year distribution will amount to US$12.19 cps. (2017: US$12.07 cps)

Directors and Board changes

Bronwyn Corbett	Chief Executive Officer
Leon van de Moortele	Chief Financial Officer
Peter McAllister Todd	Chairman
Ian Macleod	Senior Independent Director
Catherine McIlraith	Independent Non-Executive Director
Paul Huberman	Independent Non-Executive Director
Nomzamo Radebe	Non-Executive Director
Matshepo More	Non-Executive Director

A number of Board changes took place at the Company's last AGM held in November 2017:

- Ms Jackie van Niekerk did not standing for re-election as non-executive director as had taken up a new executive position with a South African REIT;
- Ms Nomzamo Radebe was appointed as non-executive director; and
- Ms Catherine McIlraith joined the Board as independent non-executive director.

The Board would like to welcome Mrs McIlraith, who brings extensive financial value to the Board and Mrs Radebe, having extensive experience in the Real Estate sector.

In March 2018, Mr Chandra Gujadhur retired as independent non-executive director, with the subsequent resignation of Mr Maheshwar Doorgakant as an alternative to Chandra.

In April 2018, Mr Sandile Nomvete, as a result of his responsibilities and position held as an executive director of Delta Property Fund Limited, a company listed on the JSE, resigned during the year under review. Peter Todd was then simultaneously appointed to the position of Chairman after being the lead independent director for Grit since August 2014,

In the lead-up to our LSE listing Mr Paul Huberman was appointed as independent non-executive director and chairman of the Audit Committee. The Board welcomes Mr Huberman and is of the view that with his extensive experience in the real estate and finance sectors in the UK, he will add great value to the Board and to the proposed LSE listing.

Directors' interests in Grit shares

The interest of the directors in the shares of the Company at the financial year-end was as follows:

Director	Direct beneficial holding	Indirect beneficial holding	Total number of Shares held as at 30 June 2018
BA Corbett	669 758	4 789 856	5 459 614
LP van de Moortele		1 202 187	1 202 187
Nomzamo Radebe		3 875 000	3 875 000
Total	**669 758**	**9 867 043**	**10 536 801**

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 the annual financial statements.

Executive directors' service contracts

The Executive Directors have service contracts with the Company. A three-month notice period is required for the executive directors.

Directors' Report continued

Post balance sheet events

- On 31 July 2018, the Company was listed on the London Stock Exchange, raising gross US$132.2 million of fresh capital through the issue of 102 074 261 shares at a price of US$1.43 per share.
- Following the successful capital raise, the Company settled short-term debt facilities with State Bank of Mauritius (US$18.6 million), Barclays Bank Mauritius (US$19.2 million) and BANK ABC (US$8.5 million).
- On 27 August 2018, the Group concluded the transfer of the 80.1% interest in Acacia Estate, located in Costa do Sol, Maputo, Mozambique. The residential complex is tenanted by an International Embassy and leading international petroleum company under long-term leases. The aggregate purchase consideration is US$23.5 million and was settled in cash.
- On 26 March 2018, Grit announced that it had paid a refundable deposit of US$2 million for the acquisition of the CADS II building situated in Accra. The balance of the total consideration for a 50% stake in the Company of US$8.5 million was made in August 2018 and the property is currently under transfer.
- On 15 March 2018, Grit signed an agreement to acquire the 5th Avenue Corporate Offices complex in West Cantonments, Accra. The building is tenanted by a blue-chip anchor tenant occupying 53% of the gross lettable area and contributing 58% of the rental stream. The parent company of the second biggest tenant, occupying 34% of the gross leasable area and contributing 30% of the rental income, is a leading owner, operator and developer of wireless and broadcast communication towers and is listed on the New York Stock Exchange. The aggregate purchase consideration is US$20.5 million. Post year-end, the Group made a deposit of US$3.2 million to secure the transfer of the asset and the effective date of this transaction is expected in early October 2018.

Company Secretary

Grit's Company Secretary is Intercontinental Fund Services Limited. Intercontinental Fund Services Limited, a wholly owned subsidiary of Intercontinental Trust Limited (collectively referred to as "**ITL**"), is licensed by the Mauritius Financial Services Commission to provide financial and fiduciary services. ITL was the first management company in Mauritius to have completed an ISAE 3402 Type II audit since 2010 and this is being successfully re-assessed annually. ITL has a proven track-record that spans over nearly two decades and has over the years expanded its global presence in Singapore, Seychelles, South Africa and Kenya. ITL accompanies its clients throughout the lifecycle of their projects; from offering the relevant advice on structuring matters at the inception stage to providing solutions at the exit stage. Its drive for excellence and innovative approach has been the linchpin of its success and has given the firm the competitive edge in the marketplace. ITL has contributed to the positioning of Mauritius as an attractive listing, trading and capital-raising platform for both local and global issuers and has led several groundbreaking listing projects. ITL is the only service provider in Mauritius to have listed global business companies as a full listing on the Stock Exchange of Mauritius and on the Johannesburg Stock Exchange. Throughout the years, the Group's expertise has been recognized by various reputable institutions and it has been the recipient of several awards including the Best Corporate Finance Advisor of the year 2015 and 2016 by Private Equity Africa.

Auditors

It will be proposed at the next Annual General Meeting that PWC Mauritius continues in office in accordance with the Companies Act as statutory auditors and PwC UK should be appointed as auditors for JSE and LSE purposes.

Going concern

The directors are of the opinion that the Group and Company have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going-concern basis in preparing the Group's financial statements.

The directors have satisfied themselves that the Group and Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

Annual Financial Statements

i innovation

"Innovation distinguishes between a leader and a follower."
– Steve Jobs

Annual Financial Statements

Directors' responsibility and compliance

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, the JSE listings rules and to discharge their stewardship obligations to file financial statements with the London Stock Exchange.

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;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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.

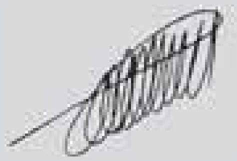
Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Each of the Directors confirms that to the best of their knowledge that the Group financial statements, which have been prepared in accordance with IFRSs, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

The annual financial statements of the Company have been approved by the Board on 26 September 2018.

Bronwyn Corbett
Chief Executive Officer



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 this Public Interest Entity has not fully complied with all of its obligations and requirements under the Code of Corporate Governance for Mauritius 2016 ("the Code") for the period ended 30 June 2018 for the reasons stated below:

Area of non-application of the Code	Explanation for non-application
Website	The website is currently being redesigned

Peter Todd
Chairman

Bronwyn Corbett
Chief Executive Officer

26 September 2018

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 2018.

Intercontinental Fund Services Limited
Company Secretary

26 September 2018

Annual Financial Statements

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 2018, 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 2018;
- 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 (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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 – 2018 $383m (2017: $308m). *The Group holds significant investment properties which are fair valued each year under IAS40 with the change in fair value being reflected in the income statement. The valuation of these properties is carried out for management by external experts. The nature of the valuation process means there is a significant risk around the valuation given the sensitive nature of some of the assumptions used.*	*Due to the nature of the risk and the amounts included in the financial statements this is an area of focus for the audit team.* *The key procedures that we have followed are set out below - these are the same procedures that we have followed for auditing the valuations of the properties that are included within the associates as well as 'controlled' properties.* • We have received and read copies of all of the external valuation reports; • During August and September 2018 we held discussions with management and held separate calls with each of the respective valuers to discuss the valuation process, the key assumptions and the rationale behind the most significant movements in the year. Where necessary we had follow up calls with management and their external valuers to confirm / clarify information and assumptions; • We have assessed the appropriateness of the key assumptions used across the portfolio, corroborating yields, ERVs 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 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; At the same time our audit teams have also vouched the other key inputs in the model such as current rents, expenses, existence of original title deeds; • 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 (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
The Group - Audit of prior year restatements *As part of the process to list shares in London the Reporting Accountant carried out an independent review of the historical financial information (HFI). As part of this review a significant number of adjustments were identified to the financial statements previously disclosed. Ensuring that we understood and agreed with those restatements as well as ensuring the list of restatements was complete was determined to be an area of focus.*	***We carried out the following procedures in respect of the work on the prior year restatements:*** • PwC obtained an analysis which we reconciled back to the previously announced restatements to ensure completeness of identified restatements; • Discussed at length the issues with management to understand both the technical elements but also how the errors arose such that we could consider implications for other errors and restatements required; • Obtained detailed audit support from management for all of the material adjustments which impacted the numbers on which we were reporting;. • PwC reviewed the working papers of the Reporting Accountant to supplement our understanding of the adjustments; • PwC reviewed the working papers of BDO for prior year to consider the audit work carried out there and the need for any additional restatements; • Engaged our technical specialists to assist on the technical elements of the restatements to ensure that we were in agreement with the positions reached; • Audited the disclosure of the prior year restatements in these financial statements; and • Reported to the Audit Committee on the procedures that we carried out.

Key audit matter	How our audit addressed the key audit matter
The Group – Acquisitions during the year *During the year the Group acquired a number of properties, either outright control or as an associate. The size of the acquisitions as well as the complex nature of how some of these have been contracted means that we spent a considerable time ensuring that the accounting for these was correct.*	*Our audit procedures for all acquisitions have included:* • Obtaining, reading and ensuring that the sale and purchase agreement is consistent with the facts accounted for; • We have agreed amounts of money paid out to bank statements or share issues; • Seen the original title deeds; • We are also comfortable that the acquisitions are deemed an asset acquisition rather than a business combination given the nature of the acquisition as an asset is acquired and not set of inputs and processes that would constitute a business. For Capital place in Ghana and the Beachcomber acquisition in Mauritius we ensured that it was appropriate that these were accounted for as associates under IAS 28; For the Vale Compound acquisition in Mozambique we focused on the timing of the acquisition given the long lead time between contracts being signed and control finally being obtained. This was considered as part of our work on the prior year restatements.
The Group – Disclosure of related party transactions *Due to the historic volume of related party transactions entered into by the Group and on the basis that the completeness of related party transactions was identified as an area of control risk as part of the London listing process we have performed specific audit procedures with respect to related party transactions.*	*Our audit procedures have included the following:* • Discussed the process of capturing related parties with management and how they were comfortable that the list of related parties and transactions is complete; • Reviewed the initial related party register supplied by management to ensure that directors of subsidiaries and associates where included. We then tested the completeness by: - Identifying other companies that had the same directors as GRIT to see if these were included as related parties. We noted a number of exceptions management have subsequently performed an additional review and updated the register. - Selected a sample of expenses incurred by the company, traced to vendor and then checked whether the vendor/directors were a related party and therefore included on the register. - Selected a sample of tenants from the tenancy schedules of our two significant components, Anfa Place and Mall de Tete and performed a search for directors of the tenants which we have then cross referenced to the related party register to identify any common directors. - We circulated a list of related parties to each of the component auditors which were required to confirm completeness of the list as well as ensure any related party transactions were disclosed. - Considered our knowledge of the entity and its transactions to consider if any related parties had been omitted. - Ensured that all related parties included in the HFI were included as related parties still and investigated any difference.

Independent Auditors' Report To the Shareholders of Grit Real Estate Income Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
The Company – Fair valuation of investments in subsidiaries and impairment of loans receivable from related parties *At 30 June 2018, investments in subsidiaries and loans receivable from related parties amounted to $ 385m (2017 - $312m). Investments in subsidiaries are carried at fair value through profit or loss. Fair value is determined by reference to the underlying fair value of the subsidiaries' net assets. Loans receivable from related parties are carried at amortised cost and assessed for impairment. The amounts are significant to the Company's financial statements.*	We have verified the computation of the fair value for investment in subsidiaries. We have reviewed the net assets' values of each subsidiary and discussed the fair value with management where necessary. We have assessed the loans receivables from related parties for impairment by assessing the counterparty's ability to repay and their net assets' positions.

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 auditors' 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. Our reporting responsibilities regarding the corporate governance report is dealt with in the "Report on Other Legal and Regulatory Requirements" section of this report."

Other information (Continued)

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.

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.

Independent Auditors' Report To the Shareholders of Grit Real Estate Income Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the 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, related safeguards.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

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:

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor and business advisors of the Company and some of its subsidiaries;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

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

Olivier Rey
Licensed by FRC

BDO & Co

Rookaya Ghanty
Licensed by FRC

26 September 2018

Annual Financial Statements

Consolidated statement of financial position

For the year ended 30 June 2018

	Notes	GROUP As at 30 June 2016 RESTATED $'000	GROUP As at 30 June 2017 RESTATED $'000	GROUP As at 30 June 2018 $'000	COMPANY As at 30 June 2016 RESTATED $'000	COMPANY As at 30 June 2017 RESTATED $'000	COMPANY As at 30 June 2018 $'000
ASSETS							
Non-current assets							
Investment properties	3	239 926	307 795	**383 132**	–	–	**–**
Deposits paid on investment properties	3	8 620	24 440	**11 117**	–	–	**–**
Property, plant and equipment	5	525	1 290	**1 749**	–	825	**1 372**
Intangible assets	6	599	592	**485**	–	–	**–**
Other investments	7	–	–	**4 154**	–	–	**1 063**
Investments in associates	8	45 822	89 016	**165 311**	–	–	**–**
Investments in subsidiaries	9	–	–	**–**	34 875	44 998	**79 766**
Related party loans receivable	10	–	8	**802**	157 337	267 391	**300 027**
Other loans receivable	11	–	66 740	**42 863**	–	–	**800**
Deferred tax	12	–	6 496	**8 999**	–	–	**–**
Total non-current assets		295 492	496 377	**618 612**	192 212	313 214	**383 028**
Current assets							
Current tax receivable		–	439	**–**	–	1	**–**
Trade and other receivables	13	15 327	22 805	**29 786**	645	1 182	**3 906**
Related party loans receivable	10	–	2 000	**77**	–	–	**4 766**
Cash and cash equivalents	14	17 785	24 668	**3 086**	47	20 744	**108**
Total current assets		33 112	49 912	**32 949**	692	21 927	**8 779**
Total assets		328 604	546 289	**651 561**	192 904	335 141	**391 808**
EQUITY AND LIABILITIES							
Total equity attributable to ordinary shareholders							
Ordinary share capital	15a	171 995	319 979	**328 394**	171 995	319 979	**328 394**
Treasury shares reserve	15b	(5 100)	(15 031)	**(14 811)**	–	–	**–**
Foreign currency translation reserve		230	3 275	**1 780**	53	53	**53**
Antecedent dividend reserve	15a	636	1 261	**–**	636	1 261	**–**
Retained (loss) / profit		(28 989)	(51 177)	**(35 980)**	(1 265)	(9 182)	**12 952**
Equity attributable to owners of the Company		138 772	258 307	**279 383**	171 419	312 111	**341 399**
Non-Controlling interests		(455)	(1 123)	**(3 940)**	–	–	**–**
Total equity		138 317	257 184	**275 443**	171 419	312 111	**341 399**
LIABILITIES							
Non-current liabilities							
Redeemable preference shares	17	–	12 840	**12 840**	–	–	**–**
Interest-bearing borrowings	16	126 633	185 051	**207 106**	–	528	**486**
Obligations under finance leases	18	–	171	**124**	–	–	**–**
Related party loans payable	10	1 365	1 365	**–**	–	–	**2 316**
Deferred tax liability	12	11 458	15 041	**20 791**	–	–	**–**
Total non-current liabilities		139 456	214 468	**240 861**	–	528	**2 802**
Current liabilities							
Interest-bearing borrowings	16	34 548	47 959	**99 038**	20 000	17 788	**37 281**
Obligations under finance leases	18	–	45	**51**	–	–	**–**
Trade and other payables	19	14 700	26 176	**26 151**	1 485	4 714	**1 757**
Current tax payable		1 029	–	**969**	–	–	**75**
Derivative financial instruments	20	554	19	**22**	–	–	**–**
Other financial liability	31b	–	–	**128**	–	–	**128**
Bank overdrafts	14	–	438	**8 898**	–	–	**8 366**
Total current liabilities		50 831	74 637	**135 257**	21 485	22 502	**47 607**
Total liabilities		190 287	289 105	**376 118**	21 485	23 030	**50 410**
Total equity and liabilities		328 604	546 289	**651 561**	192 904	335 141	**391 808**

These financial statements were approved for issue by the Board of Directors and authorised for issue on 26 September 2018.

Bronwyn Corbett **Leon van de Moortele**

The notes on pages 144 to 232 form part of the financial statements.
Please refer to the auditors report found on page 131.

Consolidated statement of comprehensive income

For the year ended 30 June 2018

	Notes	GROUP Year ended 30 June 2017 RESTATED $'000	GROUP Year ended 30 June 2018 $'000	COMPANY Year ended 30 June 2017 RESTATED $'000	COMPANY Year ended 30 June 2018 $'000
Gross rental income	21	22 872	**32 128**	–	**–**
Straight-line rental income accrual	4	1 132	**1 110**	–	**–**
Revenue		24 004	**33 238**	–	**–**
Property operating expenses		(7 170)	**(7 585)**	–	**–**
Net property income		16 834	**25 653**	–	**–**
Other income		254	**9**	580	**1 461**
Administrative expenses (including corporate structuring costs)		(7 900)	**(14 653)**	(3 074)	**(6 273)**
Profit/(loss) from operations	22	9 188	**11 009**	(2 494)	**(4 812)**
Fair value adjustment on investment properties		(20 729)	**5 073**	–	**–**
Contractual receipts from vendors of investment properties		230	**8 689**	–	**–**
Total fair value adjustment on investment properties	3	(20 499)	**13 762**	–	**–**
Fair value adjustment on other investments		–	**(757)**	–	**–**
Fair value adjustment on other financial asset		–	**(128)**	–	**(128)**
Fair value adjustment on derivative financial instruments		535	**25**	–	**–**
Fair value adjustment on investment in subsidiary	9	–	**–**	10 122	**34 768**
Share-based payment expense		(133)	**(282)**	(133)	**(282)**
Share of profits from associates	8	6 893	**21 028**	–	**–**
Gain from bargain purchase on associates		958	**–**	–	**–**
Foreign currency gains / (losses)		2 081	**1 125**	(1 086)	**533**
(Loss)/profit before interest and taxation		(977)	**45 782**	6 409	**30 079**
Interest income	23	2 059	**4 375**	3 378	**8 581**
Finance costs	24	(11 433)	**(19 660)**	(1 751)	**(2 460)**
(Loss)/profit for the period before tax		(10 351)	**30 497**	8 036	**36 200**
Taxation	25	2 916	**(4 752)**	(33)	**(75)**
(Loss)/profit for the period after tax		(7 435)	**25 745**	8 003	**36 125**
Other comprehensive income					
Amounts that may be reclassified to profit and loss					
Gain/(loss) on translation of functional currency		3 045	**(1 495)**	–	**–**
Other comprehensive income		–	**–**	–	**–**
Total comprehensive income		(4 390)	**24 250**	8 003	**36 125**
(Loss)/profit attributable to:					
Owners of the parent		(6 634)	**28 562**	8 003	**36 125**
Non-controlling interests		(801)	**(2 817)**	–	**–**
		(7 435)	**25 745**	8 003	**36 125**
Total comprehensive income attributable to:					
Owners of the parent		(3 589)	**27 067**	8 003	**36 125**
Non-controlling interests		(801)	**(2 817)**	–	**–**
		(4 390)	**24 250**	8 003	**36 125**
Basic and diluted earnings per ordinary share (cents)*	26	(6.04)	**14.20**	7.29	**17.95**

* *The Company does not have any dilutionary instruments in issue.*

The notes on pages 144 to 232 form an integral part of these financial statements.
Please refer to the auditors report found on page 131.

Annual Financial Statements

Consolidated statement of changes in equity

For the year ended 30 June 2018

	Notes	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Antecedent dividend reserve $'000	Retained loss $'000	Non-controlling interest $'000	Total equity $'000
GROUP								
Balance as at 1 July 2016								
– As previously reported		171 995	–	(2)	636	(9 256)	–	163 373
– effect of prior year adjustments	42	–	(5 100)	232	–	(19 733)	(455)	(25 056)
– as restated		171 995	(5 100)	230	636	(28 989)	(455)	138 317
Loss for the year (as restated)		–	–	–	–	(6 634)	(801)	(7 435)
Foreign currency translation differences (as restated)		–	–	3 045	–	–	–	3 045
Other comprehensive income		–	–	–	–	–	–	–
Total comprehensive income		–	–	3 045	–	(6 634)	(801)	(4 390)
Share based payments		–	–	–	–	133	–	133
Ordinary dividends paid	28	–	–	–	(636)	(11 526)	–	(12 162)
Treasury shares	15b	–	(9 931)	–	–	–	–	(9 931)
Ordinary shares issued	15a	155 535	–	–	–	–	–	155 535
Ordinary shares issued		–	–	–	–	–	133	133
Share issue expenses	15a	(5 330)	–	–	–	–	–	(5 330)
Transfer from share issues	15a	(2 221)	–	–	2 221	–	–	–
Clean-out ordinary dividend paid*	15a	–	–	–	(960)	(4 161)	–	(5 121)
Balance as at 30 June 2017		319 979	(15 031)	3 275	1 261	(51 177)	(1 123)	257 184
Balance as at 1 July 2017								
– As previously reported		**319 979**	**–**	**1 063**	**1 261**	**(7 578)**	**–**	**314 725**
– effect of prior year adjustments	42	**–**	**(15 031)**	**2 212**	**–**	**(43 599)**	**(1 123)**	**(57 541)**
– as restated		**319 979**	**(15 031)**	**3 275**	**1 261**	**(51 177)**	**(1 123)**	**257 184**
Profit/(loss) for the year		**–**	**–**	**–**	**–**	**28 562**	**(2 817)**	**25 745**
Foreign currency translation differences		**–**	**–**	**(1 495)**	**–**	**–**	**–**	**(1 495)**
Total comprehensive income		**–**	**–**	**(1 495)**	**–**	**28 562**	**(2 817)**	**24 250**
Share based payments		**–**	**–**	**–**	**–**	**282**	**–**	**282**
Ordinary dividends paid	28	**–**	**–**	**–**	**(1 261)**	**(13 647)**	**–**	**(14 908)**
Treasury shares		**–**	**220**	**–**	**–**	**–**	**–**	**220**
Ordinary shares issued	15a	**8 500**	**–**	**–**	**–**	**–**	**–**	**8 500**
Share buy back	15a	**(85)**	**–**	**–**	**–**	**–**	**–**	**(85)**
Balance as at 30 June 2018		**328 394**	**(14 811)**	**1 780**	**–**	**(35 980)**	**(3 940)**	**275 443**

	Notes	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Antecedent dividend reserve $'000	Retained (loss)/ earnings $'000	Non-controlling interest $'000	Total equity $'000
COMPANY								
Balance as at 1 July 2016								
– As previously reported		171 995	–	53	636	11 235	–	183 919
– effect of prior year adjustments	42	–	–	–	–	(12 500)	–	(12 500)
– as restated		171 995	–	53	636	(1 265)	–	171 419
Profit for the year (as restated)		–	–	–	–	8 003	–	8 003
Total comprehensive income		–	–	–	–	8 003	–	8 003
Share-based payments		–	–	–	–	133	–	133
Ordinary dividends paid		–	–	–	(636)	(11 892)	–	(12 528)
Ordinary shares issued	15a	155 535	–	–	–	–	–	155 535
Share issue expenses	15a	(5 330)	–	–	–	–	–	(5 330)
Transfer from share issues		(2 221)	–	–	2 221	–	–	–
Clean-out ordinary dividend paid*	15a	–	–	–	(960)	(4 161)	–	(5 121)
Balance as at 30 June 2017		319 979	–	53	1 261	(9 182)	–	312 111
Balance as at 1 July 2017		**319 979**	**–**	**53**	**1 261**	**(9 182)**	**–**	**312 111**
Profit for the year		**–**	**–**	**–**	**–**	**36 125**	**–**	**36 125**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income		**–**	**–**	**–**	**–**	**36 125**	**–**	**36 125**
Share based payments		**–**	**–**	**–**	**–**	**282**	**–**	**282**
Ordinary dividends paid	28	**–**	**–**	**–**	**(1 261)**	**(14 273)**	**–**	**(15 534)**
Ordinary shares issued	15a	**8 500**	**–**	**–**	**–**	**–**	**–**	**8 500**
Share buy back	15a	**(85)**	**–**	**–**	**–**	**–**	**–**	**(85)**
Balance as at 30 June 2018		**328 394**	**–**	**53**	**–**	**12 952**	**–**	**341 399**

* *This is explained at note 1.19a*

The notes on pages 144 to 232 form an integral part of these financial statements.
Please refer to the auditors report found on page 131.

Consolidated statement of cash flows

For the year ended 30 June 2018

	Notes	GROUP Year ended 30 June 2017 RESTATED $'000	GROUP Year ended 30 June 2018 $'000	COMPANY Year ended 30 June 2017 RESTATED $'000	COMPANY Year ended 30 June 2018 $'000
Cash generated from/(utilised in) operations					
(Loss)/profit for the year before tax		(10 351)	**30 497**	8 036	**36 199**
Adjusted for:					
Depreciation and amortisation		207	**272**	28	**51**
Interest income		(2 059)	**(4 375)**	(3 378)	**(8 581)**
Share of profits from associates		(6 893)	**(21 028)**	–	**–**
Finance costs		11 433	**19 660**	1 751	**2 460**
Allowance for credit losses		962	**(602)**	–	**–**
Foreign currency losses/(gains)		(2 081)	**(897)**	856	**(783)**
Straight-line rental income accrual		(1 132)	**(1 110)**	–	**–**
Share based payment expense		133	**282**	133	**282**
Fair value adjustment on investment properties		20 499	**(13 761)**	–	**–**
Gain from bargain purchase on associates		(958)	**–**	–	**–**
Fair value adjustment on other investments		–	**757**	–	**–**
Fair value adjustment on other financial asset		–	**128**	–	**128**
Fair value adjustment on derivative financial instruments		(535)	**(25)**	–	**–**
Fair value adjustment on investment in subsidiary		–	**–**	(10 122)	**(34 768)**
		9 225	**9 798**	(2 696)	**(5 011)**
Changes to working capital					
Movement in trade and other receivables		447	**(5 757)**	(2 061)	**(2 724)**
Movement on deposits paid on investment properties		(4 702)	**(11 117)**	–	**–**
Movement in trade and other payables		7 200	**195**	3 097	**(2 957)**
Cash generated from/(utilised in) operations		12 170	**(6 881)**	(1 660)	**(10 692)**
Cash (utilised in)/generated from operations	27	12 170	**(6 881)**	(1,660)	**(10 692)**
Taxation paid		(700)	**(111)**	(33)	**–**
Net cash generated from/(utilised in) operating activities		11 470	**(6 992)**	(1 693)	**(10 692)**
Acquisition of investment properties		(70 902)	**(37 083)**	–	**–**
Acquisition of property, plant and equipment		(649)	**(685)**	(853)	**(599)**
Acquisition of intangible assets		(10)	**–**	–	**–**
Acquisition of other investments		–	**(3 848)**	–	**(1 063)**
Net cash outflow on acquisition of associates		(15 390)	**(10 109)**	–	**–**
Dividends and interest received from associates		3 573	**7 470**	–	**–**
Interest received		2 059	**4 375**	3 378	**8 581**
Proceeds from disposal of property, plant and equipment	5	–	**4**	–	**–**
Related party loans (advanced)/repaid		(2 008)	**67**	(88 604)	**(26 585)**
Other loans (advanced)/repaid		(66 740)	**(19 532)**	–	**(800)**
Net cash utilised in investing activities		(150 067)	**(59 341)**	(86 079)	**(20 466)**
Proceeds from the issue of ordinary shares	15a	110 828	**–**	133 439	**–**
Share buy back		–	**(85)**	–	**(85)**
Share issue expenses	15a	(5 330)	**–**	(5 331)	**–**
Proceeds from the issue of preference shares		12 840	**–**	–	**–**
Ordinary dividends paid	28	(17 283)	**(14 907)**	(17 649)	**(15 533)**
Proceeds from interest bearing borrowings		170 933	**145 406**	63 383	**57 116**
Settlement of interest bearing borrowings		(114 719)	**(74 945)**	(63 543)	**(37 324)**
Finance costs paid	16	(12 107)	**(18 909)**	(1 830)	**(2 017)**
Settlement of obligations under finance leases	18	(73)	**(40)**	–	**–**
Net cash generated from financing activities		145 089	**36 520**	108 469	**2 157**
Net movement in cash and cash equivalents		6 492	**(29 813)**	20 696	**(29 002)**
Cash at the beginning of the year		17 785	**24 230**	47	**20 744**
Effect of foreign exchange rates		(47)	**(229)**	–	**–**
Total cash and cash equivalents at the end of the year	14	24 230	**(5 812)**	20 744	**(8 258)**

The principal non-cash transactions are the issue of shares as consideration for acquisition of subsidiaries, settlement of fees and to the Executive Share Trust as mentioned in note 14 and the acquisition of property, plant and equipment using finance leases.

The notes on pages 144 to 232 form an integral part of these financial statements.
Please refer to the auditors report found on page 131.

Notes to the consolidated financial statements

For the year ended 30 June 2018

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 has dual primary listing on the Official Market of the Stock Exchange of Mauritius and the Main Board of the Johannesburg Stock Exchange. In July 2018, the Company was listed on the Main Market of the London Stock Exchange.

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 JSE, 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 25 September 2018.

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.

Changes in accounting policies and comparability

The accounting policies have been applied consistently to all periods presented unless otherwise stated below. Where necessary, comparative figures have been amended to be consistent with changes in presentation in the later periods.

Functional and presentation currency

The financial statements are prepared and are presented in USD ($), which is the functional and presentational currency of the Group. Amounts are rounded to the nearest thousand, unless otherwise stated.

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.

1.3 Critical judgments 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 period. 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 judgments have been made are:

Unconsolidated structured entity

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

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

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

1 Summary of significant accounting policies (continued)

1.3 Critical judgments and estimates (continued)

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 31b for disclosure of the transaction.

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 the 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.

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.

Otherwise corporate acquisitions are accounted for as business combinations. For business acquisitions made during the year, refer to note 29.

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 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 associates, the arrangements will not meet the definition of a joint arrangement because there is no controlling party, no enforceable contractual agreement on sharing of control, there is insignificant level of operational involvement, and the Group does not have an explicit or implicit right of veto. Therefore, the Group has accounted for these investments as investments in associates. Where the Company holds investments of less than an equity stake of 20% and do not have significant influence through other means, the investments are classified as investments at fair value and not as an associate.

Estimates

The principal areas where such estimations have been made are:

Fair value of financial instruments

The Group have estimated the value of its obligation arising from the 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, which has been assessed as insignificant as at 30 June 2018. Refer to note 31b for the value of the obligation.

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 period. Further details of the valuation method, judgements and assumptions made, see note 3.

Impairment of CGUs and non-financial assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In the case of any goodwill, this is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that an impairment may have occurred, estimates are prepared of expected future cash flows for each relevant group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including the pre-tax discount rate used that reflects current market assessments of the time value of money, together with economic factors such as exchange rates and country specific inflation and interest rates.

Taxation

Judgement is 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 period 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 period could be impacted.

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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

1. Summary of significant accounting policies (continued)

1.4 Consolidation (continued)

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, liabilities 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 period 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 the Group obtains control of the subsidiary (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 less any accumulated impairment.

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 period.

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
Right of use of land	15 years

Right of use of land

Land held under an operating lease is accounted for as an operating lease. Upfront payments for operating leases are capitalised as non-current assets and carried at cost less amortisation. These non-current assets are not revalued. Amortisation is calculated on a straight-line basis over the lease periods.

Goodwill

Any goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

1.6 Functional and presentation currency

The functional and presentation currency of the Company was changed from Pounds Sterling to United States Dollars on 16 May 2014. The reason for the change in functional and presentation currency of the Company was largely due to the change in primary focus of the Group as the majority of its transactions within Africa are denominated in United States Dollars.

1.7 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 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.

1.8 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.

Items of property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual values.

Leasehold improvements are depreciated over the shorter of the useful life of the asset or the lease term.

Item	Average useful life
Leasehold improvements	3 years
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

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The depreciation charge for each period 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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

1. Summary of significant accounting policies (continued)

1.8 Property, plant and equipment (continued)

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.

1.9 Financial instruments - recognition, classification and measurement

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss – designated;
- Loans and receivables;
- Financial liabilities measured at amortised cost;
- Available for sale financial assets;

Classification depends on the purpose for which the financial instruments were obtained and takes place at initial recognition. Classification is re-assessed at the end of each reporting period, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Non-derivative financial instruments

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 period.

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.

Loans and receivables are subsequently 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.

Available for sale financial assets

If material, rental guarantees provided for by the seller of an investment property are recognised as financial assets when the Group becomes a party to the contractual provisions of the guarantee. Rental guarantees are classified as monetary available for sale financial assets. When a rental guarantee is recognised initially, the Group measures it at its fair value plus, in the case of a rental guarantee not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequently, the Group measures the rental guarantees at fair value with fair value changes recognised in other comprehensive income (for rental guarantees classified as available for sale). If the Group revises its estimate of payments or receipts, the Group adjusts the carrying amount of the rental guarantee to reflect the actual and revised estimated cash flows. The carrying amount is recalculated by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as finance income or expense.

In the current and previously reported financial periods, all rental guarantees were immaterial hence not recognised separately. Therefore, no accumulations were recognised in other comprehensive income.

Investments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or if it is designated as such upon initial recognition. Financial instruments in the form of other investments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value.

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.

Trade and other receivables

Trade receivables and other receivables, including loans receivable, are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that an asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that a trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

The Group's trade and other receivables are classified as loans and receivables.

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, using the effective interest rate method.

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 period.

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.

Impairment of financial assets

At each reporting date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

1.10 Derivative financial instruments

Recognition

Derivative instruments are included in the statement of financial position as derivatives financial instruments. Derivatives are classified as held-for-trading instruments, unless they meet the criteria for hedge accounting and have been designated for purposes of applying hedge accounting. Derivatives are initially recognised at fair value and re-measured subsequently at fair value.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

1 Summary of significant accounting policies (continued)

1.10 Derivative financial instruments (continued)

Economic hedging

The Group on occasions uses derivative instruments (primarily interest rate swaps) to convert a proportion of its fixed rate debt to floating rates in order to hedge the interest rate risk arising, principally, from capital market borrowings.

Hedge accounting has not been adopted for any such instruments and accordingly changes in the fair value of these derivative instruments (realised and unrealised gains or losses) are recognised in profit or loss within net fair value gain/(loss) on financial instruments.

1.11 Leases

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 lease 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 period they are incurred.

1.12 Income tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods 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 period. 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 period 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 period. 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 period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, 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 period, to other comprehensive income.

1.13 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.

1.14 Revenue and other income

Rental income

Rental income from investment properties leased out under operating leases is recognised in the statement of comprehensive income on a straight-line basis over the term of the leases. Lease incentives granted are recognised as an integral part of the total rental income and amortised over the term of the relevant leases.

Lease incentives granted are recognised as an integral part of the total rental income and amortised over the lease term.

Contingent rental income is recognised as it arises. Premiums received to terminate leases are recognised in the statement of comprehensive income as they arise.

Revenue includes any property expenses recoverable from tenants which are recognised in the period to which they relate.

Management has considered the potential transfer of risks and rewards of ownership for all investment properties leased to tenants by the Group and has determined that all such leases entered into are to be classified as operating leases.

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.

1.15 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 period 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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

1. Summary of significant accounting policies (continued)

1.15 Employee benefits (continued)

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. Non-market vesting conditions are factored into the fair value of the awards granted and taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the full vesting period is based on the number of awards of shares that eventually vest. The cumulative expense is not adjusted if a non-market vesting condition is not satisfied.

1.16 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.

1.17 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 period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. 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 period; 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 .

1.18 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 holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Adjustments made in arriving at headline earnings per ordinary share are described in note 26.

1.19 Ordinary dividend distributions and the antecedent dividend reserve

a *Ordinary dividend distributions*

Ordinary dividends are recognised when they become legally payable. For all dividends, this is when they are declared by the directors.

A dividend distribution to ordinary shareholders is accordingly recognised as a liability in the financial statements in the period 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).

b. *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 a 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 period to which the dividend relates. Such distributions are made out of the antecedent dividend reserve.

1.20 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 period, taking into account the risks and uncertainties surrounding the obligation.

1.21 Contingent liabilities

The Company and its subsidiaries are party to cross guarantees securing certain bank loans. At 30 June 2018 and 30 June 2017, 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.

1.22 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 period 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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

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 periods 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 Grit.

Topic	Summary of requirements	Impact
IFRS 9 *Financial instruments* (1 January 2018)	IFRS 9 Financial Instruments was issued by the IASB in July 2014. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard sets out the requirements for recognition and measurement of financial instruments and some contracts to buy and sell non-financial items. It also includes financial instruments derecognition principles; general hedge accounting; and introduces an expected credit loss model with forward-looking information. The standard is effective from 1 January 2018. The Group is a 30 June reporter; hence the Group will adopt the standard from July 1, 2018 retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to certain exemptions and exceptions in applying the effective interest method; and impairment measurement requirements. Furthermore, IFRS 9 will not be applied to items that have already been derecognised at the date of initial application.	The Group will adopt IFRS 9 for the year ended 30 June 2019 and is in the process of implementing the requirements of IFRS 9. It has developed a detailed plan to assess the impact of IFRS 9
	Classification and measurement of financial instruments IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 includes three principal classification categories for financial assets namely amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). These classification categories for financial assets replace the categories under IAS 39. The IFRS 9 requirements for the classification and measurement of financial liabilities are substantially unchanged from IAS 39 except for the change in fair value that is attributable to changes in credit risk of a financial liability designated at FVTPL which will be recognised in other comprehensive income (OCI) under IFRS 9, whereas under IAS 39 these amounts were always recognised in profit or loss. Another change introduced by IFRS 9 is the requirement on modification of financial liabilities that does not result in derecognition. IFRS 9 states that when a modification or exchange does not result in derecognition, the adjustment to the amortised cost will be recognised in profit or loss at that time.	We have analysed the classification and measurement of the Group's financial assets and financial liabilities and the only change is that rental guarantees which are currently carried at FVOCI will be carried at FVTPL upon adoption of IFRS 9. Based on the assessment of the classification and measurement of financial instruments above, the Group does not believe that IFRS 9 classification and measurements requirements will have a material impact on its current financial instruments.
	Impairment of financial assets IFRS 9 replaces the incurred loss model in IAS 39 with a forward-looking expected credit loss (ECL) model for calculating impairment on financial instruments within the scope IFRS 9 impairment. The ECL model will require considerable judgement as to how changes in economic factors affect ECL. The new impairment model will apply to financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI).	The Group has started defining the ECL models approach and methodology to be applied to its affected financial assets. The group has performed an IFRS 9 ECL data readiness assessment and gap analysis to assess the implications of IFRS 9 on its intercompany loans and receivables, and trade receivables and other receivables. It is considering applying the simplified approach on its trade receivables and possible simple general approach to its intercompany loans. The Group will also choose the simplified approach as an accounting policy in the event that its contract assets, lease receivables, and trade and other receivables contain significant financing components. The group will quantify the impact of the IFRS 9 impairment when the ECL model is finalised.

Topic	Summary of requirements	Impact
IFRS 9 *Financial instruments* (1 January 2018) (continued)	**Hedge accounting** IFRS 9 introduces a new general hedge accounting model which aligns hedge accounting more closely with risk management.	IFRS 9 introduces a new general hedge accounting model. The Group does not apply hedge accounting hence not impacted by the IFRS 9 hedging requirements on adoption.
IFRS 15 *Revenue from contracts with customers* (1 January 2018)	In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services, and is effective 1 January 2018. IFRS 15 outlines a single comprehensive model for revenue recognition and has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 scopes out lease contracts within the scope of IAS 17/IFRS 16. To evaluate the impact of IFRS 15, the Group analysed all of its non-lease components in the lease contracts to determine its other revenue streams. The Group identified two main non-lease components, that is, recoveries and casual retail parking income. The Group further determined whether these recoveries and casual retail parking services would be regarded as a transfer of a service to a customer and noted that, tenants receive benefits in addition to the right of use of the property. Thus, the Group concluded that casual retail parking income and tenant recoveries (""where tenants reimburse the group for expenses incurred for operating and maintaining properties, repairs, insurance and real estate taxes"") which are non-lease components, should be accounted for under IFRS 15. Recoveries for administrative tasks, rates and taxes and other costs incurred which are associated with the lease contracts and do not transfer a good or a service to the lessee, will also be included in recoveries as non-lease components. The Group notes that lease contracts within the scope of IAS 17 or IFRS 16 are excluded from the scope of IFRS 15. Contingent or genuinely variable and fixed rental receipts from lessees were excluded from the analysis as they are in the scope of the leases standard and such contracts are scoped out of IFRS 15. For those rental revenue streams, accounting will continue under IAS 17 (and subsequently IFRS 16 once that is effective). The accounting will remain as it is currently, with rental income being recognised on a straight-line basis over the lease term. For contingent or genuinely variable rental revenue, rental income will continue to be recognised in the period in which it is earned; that is when the tenants achieve the specified targets defined in their lease agreements (when received or maybe slightly earlier when the right to payment arises). In accordance with the transition guidance, IFRS 15 will only be applied to contracts that would be incomplete as at 1 July 2017.	From the qualitative assessment performed, the Group believes that IFRS 15 will not have a significant impact on the timing or amount of revenue recognised by the Group in any year but will improve the presentation of the income streams. Therefore, the presentation of the Group's revenue will be modified to disclose amounts from revenue from contracts with customers separately from operating lease revenue.
Amendments to IFRS 4 *Applying IFRS 9 with IFRS 4 Insurance Contracts* (1 January 2018)	This amendment provides for a temporary exemption from IFRS 9 for a reporting company with predominantly insurance activities as the different effective dates of IFRS 9 and the new insurance contracts standard could have a significant impact on insurers	No impact. The Group does not have insurance contracts that are accounted for in terms of IFRS 4, hence will not apply this exemption.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

2. New standards and interpretations (continued)

2.1 Standards, interpretations and amendments to published standards that are not yet effective (continued)

Topic	Summary of requirements	Impact
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (1 January 2018)	IFRIC 22 clarifies that the transaction date for the purpose of determining the exchange rate to be use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity can apply this interpretation either retrospectively or prospectively on initial application	The Group will be assessing the impact of this interpretation prospectively during the 2019 reporting period.
IFRIC 23 *Uncertainty over Income Tax Treatments* (1 January 2018)	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 will be assessing the impact of this interpretation prospectively during the 2019 reporting period.
IFRS 16 *Leases* (1 January 2019)	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.* ***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.	The Group will be assessing the impact of this standard during the 2019 reporting period and will adopt the standard for the year ended 30 June 2020.
Annual improvements 2017 (1 January 2019)	The annual improvements deals with additional guidance for applying the acquisition method to particular types of business combinations (IFRS 3 *Business combinations*), accounting for acquisitions of interests in joint operations (IFRS 11 *Joint arrangements*), income tax consequences of payments on financial instruments classified as equity (IAS 12 *Income taxes*), and borrowing costs eligible for capitalisation (IAS 23 *Borrowing costs*)	The Group is currently in the process of evaluating the detailed requirements of the improvements to assess the impact on the financial statements

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 2018. The nature and effect of the changes are as follows:

Topic	Summary of requirements	Impact
Amendments to IAS 7 *Disclosure initiative* (1 January 2017)	The amendments introduce new disclosure for changes in liabilities arising from financing activities, by providing a reconciliation between the opening and closing balances.	Impact not material. Net debt reconciliation has already been presented in the current financial statements.
Amendments to IAS 12 *Recognition of deferred tax assets for unrealised losses* (1 January 2017)	The amendments clarify the requirements for recognition of deferred tax assets arising from unrealised losses on debt instruments measured at fair value.	Impact not material. Deferred tax assets have already been accounted for in line with the amendment.
Annual improvements 2016 (1 January 2017)	This amendment clarifies that disclosure requirements for interests in other entities also apply to interests that are classified as held-for-sale or distribution.	Impact not material. The Group has been disclosing for entities held-for-sale in accordance with this clarification in the past.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

	Note	GROUP 30 June 2017 RESTATED $'000	GROUP 30 June 2018 $'000	COMPANY 30 June 2017 $'000	COMPANY 30 June 2018 $'000
3. Investment properties					
Net carrying value of properties excluding straight-line rental income accrual					
Cost of investment properties		333 279	**390 782**	–	**–**
Cumulative foreign currency translation differences		(14 770)	**(11 808)**	–	**–**
Cumulative fair value surplus/(deficit)		(16 014)	**(2 251)**	–	**–**
		302 495	**376 723**	–	**–**
Movement for the period excluding straight-line rental income accrual					
Investment property at the beginning of the period		235 086	**302 495**	–	**–**
Prior year adjustments		672	**–**	–	**–**
As restated		235 758	**302 495**	–	**–**
Acquisitions and construction of investment properties		73 938	**64 976**	–	**–**
Transaction costs capitalised		3 920	**1 235**	–	**–**
Other capital expenditure		4 793	**–**	–	**–**
Foreign currency translation differences		4 815	**2 944**	–	**–**
Revaluation of properties at end of period		(20 499)	**13 762**	–	**–**
Contractual receipts from vendors of investment properties (reduction in purchase price)		(230)	**(8 689)**	–	**–**
As at 30 June		302 495	**376 723**	–	**–**
Reconciliation to consolidated statement of financial position and valuations					
Investment properties carrying amount per above		302 495	**376 722**	–	**–**
Straight-line rental income accrual	4	5 300	**6 410**	–	**–**
Total valuation of properties		307 795	**383 132**	–	**–**

Investment property pledged as security

Certain of the Group's investment properties have been pledged as security for interest-bearing borrowings (note 16) as follows:

- Mozambican investment properties with a market value of $198.0 million (2017: $145.5 million) are mortgaged to Standard Bank of Mozambique to secure debt facilities amounting to $10.4 million (2017: $10.4 million), Standard Bank of South Africa to secure debt facilities amounting to $50.0 million (2017: $38.0 million) and Banco Unico of Mozambique to secure debt facilities amounting to $2.9 million (2017: $3.0 million), Bank of China to secure debt facilities amounting to $13.3 million (2017: $13.3 million) and Standard Bank (Mauritius) Limited to secure debt facilities amounting to $11.0 million (2017: $0 million).
- Moroccan investment properties with a market value of $92.6 million (2017: $88.1 million) are mortgaged to Investec South Africa to secure debt facilities amounting to $48.5 million (2017: $50.1 million).
- Mauritian investment properties with a market value of $63.7 million (2017: $57.6 million) are mortgaged to Barclays Bank of Mauritius to secure debt facilities amounting to $7.4 million (2017: $7.4 million) and State Bank of Mauritius to secure debt facilities amounting to $26.0 million (2017: $25.4 million).
- Kenyan investment properties with a market value of $18.8 million (2017: $0 million) are mortgaged to Bank of China to secure debt facilities amounting to $8.5 million (2017: $0 million).

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

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 2018 by Jones Lang LaSalle Proprietary Limited (JLL), Chartered Surveyors, using either the income capitalisation (yield) or the discounted cash flow method. The remaining Mozambican properties were valued by REC, Chartered Surveyors and part of the Meridian Group, at 30 June 2018 using the discounted cash flow method. During the year ended 30 June 2017, JLL valued certain of the Mozambican properties with the remaining valuations having been undertaken by the directors.

The Moroccan investment property was independently valued at 30 June 2018 by Knight Frank, Chartered Surveyors, using the discounted cash flow method. Due to the redevelopment on Anfa Place Mall, no independent valuation was performed of the property during the year ended 30 June 2017, but the directors are of the opinion that the carrying amount of the property as at 30 June 2017 approximated its fair value.

The Zambian investment properties held by associates were independently valued at 30 June 2018 by Broll Valuation and Advisory Services (Pty) Ltd, Chartered Surveyors, using the discounted cash flow method. During the year ended 30 June 2017, the properties were independently valued by Quadrant Properties, 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 2018 by Broll Valuation and Advisory Services (Pty) Ltd, Chartered Surveyors, using the discounted cash flow method. It must however be noted that the Broll valuation for Buffalo Mall was utilised as a base on which the Directors made fair value adjustments as at 30 June 2018. During the year ended 30 June 2017, the properties held by associates were not valued independently by external valuers; however the Directors were of the opinion to hold value provided by Jones Lang LaSalle Proprietary Limited, Chartered Surveyors, in a prior financial period, where JLL used the discounted cash flow method.

The Mauritian investment properties held by the Group and its associates were independently valued at 30 June 2018 by Broll Indian Ocean (Pty) Ltd, Chartered Surveyors, using the discounted cash flow method. During the year ended 30 June 2017, the properties were independently valued by Broll Indian Ocean Limited, Chartered Surveyors, using the discounted cash flow method.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

3. Investment property (continued)

Summary of valuations by reporting date	Most recent independent valuation date	Valuer (for the most recent valuation)	Country	30 June 2017 $'000	30 June 2018 $'000
Commodity House Phase I building	30-Jun-18	REC	Mozambique	42 570	**43 190**
Commodity House Phase II building	30-Jun-18	REC	Mozambique	–	**17 270**
Hollard Building	30-Jun-18	JLL Sub Sahara Africa	Mozambique	18 500	**19 600**
Vodacom Building	30-Jun-18	JLL Sub Sahara Africa	Mozambique	48 700	**45 900**
Zimpeto Square	30-Jun-18	JLL Sub Sahara Africa	Mozambique	11 470	**9 200**
Bollore Warehouse	30-Jun-18	JLL Sub Sahara Africa	Mozambique	6 500	**6 500**
Barclays House	30-Jun-18	Broll Indian Ocean	Mauritius	13 835	**14 840**
Anfa Place Mall	30-Jun-18	Knight Frank	Morocco	88 119	**92 632**
Tamassa Resort	30-Jun-18	Broll Indian Ocean	Mauritius	43 814	**48 900**
Vale Housing Compound	30-Jun-18	JLL Sub Sahara Africa	Mozambique	–	**37 300**
Imperial Distribution Centre	30-Jun-18	Broll South Africa	Kenya	–	**18 780**
Mara Viwandani	30-Jun-18	Broll South Africa	Kenya	–	**3 420**
Mall de Tete	30-Jun-18	JLL Sub Sahara Africa	Mozambique	24 220	**25 600**
Total valuation of investment properties directly held by the Group				297 728	**383 132**
Capital expenditure on Commodity House Phase II				10 067	**–**
Total carrying value of investment properties per the consolidated statement of financial position				307 795	**383 132**
Deposits paid on Imperial Distribution Centre				3 062	**–**
Deposits paid on VALE Housing Compound				21 378	**4 117**
Deposits paid on CADS II				–	**2 000**
Deposits paid on Capital Place Limited				–	**5 000**
Total deposits paid on investment properties				24 440	**11 117**
Total carrying value of investment properties including deposits paid				332 235	**394 249**
Investment properties held within associates (note 8) – Group share					
Buffalo Mall Naivasha Limited (50%) includes Broll South Africa valuation of US$4,660k and a company adjustment of US$540k in 2018	30-Jun-18	Broll South Africa	Kenya	6 025	**5 200**
Mukuba Mall Limited (50%)	30-Jun-18	Broll South Africa	Zambia	34 884	**38 450**
Kafubu Mall Limited (50%)	30-Jun-18	Broll South Africa	Zambia	12 098	**13 000**
Cosmopolitan Shopping Centre Limited (50%)	30-Jun-18	Broll South Africa	Zambia	38 380	**40 500**
Beachcomber Hospitality (44.42%)	30-Jun-18	Broll Indian Ocean	Mauritius	–	**91 903**
Capital Place Limited (47.5%)	30-Jun-18	Broll South Africa	Ghana	–	**12 217**
Total of investment properties acquired through associates				91 387	**201 270**
Total portfolio				423 622	**595 519**

As indicated above, all of the valuations were performed using either the income capitalisation or 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 2018 ranged between 7.5% and 12%. The discount rates applied to the Group valuations that were performed at 30 June 2018 using the discounted cash flow method ranged between 10% and 13.5% (2017: 9% and 13%). 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.

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 32.

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.

4. Straight-line rental income accrual

	GROUP		COMPANY	
	30 June 2017 RESTATED $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Reconciliation to amounts included in investment properties (note 3)				
Balance at the beginning of the year as previously reported	4 840	**5 300**	–	**–**
Prior year adjustments	(672)	**–**	–	**–**
Balance at the beginning of the year as restated	4 168	**5 300**	–	**–**
Movement for the year	1 132	**1 110**	–	**–**
As at 30 June	5 300	**6 410**	–	**–**

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

	GROUP		COMPANY	
	30 June 2017 RESTATED $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
5. Property, plant and equipment				
Computer equipment	149	**139**	–	**16**
Cost	207	**248**	–	**17**
Accumulated depreciation	(58)	**(109)**	–	**(1)**
Furniture and fittings	14	**9**	–	**1**
Cost	84	**135**	–	**1**
Accumulated depreciation	(70)	**(126)**	–	**–**
Leasehold improvements	–	**–**	–	**–**
Cost	851	**–**	851	**–**
Transferred to office buildings	(823)	**–**	(823)	**–**
Accumulated depreciation	(28)	**–**	(28)	**–**
Office buildings	823	**1 353**	823	**1 354**
Cost	–	**1 432**	851	**1 432**
Transferred from leasehold improvement	823	**–**	–	**–**
Accumulated depreciation	–	**(79)**	(28)	**(78)**
Office equipment	4	**16**	2	**2**
Cost	5	**18**	2	**2**
Accumulated depreciation	(1)	**(2)**	–	**–**
Plant and machinery	56	**45**	–	**–**
Cost	132	**131**	–	**–**
Accumulated depreciation	(76)	**(86)**	–	**–**
Motor vehicles	244	**187**	–	**–**
Cost	289	**285**	–	**–**
Accumulated depreciation	(45)	**(98)**	–	**–**
Total property, plant and equipment	1 290	**1 749**	825	**1 372**
Movement for the year				
Balance at the beginning of the year as previously reported	803	**1 290**	–	**825**
Effect of prior year adjustments	(278)	**–**	–	**–**
Balance at the beginning of the year as restated	525	**1 290**	–	**825**
Acquisitions	938	**685**	853	**599**
Computer equipment	48	**40**	–	**17**
Furniture and fittings	31	**50**	–	**1**
Office buildings	557	**581**	851	**581**
Office equipment	4	**14**	2	**–**
Plant and machinery	9	**–**	–	**–**
Motor vehicles	289	**–**	–	**–**
Disposals				
Motor vehicles	–	**(4)**	–	**–**
Transfers	–	**–**	–	**–**
Transfer from leasehold improvements	823	**–**	823	**–**
Transfer to office buildings	(823)	**–**	(823)	**–**
Depreciation	(173)	**(221)**	(28)	**(51)**
Computer equipment	(43)	**(51)**	–	**(1)**
Furniture and fittings	(42)	**(55)**	–	**–**
Office buildings	(26)	**–**	–	**–**
Office buildings	–	**(50)**	(28)	**(50)**
Office equipment	(1)	**(2)**	–	**–**
Plant and machinery	(16)	**(10)**	–	**–**
Motor vehicles	(45)	**(53)**	–	**–**
As at 30 June	1 290	**1 749**	825	**1 372**

Motor vehicles with a cost of $0.3 million (30 June 2017: $0.3 million) are held as security in relation to finance leases amounting to $0.2 million (30 June 2017: $0.2 million).

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 $0.7 million. This property was previously classified as leasehold improvements and, on completion in the year ended 30 June 2017, was transferred to office buildings.

6. Intangible assets

	GROUP		COMPANY	
	30 June 2017 RESTATED $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Computer software	38	**(23)**	–	**–**
Cost	49	**49**	–	**–**
Foreign currency translation differences	–	**(53)**	–	**–**
Accumulated amortisation	(11)	**(19)**	–	**–**
Right of use of land	554	**508**	–	**–**
Cost	563	**563**		
Foreign currency translation differences	17	**14**		**–**
Accumulated amortisation	(26)	**(69)**	–	**–**
Total intangible assets	592	**485**	–	**–**
Movement for the year				
Balance at the beginning of the year	5 699	**592**	–	**–**
Effect of prior year adjustments	(5 100)	**–**	–	**–**
Balance at the beginning of the year as restated	599	**592**	–	**–**
Acquisitions	10	**–**	–	**–**
Computer software	10	**–**	–	**–**
Right of use of land	–	**–**	–	**–**
Foreign currency translation differences	17	**(56)**	–	**–**
Computer software	–	**(53)**	–	**–**
Right of use of land	17	**(3)**	–	**–**
Amortisation and impairment	(34)	**(51)**	–	**–**
Computer software	(8)	**(8)**	–	**–**
Right of use of land	(26)	**(43)**	–	**–**
As at 30 June	592	**485**	–	**–**

During the year ended 30 June 2016, the Group acquired the Barclays building in Mauritius. As part of this transaction, the right of use of the land was obtained, for an initial period of 15 years. The building is owned by the Group, and included in investment properties, whereas the land, which is being amortised over 15 years, is owned by the Government of Mauritius.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

	GROUP 30 June 2017 RESTATED $'000	GROUP 30 June 2018 $'000	COMPANY 30 June 2017 $'000	COMPANY 30 June 2018 $'000
7. Other investments				
Balance at the beginning of the period	–	–	–	–
Additions	–	4 911	–	1 063
Fair value adjustments recognised in profit or loss	–	(757)	–	–
As at 30 June	–	**4 154**	–	**1 063**

Fair value hierarchy at 30 June 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investment in Letlole La Rona	3 091	–	–	3 091
Investment in Gateway Delta Developments Holdings Limited	–	–	1 063	1 063

Level 1 investment comprise of listed equity investments 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

The Group acquired 17 500 000 shares, representing 6.25% of the issued equity capital, in the listed company Letlole La Rona for $3.85 million in the year ended 30 June 2018. This company is incorporated in Botswana and listed on the Botswana Stock Exchange.

Unlisted investments

The Group invested $1.02 million in an unlisted development company, Gateway Developments Holdings Limited, incorporated in Mauritius, in the period ended 31 January 2018 as part of its strategy to secure future investment pipeline on the African continent. The directors are satisfied that this level 3 investment is carried at fair value at 30 June 2018 after considering the future cash flows associated with the business.

			GROUP		COMPANY	
			30 June 2017 RESTATED $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000

8. Investments in associates*

The following entities have been accounted for as associates in the current and comparative consolidated financial statements using the equity method:

Name of associate	Country of incorporation and operation	% held**	30 June 2017 RESTATED $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Mukuba Mall Limited	Zambia	50.0%	34 770	**38 355**	–	**–**
Kafubu Mall Limited	Zambia	50.0%	11 788	**12 746**	–	**–**
Buffalo Mall Naivasha Limited	Kenya	50.0%	4 128	**3 294**	–	**–**
Cosmopolitan Shopping Centre Limited	Zambia	50.0%	38 330	**40 526**	–	**–**
Capital Place Limited	Ghana	47.5%	-	**7 960**	–	**–**
Beachcomber Hospitality Investments Limited[1]	Mauritius	44.4%	-	**62 430**	–	**–**
Carrying value of associates			89 016	**165 311**	–	**–**

[1] *The carrying value at 30 June 2018 includes an unsecured loan of $46.6 million, from the Group to the associate, which bears interest at 6.25%.*

*** The percentage of ownership interest for 2017 did not change.*

Secured investments:

Zambian investment properties held by associates have a market value of $183.9 million as at 30 June 2018 (30 June 2017: $173.25 million). The properties in the investee entities are fully mortgaged to Bank of China to secure debt facilities amounting to $76.4 million as at that date (30 June 2017: $38.9 million).

Mauritian investment properties held by an associate have a market value of $206.7 million as at 30 June 2018 (30 June 2017: $0). 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 $62.2 million (30 June 2017: $0 million).

Kenyan investment property held by an associate has a market value of $10.4 million as at 30 June 2018 (30 June 2017: $12.1 million). The property in the investee entity is fully mortgaged to HFCK Bank Limited to secure debt facilities amounting to $4.4 million (30 June 2017: $4.0 million).

** All investments in associates are private entities and do not have quoted prices available*

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

8. Investments in associates (continued)

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 have non-co-terminous financial reporting dates, the Group uses management accounts to incorporate their results into the consolidated accounts.

	Mukuba Mall $'000	Kafubu Mall $'000	Beachcomber Hospitality $'000	Capital Place Limited $'000	Cosmopolitan Mall Shopping Centre $'000	Buffalo Mall $'000	Total $'000
As at 30 June 2018							
Statement of financial position							
Non-current assets	76 900	26 000	206 683	25 738	81 034	10 408	426 763
Current assets	283	139	1 590	2 192	451	522	5 177
	77 183	26 139	208 273	27 930	81 485	10 930	431 940
Non-current liabilities	–	479	59 854	9 265	–	4 480	74 079
Current liabilities	470	169	7 873	1 907	432	(137)	10 715
	470	648	67 727	11 172	432	4 344	84 794
Net asset value	76 713	25 491	140 546	16 758	81 053	6 586	347 147
For the year to 30 June 2018							
Total comprehensive income							
Revenue	5 899	2 280	11 031		6 191	1 029	26 430
Fair value movement in investment properties	12 735	3 753	5 598		10 313	(4 183)	28 216
Profit/(loss) for the year	14 319	5 141	6 440		12 186	(5 770)	32 316
Total comprehensive income	14 319	4 373	4 947		12 186	(5 770)	30 055
Dividends received from associates	2 593	869	1 429	–	2 577	–	7 470
Reconciliation to carrying value in associates							
Balance at the beginning of the period as previously reported	35 968	11 812	–	–	38 121	3 148	89 049
Effect of prior year adjustments	(1 198)	(24)	–	–	209	980	(33)
Balance at the beginning of the period as restated	34 770	11 788	–	–	38 330	4 128	89 016
Acquired during the period (see below and note 29)	–	–	57 052	7 877	–	(898)	64 031
Profit from associates	6 180	2 875	7 053	83	4 773	64	21 028
– Operating Profit	2 613	1 974	4 633	83	2 653	214	12 170
– Fair value movement in property	3 567	901	2 420	–	2 120	(150)	8 858
Dividends Received	(2 593)	(869)	(1 429)	–	(2 577)	–	(7 470)
Foreign currency translation differences	–	(1 048)	(246)	–	–	–	(1 293)
Carrying value of associates	38 355	12 746	62 430	7 960	40 526	3 294	165 311

Investment in the year ended 30 June 2018

The Group acquired a 44.4% interest in Beachcomber Hospitality Investments Limited on 10 August 2017 for a net purchase consideration of $57.1 million comprising an equity investment of $14.8 million and a shareholder loan of $42.3 million. Leisure Property Northern (Mauritius) Limited, a company incorporated in Mauritius, is 100% owned by the Group and owns 44.4% of the share capital of Beachcomber Hospitality Investments Limited which is also a Mauritian incorporated company and the owner of the Cannonier, Victoria and Mauricia hotels.

The Group acquired a 47.5% interest in Capital Place Limited on 10 May 2018 for a net purchase consideration of $7.9 million. Grit Accra Limited, a company incorporated in Mauritius, is 100% owned by the Group and owns 47.5% of the share capital of Capital Place Limited, a company incorporated in Ghana.

8. Investments in associates (continued)

	Mukuba Mall $'000	Kafubu Mall $'000	Cosmopolitan Mall Shopping Centre $'000	Buffalo Mall $'000	Total $'000
As at 30 June 2017					
Statement of financial position					
Non-current assets	69 767	24 198	76 760	12 050	182 775
Current assets	271	140	299	902	1 612
	70 038	24 338	77 059	12 952	184 387
Non-current liabilities	–	–	–	4 544	4 544
Current liabilities	498	762	394	156	1 810
	498	762	394	4 700	6 354
Net asset value	69 540	23 576	76 665	8 252	178 033
For the year to 30 June 2017					
Total comprehensive income					
Revenue	6 011	2 236	–	1 048	9 295
Fair value movement in investment properties	6 642	1 308	–	(1 350)	6 600
Profit/(loss) for the year	11 768	2 830	410	(1 236)	13 772
Total comprehensive income	11 768	5 914	410	(1 236)	16 856
Dividends received from associates	2 544	817	212	–	3 573
Reconciliation to carrying value in associates					
Balance at the beginning of the period as previously reported	32 429	8 991	–	4 525	45 945
Effect of prior year adjustments	(999)	658	–	218	(123)
Balance at the beginning of the period as restated	31 430	9 649	–	4 743	45 822
Acquired during the period (see below and note 29)	–	–	38 127	–	38 127
Net share of movement in net assets to income	3 340	598	–	(618)	3 320
Adjustment account movements	–	–	205	–	205
Foreign currency translation differences	–	1 542	–	–	1 542
Carrying value of associates	34 770	11 789	38 332	4 125	89 016

Investment in the year ended 30 June 2017

The Group acquired a 100% interest in Lusaka Cosmopolitan Investment Limited on 30 June 2017 for a net purchase consideration of $37.2 million, giving rise to a gain from bargain purchase of $0.96 million. Lusaka Cosmopolitan Investment Limited owns 50% of the share capital of Cosmopolitan Shopping Centre Limited, a Zambian incorporated entity and the owner of Cosmopolitan Mall. The outstanding amount of $5.8 million at 30 June 2017 was settled in full on 7 July 2017.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

9. Investments in subsidiaries

		GROUP		COMPANY	
		As at 30 June 2017 $'000	As at 30 June 2018 $'000	As at 30 June 2017 RESTATED $'000	As at 30 June 2018 $'000
Name of company	**% held**				
Delta International Mauritius Limited	100	–	–	44 998	**79 766**
		–	–	44 998	**79 766**
Movement for the year		–	–	–	–
Balance at the beginning of the period as previously reported		–	–	42 275	**44 998**
Effect of correction of prior year errors		–	–	(7 399)	–
Balance at the beginning of the period as restated				34 876	**44 998**
Fair value through profit and loss		–	–	10 122	**34 768**
As at 30 June		–	–	44 998	**79 766**

The fair value of the investment in subsidiaries is determined by the board of directors on the underlying fair value of the subsidiaries' net assets.

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 Year ended 30 June 2017	Proportion of ownership interest and voting rights held by the Group Year ended 30 June 2018
Delta International Mauritius Limited (Direct holding)	Mauritius	100%	**100%**
Delta International Bahrain SPC (Indirect holding)	Bahrain	100%	**100%**
DIF 1 Co Limited (Indirect holding)	Mauritius	100%	**100%**
HM&K Properties Limited (Indirect holding)	Mauritius	100%	**100%**
CD Properties Limited (Indirect holding)	Mauritius	100%	**100%**
Gateway Properties Limitada (Indirect holding)	Mozambique	100%	**100%**
GMS Mauritius Limited (Indirect holding)	Mauritius	100%	**100%**
Zimpeto Imobiliaria Limitada (Indirect holding)	Mozambique	100%	**100%**
Zambian Property Holdings Limited (Indirect holding)	Mauritius	100%	**100%**
Kitwe Mukuba Investments Limited (Indirect holding)	Mauritius	100%	**100%**
Lusaka Cosmopolitan Investments Limited (Indirect holding)	Mauritius	100%	**100%**
Ndola Kafubu Investments Limited (Indirect holding)	Mauritius	100%	**100%**
BME Kenya Investments Limited (Indirect holding)	Mauritius	100%	**100%**
IWH Kenya Investments Limited (Indirect holding)	Mauritius	100%	**100%**
IDC Kenya Investments Limited (Indirect holding)	Mauritius	100%	**100%**
THM Kenya Investments Limited (Indirect holding)	Mauritius	100%	**100%**
Mara Viwandani Limited (Indirect holding)	Kenya	100%	**100%**
Warehousely Limited (Indirect holding)	Kenya	100%	**100%**
BH Property Investments Limited (Indirect holding)	Mauritius	100%	**100%**
Abland Diversified Holdings Limited (Indirect holding)	Mauritius	100%	**100%**
Sal Investment Holdings Limited (Indirect holding)	Mauritius	100%	**100%**
S&C Imobiliaria Limitada (Indirect holding)	Mozambique	100%	**100%**
Commotor Limitada (Indirect holding)	Mozambique	100%	**100%**
Freedom Property Fund SARL (Indirect holding)	Morocco	100%	**100%**
Gerania Limited (Indirect holding)	Mauritius	100%	**100%**
Mall de Tete Limitada (Indirect holding)	Mozambique	100%	**100%**
Mara Delta Mauritius Property Limited (Indirect holding)	Mauritius	100%	**100%**
Leisure Property Northern Mauritius Limited (indirect holding)	Mauritius	100%	**100%**
Paradise Property Investments Limited (indirect holding)	Mauritius – Listed	100%	**100%**
Transformers Holdings Mauritius Limited (indirect holding)	Mauritius	–	**100%**
Casamance Holdings Limited	Mauritius	–	**100%**
Delta Tete Limitada (indirect holding)	Mozambique	–	**100%**
Grit Accra Limited (indirect holding)	Ghana	–	**100%**
Grit West Africa Limited	Ghana	–	**100%**
Freedom Asset Management (FAM)*	Mauritius	–	**–**

** 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 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.*

All subsidiaries have a coterminous reporting dates with those of the Company.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
10. Related party loans receivable				
Loans to/(from) related parties				
Bowwood and Main No 117 Proprietary Limited	8	**2**	4	**4**
Pivotal Global Limited	(1 365)	**–**	–	**–**
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.				
Venus Africa Properties Proprietary Limited[3]	–	**800**	–	**800**
These loans are unsecured, bear interest at the USD base rate of the South African Reserve Bank + 300 basis points and are repayable five years after the drawdown date.				
Gateway Delta Developments Holdings Limited	2 000	**77**	–	**4**
This loan bears interest at three-month LIBOR plus 6.5% per annum and is unsecured for a period of 18 months. This loan is convertible into ordinary shares.				
Loan to/(from) subsidiaries and consolidated entities				
Delta International Mauritius Limited	–	**–**	255 859	**287 660**
The loan is unsecured, bears interest between 2% and 7.4% (2016: between 2% and 7.4%). Each tranche is repayable within 60 months after utilisation date or such later date as may be notified by the lender to the borrower in writing from time to time.				
Freedom Asset Management Limited	–	**–**	10 403	**11 526**
At the relevant reporting dates the above loans were unsecured, and bears interest at LIBOR + 6.5% and the borrower had an unconditional right to defer payment for a period of 12 months.				
Grit Share Trust	–	**–**	–	**37**
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.				

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Current account with subsidiaries				
Delta International Mauritius Limited	–	**–**	–	**2 324**
DIF1 Co Limited	–	**–**	(239)	**(239)**
Freedom Property Fund SARL	–	**–**	249	**249**
SAL Investment Holdings Limited	–	**–**	1 037	**1 037**
Zimpeto Investment Holdings Limited	–	**–**	15	**15**
Kitwe Mukuba Investments Limited	–	**–**	2	**2**
Ndola Kafubu Investments Limited	–	**–**	2	**2**
HM&K Properties Limited	–	**–**	8	**8**
CD Properties Limited	–	**–**	–	**1**
Transformers Holdings Mauritius Limited	–	**–**	–	**(1)**
Delta Tete Limitada	–	**–**	–	**250**
Mara Delta (Mauritius) Property Limited	–	**–**	–	**(50)**
Abland Diversified Holdings Limited	–	**–**	–	**1**
Commotor Limitada	–	**–**	–	**83**
S&C Imobiliaria Limitada	–	**–**	–	**376**
Zimpeto Imobiliaria	–	**–**	–	**14**
Gateway Properties Limitada	–	**–**	–	**33**
Mall de Tete Limitada	–	**–**	–	**369**
Gerania Limited	–	**–**	–	**(1 918)**
BH Property Investments Limited	–	**–**	52	**(107)**
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.				
	643	**879**	267 391	**302 477**
In the opinion of the directors, the carrying value of loans to related parties approximate their fair value.				
Classification of related party loans:				
Non-current assets	8	**802**	267 391	**300 027**
Current assets	2 000	**77**	–	**4 766**
Non-current liabilities	(1 365)	**–**	–	**–**
Current liabilities	–	**–**	–	**(2 316)**
	643	**879**	267 391	**302 477**

Details of the relationship of the Group with each of the above related parties is disclosed in note 33.

In the opinion of the directors, 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 2018

11. Other loans receivable

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Beachcomber Hospitality Investments Limited[1]	47 409	–	–	–
Ndola Investments Limited[2, 4]	5 103	**5 073**	–	–
Paxton Investments Limited[2]	8 702	**8 723**	–	–
Kitwe Copperbelt Limited[2, 4]	5 526	**5 577**	–	–
Syngenta Limited[2, 4]	–	**18 690**	–	–
Transformers Investment Limited[5]	–	**4 000**	–	–
Lifostax Proprietary Limited[3]	–	**800**	–	**800**
As at 30 June	66 740	**42 863**	–	**800**

[1] *This loan, which bore interest at 7.5%, was part payment for the investment made by the Group into this entity in the year to 30 June 2018. The loan was converted into an associate investment on 10 August 2017 (note 8).*

[2] *In April 2017 Bank of China provided the Group with a term loan credit facility of $77 million for five years. This facility has been fully drawn by the Group as at 30 June 2018 (note 15). The Group has advanced loans amounting in total to 50% of the $77 million facility to the other investors in the Zambian investments referred to in note 8. Each of these loans has a five-year term, is secured by a suretyship under the terms of the respective loan agreement and has interest charged at a rate of six-month LIBOR plus 4%. The party has provided their share of the property as security to Bank of China.*

[3] *These loans are unsecured, bear interest at the USD base rate of the South African Reserve Bank + 300 basis points and are repayable five years after the drawdown date.*

[4] *Mr Peter Todd, Chairman of the Company, was a non-executive Mauritian resident director of these companies for all or part of the periods during which loans were advanced by the Group to these entities. The total interest receivable by the Group on these loans in the year ended 30 June 2018 was $0.93 million and in the year ended 30 June 2017 was $0.08 million.*

[5] *This loan is unsecured, interest-free and repayable within one year from the drawdown date.*

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 2017 RESTATED $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Deferred tax asset/(liability)				
Assessed losses	935	**2 671**	–	**–**
Foreign exchange losses	5 501	**6 317**	–	**–**
Provisions	53	**6**	–	**–**
Interest rate swaps	7	**4**	–	**–**
Total deferred tax asset	6 496	**8 999**	–	**–**
Straight-line rental income accrual	(1 148)	**(920)**	–	**–**
Fair value adjustments to investment property	(13 893)	**(19 872)**	–	**–**
Total deferred tax liability	(15 041)	**(20 791)**	–	**–**
Deferred tax – net position per the consolidated statement of financial position	(8 545)	**(11 792)**	–	**–**
Movement for the year	–	**–**	–	**–**
Balance at the beginning of the period as previously reported	5 148	**(8 545)**	–	**–**
Effect of correction of prior year errors	(16 606)	**–**	–	**–**
Balance at the beginning of the period as restated	(11 458)	**(8 545)**	–	**–**
Assessed losses recognised	890	**1 738**	–	**–**
Foreign exchange movements	(1 423)	**816**	–	**–**
Straight-line rental income accrual	(47)	**228**	–	**–**
Fair value adjustments to investment properties	3 580	**(5 979)**	–	**–**
Provisions	53	**(47)**	–	**–**
Interest rate swaps	(140)	**(3)**	–	**–**
Total movement for the year	2 913	**(3 247)**	–	**–**
As at 30 June	(8 545)	**(11 792)**	–	**–**

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 25).

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

13. Trade and other receivables

	GROUP 30 June 2017 $'000	GROUP 30 June 2018 $'000	COMPANY 30 June 2017 $'000	COMPANY 30 June 2018 $'000
Trade receivables	6 238	**10 241**	–	**–**
Allowance for credit losses	(2 782)	**(2 180)**	–	**–**
Trade receivables – net	3 456	**8 061**	–	**–**
Accrued income	2 651	**2 033**	–	**107**
Deposits paid	578	**364**	360	**200**
Purchase price adjustment account[1]	–	**2 347**	–	**–**
Deferred expenses	7 946	**3 764**	551	**1 050**
Prepaid LSE listing expenses	–	**2 561**	–	**2 233**
Sundry debtors	913	**1 550**	249	**254**
VAT recoverable	7 261	**9 106**	21	**62**
Other receivables	19 349	**21 725**	1 182	**3 906**
Total trade and other receivables	22 805	**29 786**	1 182	**3 906**
Movement on the provision for doubtful debts				
Opening balance	(1 820)	**(2 782)**	–	**–**
Provision for doubtful debts made during the period	(962)	**602**	–	**–**
Cumulative allowance for credit losses	(2 782)	**(2 180)**	–	**–**
Ageing of trade receivables past due but not impaired				
Current	1 372	**32**	–	**–**
30 days	79	**969**	–	**–**
60 days +	371	**839**	–	**–**
90 days +	1 634	**6 221**	–	**–**
	3 456	**8 061**	–	**–**
Ageing of impaired receivables				
90 days +	2 782	**2 180**	–	**–**
	2 782	**2 180**	–	**–**

[1] *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, are realised and settled respectively using a purchase price adjustment account.*

Trade and other receivables – past due but not impaired

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.

At 30 June 2018, trade receivables of $8 million (2017: $3.4 million) were past due but not impaired.

Trade and other receivables – impaired

At 30 June 2018, $2.18 million (2017: $2.78 million) of the Group's trade and other receivables were impaired and provided for.

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.

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000

14. Cash and cash equivalents

Cash and cash equivalents consists of the following:				
Cash at bank available on demand	24 657	**2 794**	20 744	**108**
Petty cash	3	**8**	–	**–**
Short-term deposits	8	**284**	–	**–**
Current assets	24 668	**3 086**	20 744	**108**
Bank overdrafts	(438)	**(8 898)**	–	**(8 366)**
Current liabilities	(438)	**(8 898)**	–	**(8 366)**
	24 230	**(5 812)**	20 744	**(8 258)**
Cash and cash equivalents are held in the following currencies:				
United States Dollars	2 579	**(7 556)**	320	**(8 215)**
Mozambican Meticals	643	**201**	–	**–**
Moroccan Dirhams	72	**334**	–	**–**
Mauritian Rupees	23	**93**	–	**–**
Bahraini Dinars	12	**13**	–	**–**
South African Rands	20 423	**660**	20 421	**13**
Great British Pound	–	**–**	–	**–**
Euros	478	**445**	3	**(55)**
	24 230	**(5 812)**	20 744	**(8 258)**

Overdraft facilities

The Company holds an overdraft facility of $8.5 million with ABC Banking Corporation which is secured by a floating charge and carries interest at a rate of three months' LIBOR plus 3.5%. Delta International Mauritius Limited holds an overdraft facility of $1 million with Standard Bank (Mauritius) Limited which is unsecured and carries interest at a rate of one month LIBOR plus 2.5%. Freedom Property Fund SARL in Morocco holds an overdraft facility of MAD8 million with BMCE Bank, which is secured by tenant deposits.

A restricted cash of $19.5 million was included in cash and cash equivalents as at 30 June 2017.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

	THE GROUP AND THE COMPANY		
	Shares in issue Number '000	30 June 2017 $'000	30 June 2018 $'000
15. Ordinary share capital, share awards and treasury share reserve			
15a. Ordinary share capital			
Authorised			
7 500 000 000 ordinary shares of no par value (2017: 7 500 000 000 ordinary shares of no par value)			
Issued			
Ordinary shares			
214 022 425 ordinary shares of no par value (2017: 208 514 261 ordinary shares of no par value)			
Movement for 2017			
Balance at the beginning of the year	100 061	171 995	**–**
Shares issued to 31 December 2016[1]	11 726	18 129	**–**
Transferred to antecedent dividend reserve*	–	(897)	**–**
Shares issued to 30 June 2017[2]	10 145	16 190	**–**
Rights issue shares issued on 28 June 2017[3]	86 582	121 216	**–**
Transferred to antecedent dividend reserve*	–	(1 324)	**–**
Share issue expenses	–	(5 330)	**–**
Total movements for 2017	108 452	147 983	**–**
Movement for 2018			
Balance at the beginning of the year	208 514	319 979	**319 979**
Shares issued to 30 June 2018[4]	5 568	–	**8 500**
Share buyback[5]	(59)	–	**(85)**
Balance at end of the year	214 023	319 979	**328 394**

[1] *11 725 912 shares were issued for a total consideration of $18.13 million at an average issue price of $1.55 per share.*

[2] *10 144 680 shares were issued for a total consideration of $16.19 million at an average issue price of $1.60 per share.*

[3] *86 582 539 shares were issued for a total consideration of $121.22 million at an average issue price of $1.40 per share.*

[4] *5 567 564 shares were issued for a total consideration of $8.5 million at an average issue price of $1.5267 per share.*

[5] *59 400 shares were bought back for a total consideration of $0.085 million at an average buyback price of $1.4285 per share.*

	THE GROUP AND THE COMPANY		
	Shares in issue Number '000	**30 June 2017 $'000**	**30 June 2018 $'000**
Reconciliation of the consideration received for share issues, by reporting period			
Total consideration for share issues		155 535	–
Comprising of:			
Cash proceeds received on issue of new shares in the period		110 828	–
Cash proceeds received on issue of new shares in the subsequent period		–	–
Total cash proceeds from share issues since 1 July 2014	172 436	110 828	–
Issued on 22 August 2016			
– On settlement of fees related to the acquisition of Buffalo Mall investment	645	1 065	–
Issued on 1 March 2017			
– As part of the consideration on acquisition of the Mall de Tete investment property (note 3)	7 111	11 519	–
Issued on 28 June 2017			
– In settlement of certain construction costs on Mall de Tete	1 018	1 425	–
– In part settlement of the cost of acquisition of the Vale Housing Compound Investment property (note 3)	10 083	14 118	–
– Treasury shares issued to the Company's subsidiary, Freedom Asset Management (note 14b)	7 093	9 931	–
– In settlement of certain construction costs on the Commodity House phase II building (note 3)	4 750	6 649	–
Issued on 11 May 2018			
– On settlement of fees related to acquisition of Capital Place Limited	5 568	–	**8 500**

Shares issued for non-cash consideration

Year to 30 June 2017

On 22 August 2016, 645 441 shares were issued for the settlement of fees as part of the acquisition of Abland Diversified Holdings Limited and on 1 March 2017, 7 111 420 shares were issued as part of the consideration for the acquisition of Gerania Limited, owner of Mall de Tete (note 31a).

The remaining share issues for non-cash consideration in the year to 30 June 2017 all took place at the time of the rights issue on 28 June 2017. This included an issue of a further 7 093 493 shares to the Company's subsidiary, Freedom Asset Management. The consideration for these shares was settled by way of an unsecured interest-bearing loan of $9.931 million. It is intended that these shares will be transferred to the Grit Share Trust.

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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

15b. Treasury shares reserve

		GROUP		COMPANY	
	Shares in issue Number '000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000
Movement for 2017					
Balance at the beginning of the year	(3 000)	(5 100)	–	(5 100)	–
Issue of treasury shares (note 15a)	(7 093)	(9 931)	–	(9 931)	–
Movement for 2018					
Balance at the beginning of the year	**(10 093)**	(15 031)	**(15 031)**	(15 031)	**(15 031)**
Disposal of treasury shares	**153**	–	**220**	–	**220**
In issue at the end of the year	**(9 940)**	(15 031)	**(14 811)**	(15 031)	**(14 811)**

15c. Share awards/options

Since 1 July 2014 the Group has operated the following equity-settled share-based remuneration schemes:

In the year to 30 June 2018, the Company introduced an equity-settled share-based remuneration scheme for the executive directors, senior managers and key employees ("**Eligible Employee(s)**") called the Grit Long-Term Incentive Scheme ("**the GRIT Scheme**"). The purpose of the GRIT Scheme 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. In August 2016, the Company's subsidiary, Freedom Asset Management had implemented an equity-settled share-based remuneration scheme ("**the FAM scheme**") in order to provide for the retention of staff within the Group following the internalisation of the asset management function into the Group. During the year ended 30 June 2018, all awards under the FAM scheme were replaced by new awards in the GRIT Scheme.

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 cents	30 June 2017 Shares '000	Weighted average exercise price cents	30 June 2018 Shares '000
Balance at the beginning of the year	–	–	**103.9**	**1 140**
Granted	103.9	1 140	**140.0**	**2 727**
Cancelled	–		**(103.9)**	**(1 140)**
Balance at the end of the year	103.9	1 140	**140.0**	**2 727**

The effective exercise price of the options granted to Eligible Employees was $1.40 per share (2017: between $0.99 per share and $1.28 per share), versus a share price at the date of issue of $1.45 per share (2017: $1.74 per share).

At 30 June 2018, out of the 2.727 million options outstanding (2017: 1.140 million), 0.014 million (2017: 0.084 million) options were exercisable. No options were exercised or lapsed in any of the reporting periods.

The expiry period of the options at those dates were as follows:

	Weighted average exercise price cents	30 June 2017 Shares '000	Weighted average exercise price cents	30 June 2018 Shares '000
2017	128.4	84	**–**	**–**
2018	–	–	**140.0**	**14**
2019	103.2	504	**140.0**	**573**
2020	101.4	420	**140.0**	**216**
2021	99.0	132	**140.0**	**113**
2022	–	–	**140.0**	**1 811**
At end of year	103.9	1 140	**140.0**	**2 727**

The fair value of options granted in the period to 30 June 2018 were determined using the Black-Scholes valuation model was $0.593 million (in respect of the options awarded in the year to 30 June 2017: $0.238 million). The significant inputs into the model at 30 June 2018 were: the share price of $1.45 (2017: $1.74) at the grant date; the weighted average exercise price of $1.40 (2017: $1.04); the standard deviation of expected share price returns of 30% (2017: 30%); the weighted average option life of 3.14 years (2017: 2.38 years); the dividend yield of 8.59% (2017: 8.71%); and, the annual risk-free interest rate of 2.52% (2017: 1.89%).

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 $282 241 for the year to 30 June 2018 (2017: $133 000).

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

16. Interest-bearing borrowings

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Non-current liabilities				
At amortised cost	185 051	**207 106**	528	**486**
Current liabilities				
At amortised cost	47 959	**99 038**	17 788	**37 281**
	233 010	**306 144**	18 315	**37 767**
Currency of the interest-bearing borrowings (stated gross of unamortised loan issue costs)				
United States Dollars	160 348	**189 094**	19 840	**486**
Euros	72 039	**115 719**	–	**38 363**
Mozambican Meticais	3 020	**2 913**	–	**–**
	235 407	**307 726**	19 840	**38 849**
Unamortised loan issue costs	(2 397)	**(1 582)**	(1 524)	**(1 082)**
As at 30 June	233 010	**306 144**	18 315	**37 767**
Movement for the period				
Balance at the beginning of the year	161 181	**233 010**	20 000	**18 315**
Proceeds of interest-bearing borrowings				
– Loans advanced in relation to investment on associates (note 29)	13 001	**–**	–	**–**
– Other new loans advanced	170 933	**145 406**	63 383	**57 116**
Loan issue costs incurred	(2 544)	**(571)**	(1 966)	**(638)**
Amortisation of loan issue costs	584	**1 386**	442	**1 081**
Foreign currency translation differences	4 574	**1 858**	–	**(783)**
Debt settled during the period	(114 719)	**(74 945)**	(63 543)	**(37 324)**
As at 30 June	233 010	**306 144**	18 315	**37 767**

Analysis of facilities and loans in issue

		GROUP		COMPANY	
Lender	**Initial facility**	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Financial institutions					
Standard Bank Mozambique	$10.4m	10 451	**10 451**	–	**–**
Standard Bank South Africa	$12m	–	**12 000**	–	**–**
Standard Bank South Africa	$38.0m	38 000	**38 000**	–	**–**
Standard Bank (Mauritius) Limited	$11.7m	–	**11 047**	–	**–**
Bank Unico of Mozambique	MZN182.7m	3 020	**2 913**	–	**–**
Investec South Africa	$15.7m + €36m	50 154	**48 529**	–	**–**
Barclays Bank Mauritius	€7.4m	7 400	**7 374**	–	**–**
Barclays Bank Mauritius	€20m	–	**19 669**	–	**19 669**
Afrasia Bank Mauritius	Revolver	19 312	**–**	19 312	**–**
Bank of China	$13.3m + $77m + $8.5m	52 150	**98 260**	–	**–**
State Bank of Mauritius	€22.3m + €9m + €3.2m + $20m	35 725	**58 997**	–	**18 694**
Investec Mauritius	$0.5m	528	**486**	528	**486**
Nedbank South Africa	$5.6m	5 666	**–**	–	**–**
Vendor finance		–	**–**	–	**–**
Rockcastle Global Real Estate Limited	$13m	13 001	**–**	–	**–**
Total loans in issue		235 407	**307 726**	19 840	**38 849**
Less: Unamortised loan issue costs		(2 397)	**(1 582)**	(1 524)	**(1 082)**
		233 010	**306 144**	18 315	**37 767**

Terms of the facilities (analysed by maturity date)

Lender	Base rate	Margin	% Fixed	Initial facility	Interest rate	Maturity date	Weighted average cost of debt for the year ended 30 June 2018
Financial institutions							
Bank Unico of Mozambique	17.50%	–	–	MZN182.7m	27.50%	Jul 2027	**0.25%**
Bank of China	6-month LIBOR	4.00%	–	$8.55m	5.76%	Sep 2022	**0.14%**
Bank of China	6-month LIBOR	4.00%	–	$77.0m	5.64%	Apr 2022	**1.44%**
Investec South Africa	3-month LIBOR	4.0% – 4.05%	63.6%	$15.7m + €36m	4.59%	Feb 2022	**0.77%**
Bank of China	6-month LIBOR	5.10%	–	$13.3m	7.37%	Feb 2022	**0.33%**
Investec Mauritius	3-month LIBOR	4.50%	–	$527k	6.16%	Sep 2021	**0.01%**
Barclays Bank Mauritius	3-month Euribor	4.25%	70%	$7.4m	5.64%	Feb 2021	**0.14%**
State Bank of Mauritius	3-month LIBOR + 4.25%	4.25%	–	€9.0m + €3.2m	4.25%	Dec 2020	**0.20%**
State Bank of Mauritius	3.75%	–	100%	€22.3m	3.75%	Mar 2020	**0.33%**
Standard Bank Mozambique	3-month LIBOR	6.51%	–	$10.4m	7.37%	Sep 2019	**0.29%**
Standard Bank (Mauritius) Limited	3-month LIBOR	5.50%	–	$11.7m	7.34%	Mar 2019	**0.14%**
Standard Bank South Africa	3-month LIBOR	5.50%	–	$12m	7.28%	Nov 2018	**0.17%**
Barclays Bank Mauritius	3-month Euribor	3.80%	–	$20m	3.80%	Sep 2018	**0.20%**
Standard Bank South Africa	3-month LIBOR	5.40%	70%	$38.0m	7.06%	Jul 2018	**0.90%**
Afrasia Bank Mauritius	3-month LIBOR	3.50%	–	€10m	3.50%	Apr 2018 (settled)	**0.06%**
Barclays Bank Mauritius	1-month LIBOR	4.00%	–	$5m	5.38%	Feb 2018 (settled)	**0.02%**
Nedbank South Africa	3-month LIBOR	16.02%	–	$5.6m	17.36%	Dec 2017 (settled)	**0.17%**
Barclays Bank Mauritius	1-month LIBOR	4.00%	4%	$5.5m	5.23%	Oct 2017 (settled)	**0.03%**
Afrasia Bank Mauritius	3-month LIBOR	5.4% – 6.5%	–	Revolver	6.30%	Sep 2017 (settled)	**0.11%**
State Bank of Mauritius	3-month Euribor	3.00%	–	$20m	3.00%	Sep 2018	**0.05%**
Vendor finance							
Rockcastle Global Real Estate Limited	5%	–	100%	$19m	5.00%	Settled	**–**
Rockcastle Global Real Estate Limited	5%	–	100%	$13m	5.00%	Settled	**–**
Weighed average total cost of debt for the year ended 30 June 2018							**5.75%**

At 30 June 2018, the Group's loan facilities were fully drawn down.

The interest-bearing borrowings are secured over certain investment properties (including those held by associates) with a carrying value of $562 million (2017: $384 million). Further details of secured investment properties are set out in notes 3 and 8.

Further details on the maturity profile of the interest-bearing borrowings are set out in note 34 and details of the Group's loan to value ratios are set out in note 36.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
17. Redeemable preference shares				
Opening balance	–	**12 840**	–	**–**
Proceeds from issue of redeemable preference shares	12 840	**–**	–	**–**
As at 30 June	12 840	**12 840**	–	**–**

During the year to 30 June 2017 one of the Company's subsidiaries, Paradise Property Investments Limited, issued 1 284 preference shares at $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 five years from the subscription date by providing the grantor with six 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 2017 and 30 June 2018 and that the put option has a negligible fair value at both of these dates.

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
18. Obligations under finance leases				
Minimum lease payments				
Payable in one year	61	**65**	–	**–**
Payable between one and five years	198	**146**	–	**–**
Payable after five years	–	**–**	–	**–**
	259	**211**	–	**–**
Future finance charges on finance leases	(43)	**(36)**	–	**–**
	216	**175**	–	**–**
Maturity of lease liabilities				
Current	45	**51**	–	**–**
Non-current can be analysed as follows:				
Payable between one and two years	52	**47**	–	**–**
Payable between two and three years	56	**61**	–	**–**
Payable between three and five years	63	**16**	–	**–**
	216	**175**	–	**–**

The finance leases are secured over motor vehicles with a carrying value of $0.2 million (2017: $0.2 million). Further details of secured motor vehicles are set out in note 5.

Interest is charged at the Mauritius prime lending rate plus 1%. The lease agreement is held in Mauritian Rupees over a term of five years.

There are no restrictions imposed on the Group by these lease arrangements other than in respect of the specific assets being leased.

19. Trade and other payables

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Trade payables	9 061	**4 838**	4 599	**1 348**
Accruals	2 692	**3 920**	–	**142**
Deposits received	2 260	**2 120**	–	**–**
Deferred income	3 831	**3 354**	–	**–**
Purchase price adjustment account[1]	6 935	**–**	–	**–**
Withholding tax payable	45	**69**	–	**–**
Sundry creditors	619	**11 764**	68	**219**
Taxation and social security costs	734	**86**	47	**48**
As at 30 June	26 176	**26 151**	4 714	**1 757**

[1] *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, are realised and settled respectively using a purchase price adjustment account.*

20. Derivative financial instruments

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Interest rate swap[1] – Barclays	(3)	**36**	–	**–**
Interest rate swap[2] – Standard Bank	22	**(14)**	–	**–**
As at 30 June – liability	19	**22**	–	**–**

[1] *This interest rate swap is held with Barclays Bank Mauritius Limited. The swap is based on a nominal value of $5.53 million and it matures on 19 February 2019 with a fixed interest rate of 1.5%.*

[2] *This interest rate swap is held with The Standard Bank of South Africa Limited. The swap is based on a nominal value of $26.6 million and it matures on 31 July 2018 with a fixed interest rate of 1.5%.*

21. Revenue

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Contractual rental income	18 811	**27 213**	–	**–**
Retail parking income	975	**965**	–	**–**
Recoverable property expenses	3 086	**3 950**	–	**–**
Total revenue	22 872	**32 128**	–	**–**

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
22. Profit from operations				
Profit from operations for each period is stated after charging:				
Allowance for credit losses (note 13)	962	**(602)**	–	**–**
Amortisation and impairment of intangible assets – included in administrative expenses (note 6)	34	**51**	–	**–**
Depreciation of property, plant and equipment (note 5)	173	**221**	28	**51**
Employee benefit expense:				
– Executive directors' salaries and bonus	809	**750**	–	**–**
– Executive directors' other benefits	134	**159**	–	**–**
– Wages and salaries	2 049	**2 295**	–	**–**
– Social security costs	83	**1**	–	**–**
– Share-based payment expense	133	**282**	133	**282**
Acquisition costs not capitalised	635	**3 480**	500	**2 679**
Set-up costs	392	**1 323**	136	**266**
Audit fees	186	**387**	28	**80**
Non-audit services performed by BDO Mauritius	40	**–**	27	**–**
Non-audit services performed by PWC Mauritius	–	**23**	–	**–**
Non-executive directors' fees	96	**116**	96	**116**
Asset and property management fees	1 105	**802**	–	**172**
Operating lease expenses – buildings	15	**119**	–	**62**

Non-audit services provided by BDO Mauritius during the year ended 30 June 2017 related to a limited review of the consolidated accounts of the Group prepared for the period ended 31 March 2017, a review of cash flow forecasts of a subsidiary and acting as the independent financial advisor in connection with the listing of another subsidiary, Paradise Property Investments Limited on the Stock Exchange of Mauritius. Administrative expenses for the year ended 30 June 2018 includes costs relating to the rebranding to Grit and preliminary costs incurred on the proposed London listing.

BDO UK fees relating to the LSE non-statutory audit amounts to $1.6 million which is included in prepaid LSE listing expenses in trade and other receivables.

Total number of employees as at 30 June 2018 amounts to 31 (30 June 2017: 19).

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Directors' emoluments				
Executive directors' emoluments				
Bronwyn Corbett (appointed 12 May 2015)	580	**531**	–	**–**
Basic salary	292	**312**	–	**–**
Performance bonus	212	**128**	–	**–**
Other benefits	76	**91**	–	**–**
Leon van de Moortele (appointed 30 June 2015)	363	**378**	–	**–**
Basic salary	179	**238**	–	**–**
Performance bonus	126	**72**	–	**–**
Other benefits	58	**68**	–	**–**
Total executive directors' emoluments	943	**909**	–	**–**
Total executive directors – emoluments by category				
Basic salary	470	**550**	–	**–**
Performance bonus	339	**200**	–	**–**
Pension fees	–	**–**	–	**–**
Other benefits	134	**159**	–	**–**
Total executive directors' emoluments	943	**909**	–	**–**
Non-executive directors	–	**–**	–	**–**
Fees were paid to the following directors:				
Paul Huberman	–	**7**	–	**7**
Peter Todd	23	**25**	23	**25**
Maheshwar Doorgakant	12	**8**	12	**8**
Chandra Kumar Gujadhur (appointed 1 July 2015)	17	**13**	17	**13**
Ian Macleod (appointed 1 July 2015)	19	**24**	19	**24**
Jackie van Niekerk (appointed 1 June 2016)	17	**7**	17	**7**
Matshepo More (appointed 7 February 2017)	8	**17**	8	**17**
Catherine McIlraith (appointed 24 November 2017)	–	**15**	–	**15**
Total non-executive directors' fees	96	**116**	96	**116**
Total directors' emoluments	1 039	**1 025**	96	**116**

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
23. Interest income				
Bank interest receivable	13	**67**	5	**–**
Interest on loans to partners[1]	1 151	**3 278**	–	**53**
Interest on loans to related parties	66	**130**	3 373	**8 528**
Interest on property deposits paid	532	**834**	–	**–**
Interest on tenant rental arrears	297	**66**	–	**–**
	2 059	**4 375**	3 378	**8 581**

[1] The interest income on loans to partners arises on the loans referred to in note 11. Interest income also includes interest receivable on the deposit paid in respect of the purchase of the Vale Housing Compound in Mozambique (see note 3).

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
24. Finance costs				
Interest-bearing borrowings – financial institutions	9 401	**16 972**	1 309	**1 379**
Interest-bearing borrowings – vendor loans[1]	776	**–**	–	**–**
Amortisation of loan issue costs	584	**1 463**	442	**1 081**
Preference share dividends	220	**825**	–	**–**
Interest on finance leases	16	**(3)**	–	**–**
Interest on bank overdraft	62	**17**	–	**–**
Other interest payable	374	**386**	–	**–**
	11 433	**19 660**	1 751	**2 460**

[1] These loans relate to the vendor financing facilities referred to in note 16.

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000

25. Taxation

	GROUP 30 June 2017 $'000	GROUP 30 June 2018 $'000	COMPANY 30 June 2017 $'000	COMPANY 30 June 2018 $'000
Major components of the taxation expense				
Current taxation	(3)	**1 519**	33	**75**
Deferred taxation	(2 913)	**3 233**	–	**–**
	(2 916)	**4 752**	33	**75**
Reconciliation of the taxation expense				
(Loss)/profit before tax	(10 351)	**30 497**	8 036	**36 199**
Statutory taxation expense at 15% (all periods)	(1 553)	**4 574**	1 205	**5 430**
Tax effect of adjustments to taxable income:				
Non-taxable income	(1 686)	**(3 802)**	(1 501)	**(5 416)**
Non-deductible expenditure	131	**1 204**	–	**179**
Under provision in the previous period	–	**282**	32	**225**
Foreign tax credit	33	**(1 328)**	–	**(309)**
Deferred tax asset not provided for	–	**2 101**	–	**(33)**
Investment tax credit	–	**(234)**	275	**–**
Minimum tax	–	**42**	–	**–**
Tax losses unutilised carried forward	2 449	**–**	21	**–**
Effect of different tax rates and consolidation adjustments	(2 290)	**1 913**	–	**–**
Effective taxation expense at 10.48% (2017: 28.17%)	(2 916)	**4 752**	33	**75**

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 Licence, 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.

The taxation rates applicable in the other operating jurisdictions of the Group for all periods are as follows:

– Mozambique	32%
– Morocco	31%
– Kenya	30%
– Zambia	35%
– Ghana	25%

Tax losses arising in Mauritian companies are available for set off against their future profits over a maximum period of five 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	
Arising in financial period to:	**Expiry year**	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
30 June 2015	30 June 2019	361	**361**	–	**–**
30 June 2016	30 June 2020	5 024	**5 024**	–	**–**
30 June 2017	30 June 2021	7 824	**7 824**	145	**145**
30 June 2018	30 June 2022	–	**13 645**	–	**–**
		13 209	**26 854**	145	**145**

Further tax losses are available for set-off against future profits within the Group outside of Mauritius. These losses amount to $2 million at 30 June 2018 (30 June 2017: $0.1 million).

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26. Basic earnings and diluted earnings per ordinary share

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
(Loss)/profit after tax attributable to equity owners of the parent	(6 634)	**28 562**	8 003	**36 125**
Weighted average number of shares in issue (net of unvested treasury shares)				
In issue at start of period	99 004	**200 364**	99 004	**200 364**
Effect of shares issued in the period	10 849	**766**	10 849	**766**
Effect of treasury shares acquired in period	(58)	**–**	(58)	**–**
Effect of treasury shares vested or allocated in the period	–	**70**	–	**70**
Weighted average number of shares at end of year – basic	109 795	**201 200**	109 795	**201 200**
Dilutive effect of share options	–	**–**	–	**–**
Weighted average number of shares at end of year – diluted	109 795	**201 200**	109 795	**201 200**
Basic (loss)/earnings per share (cents)	(6.04)	**14.20**	7.29	**17.95**
Diluted (loss)/earnings per share (cents)	(6.04)	**14.20**	7.29	**17.95**

** There are no dilutionary instruments in issue.*

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000

27. Cash generated from/(utilised in) operations

	GROUP 30 June 2017 $'000	GROUP 30 June 2018 $'000	COMPANY 30 June 2017 $'000	COMPANY 30 June 2018 $'000
(Loss)/profit for the period	(10 351)	**30 497**	8 036	**36 199**
Adjusted for:				
Depreciation and amortisation	207	**272**	28	**51**
Interest income	(2 059)	**(4 375)**	(3 378)	**(8 581)**
Share of profits from associates	(6 893)	**(21 028)**	–	**–**
Finance costs	11 433	**19 660**	1 751	**2 460**
Allowance for credit losses	962	**(602)**	–	**–**
Foreign currency losses/(gains)	(2 081)	**(897)**	856	**(783)**
Straight-line rental income accrual	(1 132)	**(1 110)**	–	**–**
Share-based payment expense	133	**282**	133	**282**
Fair value adjustment on investment properties	20 499	**(13 761)**	–	**–**
Gain from bargain purchase on associates	(958)	**–**	–	**–**
Fair value adjustment on other investments	–	**757**	–	**–**
Fair value adjustment on other financial asset	–	**128**	–	**128**
Fair value adjustment on derivative financial instruments	(535)	**(25)**	–	**–**
Fair value adjustment on investment in subsidiary	–	**–**	(10 122)	**(34 768)**
	9 225	**9 798**	(2 696)	**(5 012)**
Changes to working capital				
Movement in trade and other receivables	447	**(5 757)**	(2 061)	**(2 724)**
Movement on deposits paid on investment properties	(4 702)	**(11 117)**	–	**–**
Movement in trade and other payables	7 200	**195**	3 097	**(2 957)**
Cash generated from/(utilised in) operations	12 170	**(6 881)**	(1 661)	**(10 693)**

28. Ordinary dividends paid to shareholders

	GROUP 30 June 2017 $'000	GROUP 30 June 2018 $'000	COMPANY 30 June 2017 $'000	COMPANY 30 June 2018 $'000
Dividends paid during the period	(12 162)	**(14 908)**	(12 528)	**(15 534)**

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.

Declared in respect of the year to 30 June 2018

In respect of the year ended 30 June 2018, an interim dividend of 6.07 cents per share was declared by the board on 8 February 2018. There were 208 514 261 shares in issue at the date of declaration of this final dividend. This was paid on 29 March 2018.

Declared in respect of the year to 30 June 2017

For the 2017 reporting period, a final dividend for the year of 1.38 cents per share was declared by the board on 21 September 2017. There were 208 514 261 shares in issue at the date of declaration of this final dividend. This was paid on 26 October 2017.

An interim dividend of 6.12 cents per share and a clean-out dividend of 4.57 cents per share had previously been declared by the board on 14 March 2017 and 29 May 2017 respectively.

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29. Assets and liabilities acquired through business combinations

All the acquisitions described below involved the acquiring of certain incidental other assets and/or liabilities in addition to investment properties. Further details of these acquisitions are set out in note 8.

	GROUP			COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
	Investment in Lusaka Cosmopolitan Investment Limited	Investment in Beachcomber Hospitality	Investment in Capital Place Limited	Investment in Lusaka Cosmopolitan Investment Limited	Investment in Beachcomber Hospitality
Book value of assets and liabilities assumed – Group share					
Assets					
Investment properties	38 380	**94 564**	**12 217**	–	**–**
Current assets	150	**414**	**1 108**	–	**–**
	38 530	**94 978**	**13 325**	–	**–**
Liabilities					
Interest-bearing borrowings	–	**31 662**	**3 797**	–	**–**
Current liabilities	403	**5 798**	**1 651**	–	**–**
	403	**37 460**	**5 448**	–	**–**
Identifiable assets acquired and liabilities assumed	38 127	**57 518**	**7 877**	–	**–**
Purchase consideration (see below)	(37 169)	**(57 518)**	**(7 877)**	–	**–**
Gain from bargain purchase	958	**–**	**–**	–	**–**
Purchase consideration, including transaction costs	37 169	**57 518**	**7 877**	–	**–**
– Settlement with new debt (note 15)	(13 001)	**–**	**–**	–	**–**
– Deposit paid in previous period	(3 000)	**–**	**–**	–	**–**
– Cash paid in subsequent period	(5 778)	**–**	**–**	–	**–**
Net cash outflow	15 390	**57 518**	**7 877**		
– Loan advanced in prior year (note 11)	–	**(47 409)**	**–**	–	**–**
Net investment	15 390	**10 109**	**7 877**	–	**–**
Settled via					
Cash	15 390	**10 109**		–	**–**
Issue of shares	–	**–**	**7 877**	–	**–**
	15 390	**10 109**	**7 877**	–	**–**

The total net cash outflow in the year 30 June 2017 for the Lusaka acquisition was $15.4 million, with $3.0 million settled in the prior year and $5.8 million settled in the year 30 June 2018. The total net cash flow for the year 30 June 2018, including this $5.8 million, was $15.7 million.

The Group has performed a preliminary assessment of the fair values of the identifiable assets and liabilities acquired. For the purposes of the FY18 reporting, the assets and liabilities have been recorded at their provisional fair values based on the acquisition date fair values. The period to finalise the fair values shall not exceed 12 months from the date of acquisition.

30. Commitments and operating leases

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
a. Capital commitments				
Acquisition of investment properties				
Approved and committed	11 707	**8 263**	–	**–**
	11 707	**8 263**	–	**–**
Operating leases – as lessee (expense)				
Minimum lease payments due				
Within one year	–	**210**	–	**11**
Within two to five years	–	**761**	–	**528**
	–	**971**	–	**539**
Operating leases – as lessor (income)				
Minimum lease payments receivable				
Within one year	33 295	**46 519**	–	**–**
Within two to five years	107 658	**131 914**	–	**–**
Later than five years	66 387	**133 814**	–	**–**
	207 340	**312 247**	–	**–**

Operating leases – as lessor (income)

Minimum lease payments receivable comprise contractual rental income due under signed lease agreements on the Group's investment properties. The amounts excludes rental income arising on investment properties held by associates and also exclude the straight-line rental income accrual adjustments referred to in notes 3 and 4.

The lease agreements are non-cancellable and have terms ranging from two to 10 years. There are no contingent rentals.

Purchase agreements entered into at 30 June 2018

The Group has not entered into any binding purchase agreements at 30 June 2018.

b. Contingent liabilities

In the normal course of business, the Company incurs certain contingent liabilities arising from guarantees provided to third parties on behalf of the subsidiaries. No material losses are anticipated as a result of these guarantees.

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.

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
General bank facilities	–	**–**	105	**135**

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31. Related parties

31a. 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 period 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 31b.

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
Delta Property Fund	Shareholder and common directors
Drive In Trading Proprietary Limited (note 31b)	Shareholder transformation partner and common directors
Gateway Delta Development Holdings Limited	Investee and common directors
Osiris Advisors Limited	Company controlled by Peter Todd
Osiris Corporate Solutions (Mauritius) Limited	Company controlled by Peter Todd
Public Investment Corporation	Shareholder and common directors
Redefine Properties Limited and its subsidiary, Pivotal Global Limited	Shareholder and common directors
Venus Africa Properties Proprietary Limited	Shareholder and common directors
Dorado 1 Limited	Common directors
BG Africa Limited	Common directors
Mallac Hearle Consulting Limited	Enterprise that Bronwyn Corbett has a significant interest
Mara Delta Executive Share Trust	Enterprise that directors and key management personnel have significant interest
Delta International Mauritius 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
Warehousely Limited	Subsidiaries
Paradise Property Investments 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 Gestao de Imóveis Limitada	Subsidiaries
GMS Mauritius Limited	Subsidiaries
BH Property Investments Limited	Subsidiaries
Abland Diversified Holdings Limited	Subsidiaries
Buffalo Mall Naivasha Limited	Associates
Transformers Holdings Mauritius Limited	Subsidiaries
Delta Tete Limitada	Subsidiaries
Gerania Limited	Subsidiaries

Company	Relationship to the Group
Mall de Tete Limitada	Subsidiaries
CD Properties Limited	Subsidiaries
Gateway Properties Limitada	Subsidiaries
HM&K Properties Limited	Subsidiaries
Commotor Limitada	Subsidiaries
SAL Investment Holdings Ltd	Subsidiaries
S&C Immobiliaria Limitada	Subsidiaries
Zimpeto Immobliaria Limitada	Subsidiaries
Zambian Property Holdings Limited	Subsidiaries
Ndola Kafubu Investments Limited	Subsidiaries
Kafubu Mall Limited	Associates
Kitwe Mukuba Investments Limited	Subsidiaries
Mukuba Mall Limited	Associates
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
Grit West Africa Limited	Subsidiaries
Agridev Real Estate Limited	Subsidiaries
CADS Developers Limited	Subsidiaries
Casamance Holdings Limited	Subsidiaries
Peter Todd – Chairman	Director
Ian Macleod – Senior Independent	Director
Paul Huberman	Director
Catherine McIlraith	Director
Nomzamo Radebe	Director
Matshepo More	Director
Bronwyn Corbett	Director
Leon van de Moortele	Director
Moira van der Westhuizen	Key management personnel
Jaco van Zyl	Key management personnel
Belinda Wong-Vacher	Key management personnel
Heidi Rix	Key management personnel

Notes to the consolidated financial statements continued

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31. Related parties (continued)

31a. Related party relationships, transactions and balances (continued)

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Related party transactions and balances				
Freedom Asset Management Limited				
Loan receivable	–	**–**	10 403	**11 526**
Asset management fees	–	**–**	2 376	**1 461**
Interest income	–	**–**	–	**822**
Bowwood and Main No 117 Proprietary Limited				
Related party loans receivable	8	**2**	4	**4**
Advisory and payroll fees	899	**(869)**	–	**–**
Amount payable (included in trade and other payables)	(73)	**(50)**	–	**–**
Mara Delta Executive Share Trust				
Loan receivable	–	**37**	–	**37**
Pivotal Global Limited				
Loan payable (note 10)	(1 365)	**–**	(1 365)	**–**
Delta Property Fund				
Commitment and guarantee fees	–	**–**	–	**–**
Amount payable (included in sundry creditors)	(6)	**(6)**	–	**–**
Gateway Delta Developments Limited				
Loan receivable (note 10)	2 000	**77**	–	**4**
Interest income	–	**76**	–	**–**
Osiris Advisors Limited				
Advisory fees	–	**36**	–	**36**
Osiris Corporate Solutions (Mauritius) Limited				
Directors' fees	23	**29**	23	**29**
Company secretarial and other corporate advisory fees	41	**20**	–	**11**
Amount payable (included in trade and other payables)	(6)	**–**	(6)	**–**
Public Investment Corporation				
Directors' fees	8	**17**	8	**17**
Commitment fees[1]	1 406	**–**	1406	**–**
Amount payable (included in trade and other payables)	(1 171)	**–**	(1 171)	**–**
Mallac Hearle Consulting Limited				
Consulting fees	71	**63**	71	**63**
Delta International Mauritius Limited				
Interest income	–	**–**	3 378	**7 652**
Current account receivable	–	**–**	–	**2 324**
Loan receivable	–	**–**	255 859	**287 660**
CD Properties Limited				
Current account receivable	–	**–**	–	**1**
DIF Co Limited				
Current account payable	–	**–**	(239)	**(239)**
Freedom Property Fund SARL				
Current account receivable	–	**–**	249	**249**
Sal Investment Holdings Limited				
Current account receivable	–	**–**	1 037	**1 037**

[1] *Commitment fees relate to share issue expenses which are capitalised to share capital.*

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Zimpeto Investment Holdings Limited				
Current account receivable	–	**–**	15	**15**
Kitwe Mukuba Investments Limited				
Current account receivable	–	**–**	2	**2**
Ndola Kafubu Investments Limited				
Current account receivable	–	**–**	2	**2**
HM&K Properties Limited				
Current account receivable	–	**–**	8	**8**
BH Property Investments Limited				
Current account receivable/(payable)	–	**–**	52	**(107)**
Transformers Holdings Mauritius Limited				
Current account payable	–	**–**	–	**(1)**
Delta Tete Limitada				
Current account receivable	–	**–**	–	**250**
Mara Delta (Mauritius) Property Limited				
Current account payable	–	**–**	–	**(50)**
Abland Diversified Holdings Limited				
Current account receivable	–	**–**	–	**1**
Commotor Limitada				
Current account receivable	–	**–**	–	**83**
S&C Imobiliaria				
Current account receivable	–	**–**	–	**376**
Zimpeto Imobiliaria				
Current account receivable	–	**–**	–	**14**
Gateway Properties Limitada				
Current account receivable	–	**–**	–	**33**
Mall de Tete Limitada				
Current account payable	–	**–**	–	**369**
Gerania Limited				
Current account payable	–	**–**	–	**(1 918)**
Venus Africa Properties Proprietary Limited				
Interest-bearing loan	–	**800**	–	**800**

[1] *Commitment fees relate to share issue expenses which are capitalised to share capital.*

During the year, the company paid personal expenses on behalf of company staff that will be reimbursed during the next financial period amounting to $16 373.

In addition, Copapax Proprietary Limited and Bowwood and Main No 117 Proprietary Limited have a pledge over 1 135 000 and 1 865 000 of the treasury shares, (note 15a) 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. Key management personnel compensation is equivalent to directors' fees which are disclosed in note 22.

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 2018, other than the impairment of the $1.5 million 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 (2017: $0 million). This assessment is undertaken at each reporting date by examining the financial position of the related parties and the market in which they operate.

Mr Peter Todd, Chairman of the Company, has historically held the position of a non-executive director on the board of certain companies with which the Group transact. These entities are not deemed to be related parties of the Group as there is no ownership interest and the common directorship in each instance related to him acting in an administrative capacity.

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31. Related parties (continued)

31b. Related parties – unconsolidated structured entity

The directors consider Drive in Trading Proprietary Limited ("**Drive in Trading**") 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 Drive in Trading 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 $32.55 million. Drive in Trading, 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 $1.6 million to Drive in Trading's two shareholders, Venus Africa Properties Proprietary Limited ("**Venus**") and Lifostax Proprietary Limited ("**Lifostax**"). Venus and Lifostax subscribed for equity in Drive in Trading using these funds.
- Drive in Trading secured a loan facility of $33.4 million 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 5.8%. Repayments are to take place in the form of half-yearly payments which equate to 90% 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 Drive in Trading 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 $35 million. The terms of the CRO obligate PIC to acquire the loan granted to Drive in Trading, should Drive in Trading default under the BoAML facility.

In order to facilitate the above, the Company agreed to de-risk 50% of PIC's $35 million exposure to the CRO, by granting PIC a guarantee whereby should BoAML enforce the CRO, the Company would indemnify PIC for up to 50% of the losses, capped at $17.5 million, following the sale of the underlying securities, being the shares held by Drive in Trading 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%. 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 $0.5 million, up to a maximum of $1 million, with amounts so paid to be held for a minimum period of six months or until the LTV ratio drops below 99%.

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.

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 $'000	Year ended 30 June 2017	Year ended 30 June 2018
Current liabilities		
Other financial liability – CRO obligation asset	–	128
Maximum exposure to loss	–	**17 500**

32. 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 referred to in note 31b. 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 1.15% per annum of the amount insured 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.

S'000	Weighted average effective interest rate %	Less than one year	One to two years	Two to three years	Three to five years	More than five years	Total
GROUP							
As at 30 June 2018							
Financial liabilities							
Interest-bearing borrowings	**5.75**	**122 076**	**46 765**	**23 281**	**152 597**	**5 717**	**350 436**
Preference shares	**6.25**	**805**	**803**	**803**	**13 442**	**–**	**15 853**
Other financial liability (note 33b)		**128**	**–**	**–**	**–**	**–**	**128**
Obligations under finance leases	**8.15**	**65**	**65**	**65**	**16**	**–**	**211**
Trade and other payables[1]	**–**	**20 521**	**–**	**–**	**–**	**–**	**20 521**
Bank overdraft	**5.76**	**8 898**	**–**	**–**	**–**	**–**	**8 898**
		152 493	**47 633**	**24 149**	**166 055**	**5 717**	**396 047**
As at 30 June 2017							
Financial liabilities							
Interest-bearing borrowings	5.78	62 020	51 989	43 644	115 133	6 342	279 128
Preference shares	6.25	803	803	803	14 445	–	16 854
Obligations under finance leases	8.75	61	61	61	76	–	259
Trade and other payables[1]	–	19 307	–	–	–	–	19 307
Related party loans	–	–	1 365	–	–	–	1 365
Bank overdraft	3.73	438	–	–	–	–	438
		82 629	54 218	44 508	129 654	6 342	317 351
COMPANY							
As at 30 June 2018							
Financial liabilities							
Interest-bearing borrowings	**3.44**	**38 628**	**30**	**30**	**491**	**–**	**39 179**
Other financial liability (note 33b)	**8.15**	**128**	**–**	**–**	**–**	**–**	**128**
Trade and other payables[1]	**–**	**1 709**	**–**	**–**	**–**	**–**	**1 709**
Related party loans	**–**	**2 316**	**–**	**–**	**–**	**–**	**2 316**
Bank overdraft	**5.82**	**8 366**					**8 366**
		51 147	**30**	**30**	**491**	**–**	**51 698**
As at 30 June 2017							
Financial liabilities							
Interest-bearing borrowings	6.30	20 252	28	549	–	–	20 829
Trade and other payables[1]	–	4 667	–	–	–	–	4 667
		24 919	28	549	–	–	25 496

[1] *Trade and other payables exclude deposits received, deferred income, taxation and social security costs and withholding tax payable.*

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32. Risk management (continued)

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 2018, interest rates in respect of 9% (2017: 50%) of the Group's borrowings were fixed.

On 12 August 2015, the Group entered into an interest rate swap to effectively fix the interest rate on $26.60 million, representing 16.1% of its total interest-bearing borrowings at 30 June 2016 and on 1 March 2016, the Group entered into an interest rate swap to effectively fix the interest rate on $5.5 million, representing 3.1% of its total interest-bearing borrowings at 30 June 2016.

The Group's weighted average effective rate of interest for the period to 30 June 2018 was 5.75% (2017: 5.78%) based on the interest rates applicable to its long-term borrowings, short-term bridge funding and loan issue costs capitalised.

An increase of 1% in the interest rate on floating rate borrowings would result in an increase to finance charges of $1.8 million (2017: $1.9 million) pre-tax per annum. This is based on calculating the effective interest rate of the Group and adding 1% 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, 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:

	GROUP		COMPANY	
In $'000	**2017**	**2018**	**2017**	**2018**
Financial assets				
Cash and cash equivalents	24 668	**3 086**	20 744	**108**
Loans to related parties	2 008	**879**	267 391	**304 793**
Deposits on investment properties – Vale Housing Compound	21 378	**4 117**	–	**–**
Other loans receivable	66 740	**42 863**	–	**800**
Trade and other receivables[1]	14 281	**23 312**	271	**2 656**

[1] *Trade and other receivable excludes deposits paid, prepaid expenses and the 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 period.

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.

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	USD S'000	MAD S'000	MUR S'000	EUR S'000	Total S'000
2018					
Moroccan Dirham – MAD	**–**	**4 683**	**–**	**–**	**4 683**
Euro	**5 847**	**(37 053)**	**(7 400)**	**(84 077)**	**(122 683)**
United States Dollars		**(74 749)**	**(6 628)**	**(6 130)**	**(87 507)**
Total net exposure	**5 847**	**(107 119)**	**(14 028)**	**(90 207)**	**(205 507)**
2017					
Moroccan Dirham – MAD	–	2 509	–	–	2 509
Euro	36 541	(36 315)	–	(25 443)	(25 217)
Mauritian Rupees	–	–	(402)	–	(402)
United States Dollars	–	(69 290)	(14 107)	(9 723)	(93 120)
Total net exposure	36 541	(103 096)	(14 509)	(35 166)	(116 230)

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33. Financial assets by category

An analysis of financial assets by category is provided below:

In $'000	Loans and receivables	Fair value through profit and loss – designated	Total carrying amount	Total fair value amount
GROUP – 2018				
Other investments	**–**	**4 154**	**4 154**	**4 154**
Loans to related parties	**802**	**77**	**879**	**879**
Deposits paid on investment properties – Vale Housing Compound	**4 117**	**–**	**4 117**	**4 117**
Other loans receivable	**42 863**	**–**	**42 863**	**42 863**
Trade and other receivables[1]	**23 312**	**–**	**23 312**	**23 312**
Cash and cash equivalents	**3 086**	**–**	**3 086**	**3 086**
	74 180	**4 231**	**78 411**	**78 411**
GROUP – 2017				
Loans to related parties	8	2 000	2 008	2 008
Deposits paid on investment properties – Vale Housing Compound	21 378	–	21 378	21 378
Other loans receivable	66 740	–	66 740	66 740
Trade and other receivables[1]	14 281	–	14 281	14 281
Cash and cash equivalents	24 668	–	24 668	24 668
	127 075	2 000	129 075	129 075
COMPANY – 2018				
Other loans receivable	**800**	**–**	**800**	**800**
Loans to related parties	**300 027**	**4 766**	**304 793**	**304 793**
Trade and other receivables[1]	**2 656**	**–**	**2 656**	**2 656**
Cash and cash equivalents	**108**	**–**	**108**	**108**
	303 591	**4 766**	**308 357**	**308 357**
COMPANY – 2017				
Loans to related parties	267 391	–	267 391	267 391
Trade and other receivables[1]	271	–	271	271
Cash and cash equivalents	20 744	–	20 744	20 744
	288 406	–	288 406	288 406

[1] *Trade and other receivables exclude deposits paid, prepaid expenses, taxation and the adjustment account.*

34. Financial liabilities by category

An analysis of financial liabilities by category is provided below:

In $'000	Financial liabilities at amortised cost	Fair value through profit and loss – designated	Total carrying amount	Total fair value
GROUP – 2018				
Interest-bearing borrowings	**306 144**	**–**	**306 144**	**306 144**
Preference shares	**12 840**	**–**	**12 840**	**12 840**
Other financial liability (note 31b)	**–**	**128**	**128**	**128**
Obligations under finance leases	**175**	**–**	**175**	**175**
Trade and other payables[1]	**20 521**	**–**	**20 521**	**20 521**
Related party loans	**–**	**–**	**–**	**–**
Derivative financial instruments	**–**	**22**	**22**	**22**
Bank overdraft	**8 898**	**–**	**8 898**	**8 898**
	348 578	**150**	**348 728**	**348 728**
GROUP – 2017				
Interest-bearing borrowings	233 010	–	233 010	233 010
Preference shares	12 840	–	12 840	12 840
Obligations under finance leases	216	–	216	216
Trade and other payables[1]	19 307	–	19 307	19 307
Related party loans	1 365		1 365	1 365
Derivative financial instruments	–	19	19	19
Bank overdraft	438	–	438	438
	267 176	19	267 195	267 195
COMPANY – 2018				
Interest-bearing borrowings	**37 768**	**–**	**37 768**	**37 768**
Related party loans	**2 316**	**–**	**2 316**	**2 316**
Trade and other payables[1]	**1 709**	**–**	**1 709**	**1 709**
	41 793	**–**	**41 793**	**41 793**
COMPANY – 2017				
Interest-bearing borrowings	18 315	–	18 315	18 315
Trade and other payables[1]	4 667	–	4 667	4 667
	22 982	–	22 982	22 982

[1] *Trade and other payables exclude deposits received, deferred income, taxation and social security costs and withholding tax payable.*

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35. 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:

$000 – asset/(liability)	Level 1	Level 2	Level 3	Fair value
GROUP – 2018				
Derivative financial instruments	**–**	**(22)**	**–**	**(22)**
Other investments	**3 091**	**–**	**1 063**	**4 154**
Other financial liability (note 31b)	**–**	**–**	**(128)**	**(128)**
GROUP – 2017				
Derivative financial instruments	–	(19)	–	(19)
COMPANY – 2018				
Other financial liability (note 31b)	**–**	**–**	**(128)**	**(128)**
Investment in subsidiaries	**–**	**–**	**79 766**	**79 766**
COMPANY – 2017				
Investment in subsidiaries	–	–	44 998	44 998

There were no transfers between level 1, level 2 or level 3 of the fair value hierarchy during any of the above reporting periods.

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 and other financial liability (note 31b)

The fair values of the Group's other financial asset and other financial liability, that are described in note 31b, are categorised as level 2 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 financial liability varies by reference to the amount outstanding on the BoAML facility referred to in note 31b.

Fair values have not been disclosed for financial instruments where the carrying amounts are a reasonable approximation of fair value.

36. 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 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 Memorandum of Incorporation 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% of the value of its principal property and related assets (as listed in the table below):

	GROUP		COMPANY	
	30 June 2017 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2018 $'000
Investment properties (including straight-line rental income accrual)	307 795	**383 132**	–	**–**
Deposits paid on investment properties	24 440	**11 117**	–	**–**
Loans receivable related to property assets	66 740	**42 063**	–	**–**
Investment in associates	89 016	**165 311**	–	**–**
Other investments	–	**4 154**	–	**1 063**
Investment in subsidiaries	–	**–**	44 998	**79 766**
Principal property and related assets – total	487 991	**605 777**	44 998	**80 829**
50% thereof	243 996	**302 888**	22 499	**40 415**
Net borrowings	245 850	**318 984**	18 315	**37 768**
Gross borrowings (interest-bearing borrowings and preference shares less committed cash)	245 850	**318 984**	18 315	**37 768**
Less: Committed cash (note 13)	–	**–**	–	**–**
Unutilised borrowing capacity	(1 854)	**(16 096)**	4 184	**2 647**
Loan to value ratio (based on above calculations)*	50.4%	**52.7%**	40.7%	**46.7%**

** Although the Group's loan to value ratio target has historically been to maintain a loan to value ratio of 50%, 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%.*

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37. Subsequent events

Since 30 June 2018, the following significant property related transactions have taken place.

Issue of shares

On 31 July 2018, the Company was listed on the London Stock Exchange, raising $132.2 million of fresh capital through the issue of 102 074 261 shares at a price of US$1.43 per share.

Acquisitions

Following the successful capital raise, the Company settled short-term debt facilities with State Bank of Mauritius ($18.6 million), Barclays Bank Mauritius ($19.2 million) and BankABC ($8.5 million).

On 13 April 2018 the Company announced that it signed an agreement to acquire an 80.1% interest in Acacia Estate located in Costa do Sol, Maputo Mozambique. The residential complex is tenanted by an International Embassy and International oil company under long-term leases. The aggregate purchase consideration is US$23.5 million and will be partly settled in cash and partly through an equity issue. Suspensive conditions associated with the sale of the asset were fulfilled on 27 August 2018.

On 26 March 2018, Grit announced that it had paid a fully refundable deposit of US$2 million for the acquisition of the CADS II building situated in Accra. The total consideration for a 50% stake in this asset is US$10.7 million and the effective date of this transaction is 15 August 2018. Post year-end an additional payment of US$ 8.5 million was made and the property is currently under transfer.

On 15 March 2018, Grit signed an agreement to acquire the 5th Avenue Corporate Offices complex in West Cantonments, Accra. The building is tenanted by a blue-chip anchor tenant occupying 53% of the gross lettable area and contributing 58% of the rental stream. The parent company of the second biggest tenant, occupying 34% of the gross leasable area and contributing 30% of the rental income, is a leading owner, operator and developer of wireless and broadcast communication towers and is listed on the New York Stock Exchange. The aggregate purchase consideration is US$20.5 million, the effective date of this transaction is expected to be in October 2018.

38. Going concern

The directors are of the opinion that the Group has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going-concern basis in preparing the Group's financial information. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

In considering this requirement, the directors have taken into account the following:

- The Group's latest rolling forecast for the next two years in particular the cash flows, borrowings and undrawn facilities.
- The headroom under the Group's financial covenants.
- The current and forecast risks included on the Group's risk register that could impact on the Group's liquidity and solvency over the next 12 months from the date of signing.

The directors would also like to highlight the fact that at 30 June 2018 the Group's current liabilities exceeds its current assets by $50 million. The directors are, however, confident that the Group will be able to meet its obligations in the short and long term.

39. Segmental information

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

See notes 40 and 41 for further details.

40. Segmental information – 2018

Geographical location 2018 – Year to 30 June 2018	Botswana $'000	Morocco $'000	Mozambique $'000	Zambia $'000	Kenya $'000	Ghana $'000	Mauritius $'000	Total $'000
Reportable segment profit and loss								
Gross rental income	–	9 848	15 645	–	1 311	–	5 324	32 128
Straight-line rental income accrual	–	296	569	–	105	–	140	1 110
Revenue	–	10 144	16 214	–	1 416	–	5 465	33 238
Property operating expenses	–	(5 192)	(1 973)	–	(42)	–	(378)	(7 585)
Net property income	–	4 952	14 241	–	1 375	–	5 086	25 653
Other income	–	–	–	–	–	–	9	9
Administrative expenses	–	(399)	(630)	–	(81)	(7)	(13 537)	(14 653)
Profit/(loss) from operations	–	4 553	13 611	–	1 293	(7)	(8 442)	11 009
Fair value adjustment on investment properties	–	1 704	(2 104)	–	1 109	–	4 364	5 073
Contractual receipts from vendors of investment properties	–	–	8 689	–	–	–	–	8 689
Total fair value adjustment on investment properties	–	1 704	6 584	–	1 109	–	4 364	13 761
Fair value adjustment on other investments	(757)	–	–	–	–	–	–	(757)
Fair value adjustment on other financial asset	–	–	–	–	–	–	(128)	(128)
Fair value adjustment on derivatives financial instruments	–	–	70	–	–	–	(45)	25
Share-based payment expense	–	–	–	–	–	–	(282)	(282)
Share of profits from associates	–	–	–	13 828	64	83	7 053	21 028
Foreign currency (losses)/gains	–	(834)	(9)	–	7	–	1 961	1 125
Profit/(loss) before interest and taxation	(757)	5 424	20 257	13 828	2 473	76	4 481	45 782
Interest income	–	66	66	–	–	–	4 243	4 375
Finance costs	–	(2 526)	(4 584)	–	(581)	–	(11 970)	(19 660)
Profit/(loss) for the period before tax	(757)	2 964	15 739	13 828	1 892	76	(3 246)	30 497
Taxation	–	(42)	(3 561)	–	(515)	–	(634)	(4 752)
Profit/(loss) for the year	(757)	2 922	12 178	13 828	1 377	76	(3 880)	25 745
Reportable segment assets and liabilities								
Non-current assets								
Investment properties	–	92 632	204 560	–	22 200	–	63 740	383 132
Deposits paid on investment properties	–	–	–	–	–	–	11 117	11 117
Property, plant and equipment	–	40	85	–	–	–	1 624	1 749
Intangible assets	–	16	–	–	–	–	469	485
Other investments	3 091	–	–	–	–	–	1 063	4 154
Investment in associates	–	–	–	91 627	3 294	7 960	62 430	165 311
Related party loans receivable	–	–	–	–	(3)	–	805	802
Other loans receivable	–	–	–	–	–	–	42 863	42 863
Deferred tax	–	–	6 615	–	325	–	2 059	8 999
Total non-current assets	3 091	92 687	211 261	91 627	25 816	7 960	186 169	618 612
Current assets								
Current tax receivable	–	–	–	–	–	–	–	–
Trade and other receivables	–	10 000	5 108	–	2 510	–	12 168	29 786
Related party loans receivable	–	–	–	–	–	–	77	77
Cash and cash equivalents	–	346	1 412	–	86	–	1 243	3 086
Total assets	3 091	103 034	217 780	91 627	28 411	7 960	199 656	651 561
Liabilities								
Total liabilities	–	54 223	79 257	–	9 660	–	232 979	376 118
Net assets	3 091	48 810	138 523	91 627	18 752	7 960	(33 322)	275 443

Major customers

Rental income stemming from Vodacom Mozambique represented approximately $4.37 million of the Group's total contractual rental income for the period.

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40. Segmental information – 2018 (continued)

Type of property 2018 – Year to 30 June 2018	Equity investments $'000	Hospitality $'000	Retail $'000	Office $'000	Light industrial $'000	Accommo-dation $'000	Corporate $'000	Total $'000
Reportable segment profit and loss								
Gross rental income	–	4 157	12 586	11 319	2 227	1 839	–	32 128
Straight-line rental income accrual	–	–	597	337	105	71	–	1 110
Revenue	–	4 157	13 183	11 656	2 333	1 910	–	33 238
Property operating expenses	–	–	(5 788)	(1 035)	(65)	(353)	(344)	(7 585)
Net property income	–	4 157	7 395	10 621	2 267	1 557	(344)	25 653
Other income	–	–	(459)	(517)	(33)	(250)	1 268	9
Administrative expenses	–	(284)	(662)	(331)	(122)	(44)	(13 209)	(14 653)
Profit/(loss) from operations	–	3 873	6 274	9 773	2 112	1 263	(12 286)	11 009
Fair value adjustment on investment properties	–	4 035	(1 178)	(149)	1 109	1 256	–	5 073
Contractual receipts from vendors of investment properties	–	–	715	841	–	7 133	–	8 689
Total fair value adjustment on investment properties	–	4 035	(463)	691	1 109	8 389	–	13 761
Fair value adjustment on other investments	(757)	–	–	–	–	–	–	(757)
Fair value adjustment on other financial asset	–	–	–	–	–	–	(128)	(128)
Fair value adjustment on derivatives financial instruments	–	–	–	25	–	–	–	25
Share-based payment expense	–	–	–	–	–	–	(282)	(282)
Share of profits from associates	–	7 053	13 892	83	–	–	–	21 028
Foreign currency (losses)/gains	–	616	(772)	543	3	(171)	906	1 125
Profit/(loss) before interest and taxation	(757)	15 576	18 931	11 116	3 225	9 481	(11 790)	45 782
Interest income	–	2 453	66	66	–	–	1 789	4 375
Finance costs	–	(2 655)	(3 346)	(4 179)	(581)	–	(8 899)	(19 660)
Profit/(loss) for the period before tax	(757)	15 374	15 651	7 003	2 643	9 481	(18 900)	30 497
Taxation	–	(351)	559	(2 822)	(514)	(1 383)	(241)	(4 752)
Profit/(loss) for the year	(757)	15 023	16 210	4 182	2 130	8 098	(19 141)	25 745
Reportable segment assets and liabilities								
Non-current assets								
Investment properties	–	48 900	127 432	140 800	28 700	37 300	–	383 132
Deposits paid on investment properties	–	–	–	–	–	–	11 117	11 117
Property, plant and equipment	–	–	41	84	–	–	1 624	1 749
Intangible assets	–	–	–	471	–	–	14	485
Other investments	3 091	–	–	–	–	–	1 063	4 154
Investment in associates	–	62 430	94 921	7 960	–	–	–	165 311
Related party loans receivable	–	–	–	45	(3)	–	760	802
Other loans receivable	–	–	–	–	–	–	42 863	42 863
Deferred tax	–	1 858	(142)	6 843	325	115	–	8 999
Total non-current assets	3 091	113 188	222 251	156 203	29 022	37 415	57 440	618 611
Current assets								
Current tax receivable	–	–	–	–	–	–	–	–
Trade and other receivables	–	–	11 828	1 273	3 493	1 028	12 163	29 786
Related party loans receivable	–	–	–	–	–	–	77	77
Cash and cash equivalents	–	294	1 567	245	94	31	855	3 086
Total assets	3 091	113 483	235 646	157 721	32 609	38 475	70 535	651 561
Liabilities								
Total liabilities	–	55 380	60 621	76 128	9 801	4 756	169 433	376 118
Net assets	3 091	58 102	175 025	81 594	22 809	33 718	(98 898)	275 443

Major customers

Rental income stemming from Vodacom Mozambique represented approximately $4.37 million of the Group's total contractual rental income for the period.

41. Segmental information – 2017

Geographical location 2017 – Year to 30 June 2017	Morocco $'000	Mozambique $'000	Zambia $'000	Kenya $'000	Mauritius $'000	Total $'000
Reportable segment profit and loss						
Gross rental income	8 103	12 477	–	–	2 292	22 872
Straight-line rental income accrual	219	747	–	–	166	1 132
Revenue	8 322	13 224	–	–	2 458	24 004
Share of profits from associates	–	–	7 511	(618)	–	6 893
Property operating expenses	(5 400)	(1 275)	–	–	(495)	(7 170)
Net property income	2 922	11 949	7 511	(618)	1 963	23 727
Other income	–	–	–	–	254	254
Administrative expenses	(403)	(680)	(291)	(16)	(6 510)	(7 900)
Profit/(loss) from operations	2 519	11 269	7 220	(634)	(4 293)	16 081
Fair value adjustment on investment properties	(23 440)	2 717	–	–	(6)	(20 729)
Contractual receipts from vendors of investment properties	–	230	–	–	–	230
Total fair value adjustment on investment properties	(23 440)	2 947	–	–	(6)	(20 499)
Fair value adjustment on derivative financial instruments	–	431	–	–	104	535
Share-based payment expense	–	–	–	–	(133)	(133)
Gain from bargain purchase on associates	–	–	–	–	958	958
Foreign currency gains/(losses)	2 483	1 471	–	–	(1 873)	2 081
Profit/(loss) before interest and taxation	(18 438)	16 118	7 220	(634)	(5 243)	(977)
Interest income	297	8	–	–	1 754	2 059
Finance costs	(2 608)	(4 451)	(776)	–	(3 598)	(11 433)
Profit/(loss) for the period before tax	(20 749)	11 675	6 444	(634)	(7 087)	(10 351)
Taxation	2 615	295	–	–	6	2 916
Profit/(loss) for the year	(18 134)	11 970	6 444	(634)	(7 081)	(7 435)
Reportable segment assets and liabilities						
Non-current assets						
Investment properties	88 119	162 027	–	–	57 649	307 795
Deposits paid on properties	–	21 378	–	3 062	–	24 440
Property, plant and equipment	54	104	–	–	1 132	1 290
Intangible assets	16	2	–	–	574	592
Investment in associates	–	–	84 889	4 127	–	89 016
Related party loans receivable	–	–	–	–	8	8
Loans receivable	–	–	19 331	–	47 409	66 740
Total non-current assets	88 189	183 511	104 220	7 189	106 772	489 881
Current assets						
Current tax receivable	(29)	420	–	–	48	439
Trade and other receivables	8 764	4 567	(500)	724	9 250	22 805
Related party loans receivable	–	–	–	–	2 000	2 000
Cash and cash equivalents	84	1 290	–	–	23 294	24 668
Total assets	97 008	189 788	103 720	7 913	141 364	539 793
Liabilities						
Total liabilities	57 429	83 116	51 851	–	90 213	282 609
Net assets	39 579	106 672	51 869	7 913	51 151	257 184

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

41. Segmental information – 2017 (continued)

Type of property 2017 – Year to 30 June 2017	Hospitality $'000	Retail $'000	Office $'000	Light Industrial $'000	Accommo-dation $'000	Corporate $'000	Total $'000
Reportable segment profit and loss							
Gross rental income	882	10 118	10 791	1 081	–	–	22 872
Straight-line rental income accrual	–	171	961	–	–	–	1 132
Revenue	882	10 289	11 752	1 081	–	–	24 004
Share of profits from associates	–	6 893	–	–	–	–	6 893
Property operating expenses	–	(5 759)	(1 271)	(140)	–	–	(7 170)
Net property income	882	11 423	10 481	941	–	–	23 727
Other income	–	–	–	–	–	254	254
Administrative expenses	(642)	(903)	(664)	(51)	–	(5 640)	(7 900)
Profit/(loss) from operations	240	10 520	9 817	890	–	(5 386)	16 081
Fair value adjustment on investment properties	648	(23 142)	3 956	(2 191)	–	–	(20 729)
Contractual receipts from vendors of investment properties	–	230	–	–	–	–	230
Total fair value adjustment on investment properties	648	(22 912)	3 956	(2 191)	–	–	(20 499)
Fair value adjustment on derivative financial instruments	–	–	535	–	–	–	535
Share-based payment expense	–	–	–	–	–	(133)	(133)
Gain from bargain purchase on associates	–	–	–	–	–	958	958
Foreign currency (losses)/gains	(1 470)	2 777	2 072	(294)	–	(1 004)	2 081
Profit/(loss) before interest and taxation	(582)	(9 615)	16 380	(1 595)	–	(5 565)	(977)
Interest income	978	298	32	7	–	744	2 059
Finance costs	(519)	(4 180)	(4 121)	–	–	(2 613)	(11 433)
Profit/(loss) for the period before tax	(123)	(13 497)	12 291	(1 588)	–	(7 434)	(10 351)
Taxation	(84)	2 629	380	24	–	(33)	2 916
Profit/(loss) for the period	(207)	(10 868)	12 671	(1 564)	–	(7 467)	(7 435)
Reportable segment assets and liabilities							
Non-current assets							
Investment properties	43 814	123 809	133 672	6 500	–	–	307 795
Deposits paid on investment properties	–	–	–	3 062	21 378	–	24 440
Property, plant and equipment	–	56	102	–	–	1 132	1 290
Intangible assets	–	16	556	–	–	20	592
Investment in associates	–	89 016	–	–	–	–	89 016
Related party loans receivable	–	–	–	–	–	8	8
Loans receivable	47 409	19 331	–	–	–	–	66 740
Total non-current assets	91 223	232 228	134 330	9 562	21 378	1 160	489 881
Current assets							
Current tax receivable	–	(2)	398	42	–	1	439
Trade and other receivables	194	11 920	1 625	378	–	8 688	22 805
Related party loans receivable	–	–	–	–	–	2 000	2 000
Cash and cash equivalents	468	1 157	220	7	–	22 816	24 668
Total assets	91 885	245 303	136 573	9 989	21 378	34 665	539 793
Liabilities							
Total liabilities	48 947	139 798	72 647	19	–	21 198	282 609
Net assets	42 938	105 505	63 926	9 970	21 378	13 467	257 184

Restatement of historical financial information

42. Group restatement

PRIOR YEAR RESTATEMENTS AND CORRECTION OF PRESENTATION

The following prior period restatements were made to the Group's historical information:

42.1 Revenue Recognition and measurement

The Group has amended its accounting policy and treatment for recognising of cash received from the vendors of properties, either for claims under rental guarantees provided by the seller, or rentals accruing to Grit prior to the date of transfer of the property in terms of IAS 18 Revenue .

Vendor rental guarantees

In acquiring certain properties, the Group has been the beneficiary of rental guarantees as well as net operating income guarantees for the vendors. The Group's accounting policy in respect of amounts received under such guarantees was to recognise them as revenue. Given that such amounts are receivable from the vendor rather than tenants, the Group has now determined that such amounts should be accounted for as an adjustment to the acquisition costs of the asset.

Where a property acquisition cost is adjusted by any amounts received under rental guarantees there will be a corresponding adjustment to the fair value movement on the property.

Tenant lease incentives and rent concessions

In the ordinary course of business, the Group has provided tenants with rent concessions and lease incentives. The principles established in IAS 17 Leases requires that such costs are recognised on a straight-line basis over the lease term, unless another systematic basis is more appropriate. Having reconsidered the application of this principle, the Group has concluded that it is appropriate to revise the periods over which certain costs are being recognised.

Pre-transfer rental receipts

In December 2015, the Group entered into an agreement to acquire an investment property. Completion took place in January 2018 and the sale agreement provided for rental receipts to accrue to the Group during the intervening period. The Group's accounting policy in respect of amounts so received was to recognise this rent receivable as revenue. Given that the right to rental receipts in the periods prior to completion results from an agreement with the vendor, the Group has now determined that such amounts should be accounted for as an adjustment to the acquisition cost of the asset. Following the completion of the property transfer in January 2018, the fair value movement in the property will include the adjustment for rent received pre-transfer.

The resultant impact to the profit and loss account from the above adjustments is a reduction in revenue recognised and an increase in the fair value movement in the relevant period.

The resultant impact to Grit is to reduce the revenue recognised through profit and loss and increase the fair value adjustment in the appropriate period. The combined impact of the above adjustments are a reduction in net assets 2017 of $5 567 816 (2016: $1 987 335), and to reduce previously reported profit after tax for 2017 by $3 580 481 (2016 – reduction of $1 987 335).

These figures have been corrected in the current period and the relevant restatements in the prior periods as detailed below.

42.2 Deferred Tax

The Group holds its investment properties through corporate vehicles and effects disposals of such properties through the sale of the corporate vehicle holding the property in question. No tax arises on the sale of shares in the jurisdictions in which the Group is domiciled for tax purposes. The consequence of this is that the fair value of the Group's investment properties are expected to be realised in a manner that does not result in a tax liability. For this reason, the Group had previously adopted an accounting policy of not providing for deferred tax on changes in the fair value of investment properties. The Group has reconsidered its accounting policy in the light of conclusions reached by the IFRS Interpretations Committee in July 2014 and has determined that a change in policy is required to reflect the tax that would be payable on a disposal both inside and outside the corporate vehicle.

The impact of the above item has been to reduce previously reported net assets for 2017 by $13 821 131 (2016 – reduction of $16 606 028, 2015 – reduction of $1 809 574 and to increase previously reported profit after tax for 2017 by $2 784 897 (2016 – decrease of $14 796 454, 2015 – decrease of $1 809 574).

These figures have been corrected in the current period and the relevant restatements in the prior periods as detailed below.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

42. Group restatement (continued)

42.3 Acquisition accounting

When acquiring an investment property through the acquisition of a corporate vehicle, the Group's accounting policy has been to account for the transaction as a business combination. This has involved measuring the identifiable assets acquired and liabilities assumed at fair value and recognising and measuring any goodwill or gain from a bargain purchase.

The Group has reconsidered the nature of such acquisitions in light of guidance provided by IFRS 3 *Business Combinations* and has concluded that they are not characterised by the features typically associated with a business combination, but rather that of an asset. This involves allocating the acquisition cost to the identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. In contrast to the position when accounting for a business combination, no goodwill or gain from a bargain purchase arises and acquisition costs are generally capitalised rather than expensed.

The above item has had no impact on previously reported net assets or profit after tax but has led to reclassifications within the statement of comprehensive income and statement of cashflows for 2017, 2016 and 2015.

42.4 Consolidation of Freedom Asset Management Limited

Freedom Asset Management Limited ("**FAM**"), a company owned by entities controlled by Bronwyn Corbett and Sandile Nomvete ("founders"), was appointed as the asset manager of the Group in September 2014.

Having reviewed the terms of the asset management agreement between FAM and Grit it has been determined that Grit had *defacto* control over the business of Freedom Asset Management Limited. Freedom Asset Management's sole contract was the contract with Grit (and its subsidiaries) and the contract determined the services and operations of Freedom Asset Management. The structure of the asset management agreement was such that Grit had the ability to vary the returns of FAM via the absolute discretion Grit had in accepting or rejecting which assets were acquired by Grit (which would attract a fee of 1% for each asset acquisition), and as such, Grit controlled the variability of the returns of FAM and controlled the applicable costs within Grit.

In May 2016 the asset management agreement was terminated and the employees transferred to the Group in exchange for the issue of three million shares at a value of $1.70 a share. As a result, the Group previously recognised an intangible asset of $5 100 000.

Subsequent to the termination of the agreement, 1 849 249 of the shares issued to FAM were in part allocated for the benefit of the founders, with the remaining 1 140 757 subject to share option awards made to the employees transferred to Grit.

Further to this in June 2017, FAM also subscribed for 7 093 493 shares as part of the rights issue with the consideration paid through an unsecured interest-bearing loan of $9 930 890 provided by the Group, with such shares being acquired for the benefit of the executive management and staff of Grit's long term incentive plan. The shares are held within FAM until such time as the formation of Grit Executive Share Trust was completed, with the transfer of the shares to the Grit Executive Share Trust being concluded through the cession of the loan from FAM to the Trust.

Based on the above, the directors reconsidered the nature of the above transactions and the relationship that existed between the Group and FAM, in particular with regard to the application of IFRS 10. It was concluded that both before and after the termination of the asset management agreement the Group controlled FAM and as a result FAM has been consolidated for each of the periods presented.

The shares issued to FAM, previously recognised as an intangible asset of $5 100 000 being 3 000 000 shares and the shares acquired by FAM (for the benefit of the executive management and staff) of $9 930 890 being 7 093 493 shares, held on the Group's balance sheet have now been recorded as a reduction of share capital with the shares treated as treasury shares on consolidation. The residual amounts in FAM after the elimination of these amounts and the asset management fees recharged to the group, has been treated as a non-controlling interest.

The group has also recognised share based payments in respect of the above shares allocated to the founders and the share option awards made to staff in August 2016.

The impact of the above item has been to reduce previously reported total net assets for 2017 by $15 787 005 (2016 – reduction of $5 554 515, 2015 – reduction of $710 312), with such reductions being recorded as treasury shares and losses attributable to non-controlling interests. Profit after tax decreased in 2017 by $934 929 (2016 – decrease of $3 034 933, 2015 – decrease of $731 305). The reduction in profit after tax is attributable to non-controlling interest.

42.5 Accounting for foreign currency

In prior years, the Group incorrectly recorded foreign currency exchange movements relating to subsidiaries and associates with a functional currency other than the reporting currency of the Group within the income statement lines 'Foreign currency gains and losses' and 'Share of profits from associates', whereas these should have been recorded as a movement in the foreign currency translation reserve. In addition to this, the group had incorrectly classified exchange movements within the income statement line 'Fair value adjustment on investment properties'.

The above has no impact to previously reported net assets. Profit after tax decreased in 2017 by $1 979 842 (2016 – increase of $990 990, 2015 – decrease of $1 222 246). Other comprehensive income increased in 2017 by $1 979 842 (2016 – decrease of $990 990, 2015 – increase of $1 222 246).

42.6 Write off of certain balances

The Group identified a number of corrections to the recorded amounts for certain assets and liabilities in prior periods that should have been either expensed or credited to profit and loss. The adjustments relate predominately to transaction accounts with the vendors of the properties and are deemed as irrecoverable.

The impact of the above has been to reduce previously reported net assets for 2017 by $2 135 225 (2016 – reduction of $629 336). Profit after tax increased in 2017 by $1 505 890 (2016 – decrease of $629 336).

These figures have been corrected in the current period and the relevant restatements in the prior periods as detailed below.

42.7 Restatement of the valuation of Anfa Place Shopping Centre

Anfa Place Shopping Centre ("**Anfa**") was included in the accounts at 30 June 2017 at a directors' valuation of 987 500 000 Moroccan Dirham. In addition, the initial pre-construction costs in relation to the redevelopment of Anfa of $5 350 852 was recorded at cost. As part of the proposed London listing, Anfa was subject to an external professional valuation as at 31 January 2018 which valued the property at 850 000 000 Moroccan Dirham.

The directors' valuation at 30 June 2017 was not prepared on a comparable basis and, having reviewed the external valuation at 31 January 2018 and considered the property market of Morocco, both generally and specific to Anfa, during the seven months to 31 January 2018, the directors have concluded that the external valuation undertaken as at 31 January 2018 is better evidence of the value of Anfa at 30 June 2017 and have therefore adopted this value into the accounts at 30 June 2017 as a restated directors valuation. The external valuation included the final project plan, construction costing as well as the negotiated rental concessions with tenants related to relocation and fit out allowances that was approved by the board in November 2017.

The impact of the above has been to reduce previously reported net assets for 2017 by $20 230 194 (2016 – reduction of $278 520). Profit after tax decreased in 2017 by $19 951 674 (2016 – decrease of $278 520).

These figures have been corrected in the current period and the relevant restatements in the prior periods as detailed below.

42.8 Reclassification for disclosure purposes

Certain classification of items have been moved to provide consistent disclosure with property companies in the United Kingdom. These reclassifications include:

- Disclosure of unamortised debt origination fees from other receivables to Interest bearing borrowings
- Certain related party loans are classified as current assets rather than non-current assets
- Related party loans are classified as non-current liabilities rather than current liabilities
- The movement in the interest swap has been reclassified from finance costs to fair value movement in derivatives
- The movement between straight-line leasing and fair value adjustment on investment property
- Reclassification of cashflow categorisations and allocation of foreign exchange movements to their respective components

42.9 Rights issue

As part of the rights issue in June 2017, certain shareholders who participated in the offer to subscribe for 15 342 886 shares with a total value of $21 480 041. Settlement of their obligations was conducted via a setoff of funds due to the respective shareholders by the Company. The Company incorrectly recorded the amount in the cashflow as proceeds from the issue of shares and cash outflow for the acquisition of investment property. The cashflow has been restated to correct the classification.

The impact of the reclassification is to reduce the proceeds from the issue of shares by $21 480 041 and decrease the cash outflow for the acquisition of investment property by $21 480 041.

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

42. Group restatement (continued)

IMPACT OF PRIOR YEAR RESTATEMENTS AND CORRECTION OF PRESENTATION

Impact to the 2017 Financial Year

Impact on statement of financial position	As previously reported USD'000	Revenue recognition and measurement USD'000	Deferred tax USD'000	Acquisition accounting USD'000
ASSETS				
Non-current assets				
Investment property	351 822	–	–	–
Deposit paid on investment property	–	–	–	–
Property, plant and equipment	1 933	–	–	–
Intangible assets	5 692	–	–	–
Other investments	–	–	–	–
Investments in associates	89 049	–	–	–
Investments in subsidiaries	–	–	–	–
Related party loans	12 723	–	–	–
Loans receivable	66 740	–	–	–
Other financial assets	–	–	–	–
Deferred tax assets	6 174	–	322	–
Total non-current assets	534 133	–	322	–
Current assets				
Current tax receivable	439	–	–	–
Derivative financial instruments	–	–	–	–
Trade and other receivables	25 917	(5 568)		–
Related party loans	–	–	–	–
Cash and cash equivalents	24 667	–	–	–
Total current assets	51 023	(5 568)	–	–
TOTAL ASSETS	585 156	(5 568)	322	–
EQUITY AND LIABILITIES				
Equity				
Share capital	319 979	–	–	–
Treasury shares	–	–	–	–
Foreign currency translation reserve	1 064	–	–	–
Antecedent dividend reserve	1 261	–	–	–
Retained earnings	(7 578)	(5 568)	(13 821)	–
Non-controlling interest	–	–	–	–
Total equity attributable to equity holders	314 726	(5 568)	(13 821)	–
LIABILITIES				
Non-current liabilities				
Redeemable preference shares	12 840	–	–	–
Interest-bearing borrowings	187 448	–	–	–
Obligations under finance leases	171	–	–	–
Related party loans	–	–	–	–
Deferred tax liabilities	898		14 143	–
Total non-current liabilities	201 357	–	14 143	–
Current liabilities				
Interest-bearing borrowings	47 959	–	–	–
Obligations under finance leases	45	–	–	–
Trade and other payables	19 247	–	–	–
Related party loans	1 365	–	–	–
Current tax payable	–	–	–	–
Financial instruments	19	–	–	–
Other financial liabilities	–	–	–	–
Cash and cash equivalents	438	–	–	–
Total current liabilities	69 073	–	–	–
Total liabilities	270 430	–	14 143	–
Total equity and liabilities	585 156	(5 568)	322	–
Impact on net asset value per share (cents)				
NAV per Share	150.94	(2.67)	(6.63)	–

	Consolidation of Freedom Asset Management Limited USD'000	Accounting for foreign currency USD'000	Write off of certain balances USD'000	Reclassification for disclosure purposes USD'000	Restatement of the valuation of Anfa Place Shopping Centre USD'000	RESTATED USD'000
	–	–	–	(24 440)	(19 587)	307 795
	–	–	–	24 440	–	24 440
	–	–	–	–	(643)	1 290
	(5 100)	–	–	–	–	592
	–	–	–	–	–	–
	–	–	(33)	–	–	89 016
	–	–	–	–	–	–
	–	–	–	(12 715)	–	8
	–	–	–	–	–	66 740
	–	–	–	–	–	–
	–	–	–	–	–	6 496
	(5 100)	–	(33)	(12 715)	(20 230)	496 377
	–	–	–	–	–	439
	–	–	–	–	–	–
	20	–	(2 102)	4 538	–	22 805
	(10 713)	–	–	12 713	–	2 000
	1	–	–	–	–	24 668
	(10 692)	–	(2 102)	17 251	–	49 912
	(15 792)	–	(2 135)	4 536	(20 230)	546 289
	–	–	–	–	–	319 979
	(15 031)	–	–	–	–	(15 031)
	–	2 211	–	–	–	3 275
	–	–	–	–	–	1 261
	367	(2 211)	(2 135)	–	(20 230)	(51 177)
	(1 123)	–	–	–	–	(1 123)
	(15 788)	–	(2 135)	–	(20 230)	257 184
	–	–	–	–	–	12 840
	–	–	–	(2 397)	–	185 051
	–	–	–	–	–	171
	–	–	–	1 365	–	1 365
	–	–	–	–	–	15 041
	–	–	–	(1 032)	–	214 568
	–	–	–	–	–	47 959
	–	–	–	–	–	45
	(4)	–	–	6 933	–	26 176
	–	–	–	(1 365)	–	–
	–	–	–	–	–	–
	–	–	–	–	–	19
	–	–	–	–	–	–
	–	–	–	–	–	438
	(4)	–	–	5 568	–	74 637
	(4)	–	–	4 536	–	289 105
	(15 792)	–	(2 135)	4 536	(20 230)	546 289
	(1.99)	–	(1.02)	–	(9.70)	128.92

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Notes to the consolidated financial statements continued

For the year ended 30 June 2018

42. Group restatement (continued)

IMPACT OF PRIOR YEAR RESTATEMENTS AND CORRECTION OF PRESENTATION (continued)

Impact to the 2017 Financial Year (continued)

Impact on statement of comprehensive income	As previously reported USD'000	Revenue recognition and measurement USD'000	Deferred tax USD'000	Acquisition accounting USD'000
Gross rental income	24 330	(1 458)	–	–
Straight-line rental income accrual	1 132	–	–	–
Revenue	25 462	(1 458)	–	–
Share of profits from associates	7 621	–	–	–
Property operating expenses	(7 170)	–	–	–
Net property income	25 913	(1 458)	–	–
Other income	3 274	(3 274)	–	–
Administrative expenses	(5 601)	–	–	–
Profit from operations	23 586	(4 732)	–	–
Fair value adjustment on investment properties	2 936	922	–	(225)
Fair value adjustment on investment properties from cash receipts from sellers	–	230	–	–
Fair value adjustment on derivative financial instruments	104	–	–	–
Impairment of intangible asset	–	–	–	–
Share based payments	–	–	–	–
Gain from bargain purchase	958	–	–	–
Acquisition and setup costs	(1 166)	–	–	225
Foreign exchange differences	779	–	(617)	–
Profit/(loss) before interest and taxation	27 197	(3 580)	(617)	–
Interest income	1 993	–	–	–
Finance costs	(10 971)	–	–	–
Profit/(loss) for the period before tax	18 219	(3 580)	(617)	–
Current Tax	(32)	–	–	–
Deferred Tax	(454)	–	3 402	–
Profit/(loss) for the period after tax	17 733	(3 580)	2 785	–
Other comprehensive income				
Foreign currency transaction reserve	1 066	–	–	–
Total comprehensive income/(loss)	18 799	(3 580)	2 785	–
Profit attributable to:				
Owners of the parent	17 733	(3 580)	2 785	–
Non-controlling interest in income	–	–	–	–
	17 733	(3 580)	2 785	–
Other comprehensive income attributable to:				
Owners of the parent	1 066	–	–	–
Non-controlling interest in income	–	–	–	–
	1 066	–	–	–
Impact on earnings per share (cents)				
Basic diluted earnings per share	16.15	(3.26)	2.54	–

	Consolidation of Freedom Asset Management Limited USD'000	Accounting for foreign currency USD'000	Write off of certain balances USD'000	Reclassification for disclosure purposes USD'000	Restatement of the valuation of Anfa Place Shopping Centre USD'000	RESTATED USD'000
	–	–	–	–	–	22 872
	–	–	–	–	–	1 132
	–	–	–	–	–	24 004
	–	(1 541)	813	–	–	6 893
	–	–	–	–	–	(7 170)
	–	(1 541)	813	–	–	23 727
	254	–	–	–	–	254
	(1 272)	–	–	(1 027)	–	(7 900)
	(1 018)	(1 541)	813	(1 027)	–	16 081
	–	(4 410)	–	–	(19 952)	(20 729)
	–	–	–	–	–	230
	–	–	–	431	–	535
	–	–	–	–	–	–
	(133)	–	–	–	–	(133)
	–	–	–	–	–	958
	–	–	(86)	1 027	–	–
	181	3 972	(2 234)	–	–	2 081
	(970)	(1 979)	(1 507)	431	(19 952)	(977)
	66	–	–	–	–	2 059
	(31)	–	–	(431)	–	(11 433)
	(935)	(1 979)	(1 507)	–	(19 952)	(10 351)
	–	–	–	–	–	(32)
	–	–	–	–	–	2 948
	(935)	(1 979)	(1 507)	–	(19 952)	(7 435)
	–	(1 979)	–	–	–	3 045
	(935)	–	(1 507)	–	(19 952)	(4 390)
	(134)	(1 979)	(1 507)	–	(19 952)	(6 634)
	(801)	–	–	–	–	(802)
	(935)	(1 979)	(1 507)	–	(19 952)	(7 436)
	–	1 979	–	–	–	3 045
	–	–	–	–	–	–
	–	1 979	–	–	–	3 045
	(0.12)	(1.80)	(1.37)	–	(18.17)	(6.04)

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

42. Group restatement (continued)

IMPACT OF PRIOR YEAR RESTATEMENTS AND CORRECTION OF PRESENTATION (continued)

Impact to the 2017 Financial Year (continued)

Impact on statement of changes in equity
Balance as at 1 July 2016
As previously stated
Restatements to opening balance
Profit for the year
Profit for the year as previously stated
Revenue recognition and measurement
Deferred tax
Acquisition accounting
Consolidation of Freedom Asset Management Limited
Write off of certain balances
Accounting for foreign currency
Restatement of the valuation of Anfa Place Shopping Centre
Foreign currency translation differences
Movement for the year as previously stated
Accounting for foreign currency
Share-based payments
Total comprehensive income
Ordinary shares issued
Ordinary shares held as treasury shares
Ordinary dividends paid
Non-controlling interest
Share issue expenses
Transfer from share issues
Ordinary dividends paid
Balance as at 30 June 2017

Share capital USD'000	Treasury shares USD'000	Foreign currency translation reserve USD'000	Antecedent dividend reserve USD'000	Retained loss USD'000	Non-controlling interest USD'000	Total equity USD'000
171 995	(5 100)	230	636	(28 989)	(455)	138 317
171 995	–	(2)	636	(9 256)	–	163 373
–	(5 100)	232	–	(19 733)	(455)	(25 056)
–	–	–	–	(6 634)	(801)	(7 435)
–	–	–	–	17 733	–	17 733
–	–	–	–	(3 580)	–	(3 580)
–	–	–	–	2 785	–	2 785
–	–	–	–	–	–	–
–	–	–	–	(133)	(801)	(935)
–	–	–	–	(1 506)	–	(1 506)
–	–	–	–	(1 980)	–	(1 980)
–	–	–	–	(19 952)	–	(19 952)
–	–	3 045	–	–	–	3 045
–	–	1 065	–	–	–	1 065
–	–	1 980	–	–	–	1 980
–	–	–	–	133	–	133
–	–	3 045	–	(6 501)	(801)	(4 257)
155 535	–	–	–	–	–	155 535
–	(9 931)	–	–	–	–	(9 931)
–	–	–	(636)	(11 526)	–	(12 162)
–	–	–	–	–	133	133
(5 330)	–	–	–	–	–	(5 330)
(2 221)	–	–	2 221	–	–	–
–	–	–	(960)	(4 161)	–	(5 121)
319 979	(15 031)	3 275	1 261	(51 177)	(1 123)	257 184

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

42. Group restatement (continued)

IMPACT OF PRIOR YEAR RESTATEMENTS AND CORRECTION OF PRESENTATION (continued)

Impact to the 2017 Financial Year (continued)

Impact on statement of cash flows	As previously reported	Revenue recognition and measurement USD'000	Deferred tax USD'000	Acquisition accounting USD'000
Cash generated from/(utilised in) operations	15 355	–	–	–
Interest received	1 994	–	–	–
Finance costs paid	(9 685)	–	–	–
Taxation paid	(1 480)	–	–	–
Dividends paid	(17 649)	–	–	–
Net cash (utilised in)/generated from operating activities	(11 465)	–	–	–
Acquisition of investment properties	(82 561)	–	–	–
VAT on acquisition of investment properties	(4 554)	–	–	–
Acquisition of property, plant and equipment	(1 012)	–	–	–
Acquisition of intangible assets	(10)	–	–	–
Net cash outflow on acquisition of associates	(24 119)	–	–	–
Dividends and interests received from associates	3 573	–	–	–
Interest received	–	–	–	–
Related party loans (advanced)/repaid	(68 533)	–	–	–
Other loans advanced/repaid	–	–	–	–
Net cash (utilised in)/generated from investing activities	(177 216)	–	–	–
Proceeds from the issue of ordinary shares	133 439	–	–	–
Share issue expenses	(5 331)	–	–	–
Proceeds from the issue of preference shares	12 840	–	–	–
Ordinary dividends paid	–	–	–	–
Proceeds from interest bearing borrowings	168 983	–	–	–
Settlement of interest bearing borrowings	(114 793)	–	–	–
Finance costs paid	–	–	–	–
Settlement of obligations under finance lease	–	–	–	–
Net cash generated from/(utilised in) financing activities	195 138	–	–	–
Net movement in cash and cash equivalents	6 457	–	–	–
Cash at the beginning of the year	17 771	–	–	–
Effect of foreign exchange rates	–	–	–	–
Total cash and cash equivalents at the end of the year	24 228	–	–	–

Consolidation of Freedom Asset Management Limited USD'000	Accounting for foreign currency USD'000	Write off of certain balances USD'000	Reclassification for disclosure purposes USD'000	Rights issue USD'000	Restatement of the valuation of Anfa Place Shopping Centre USD'000	RESTATED USD'000
(9 118)	–	–	–	5 933	–	12 170
18	–	–	–	(2 012)	–	–
–	–	–	–	9 685	–	–
(8)	–	–	–	788	–	(700)
367	–	–	–	17 282	–	–
(8 741)	–	–	–	31 676	–	11 470
–	–	–	–	11 659	–	(70 902)
–	–	–	–	4 554	–	–
–	–	–	–	363	–	(649)
–	–	–	–	–	–	(10)
8 729	–	–	–	–	–	(15 390)
–	–	–	–	–	–	3 573
–	–	–	–	2 059	–	2 059
–	–	–	–	66 525	–	(2 008)
–	–	–	–	(66 740)	–	(66 740)
8 729	–	–	–	18 420	–	(150 067)
–	–	–	–	(22 611)	–	110 828
–	–	–	–	1	–	(5 330)
–	–	–	–	–	–	12 840
–	–	–	–	(17 283)	–	(17 283)
–	–	–	–	1 950	–	170 933
–	–	–	–	74	–	(114 719)
–	–	–	–	(12 107)	–	(12 107)
–	–	–	–	(73)	–	(73)
–	–	–	–	(50 049)	–	145 089
(12)	–	–	–	47	–	6 492
14	–	–	–	–	–	17 785
–	–	–	–	(47)	–	(47)
2	–	–	–	–	–	24 230

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Notes to the consolidated financial statements continued

For the year ended 30 June 2018

42. Group restatement (continued)

IMPACT OF PRIOR YEAR RESTATEMENTS AND CORRECTION OF PRESENTATION (continued)

Impact to the 2016 Financial Year

Impact on statement of financial position	As previously reported USD'000	Revenue recognition and measurement USD'000	Deferred tax USD'000	Acquisition accounting USD'000
ASSETS				
Non-current assets				
Investment properties	248 546	–	–	–
Deposit paid on investment properties	–	–	–	–
Property, plant and equipment	804	–	–	–
Intangible assets	5 699	–	–	–
Investments in associates	45 945	–	–	–
Related party loans receivable	978	–	–	–
Deferred tax assets	5 984	–	(5 984)	–
Total non-current assets	307 956	–	(5 984)	–
Current assets				
Trade and other receivables	18 101	(1 987)	–	–
Cash and cash equivalents	17 771		–	–
Total current assets	35 872	(1 987)	–	–
TOTAL ASSETS	343 828	(1 987)	(5 984)	–
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital	171 995	–	–	–
Treasury shares reserve	–	–	–	–
Foreign currency translation reserve	(2)	–	–	–
Antecedent dividend reserve	636	–	–	–
Retained loss	(9 256)	(1 987)	(16 606)	–
Non-controlling interests	–	–	–	–
Total equity attributable to equity holders	163 373	(1 987)	(16 606)	–
LIABILITIES				
Non-current liabilities				
Interest-bearing borrowings	127 070	–	–	–
Related party loans	–	–	–	–
Deferred tax liabilities	836	–	10 622	–
Total non-current liabilities	127 906	–	10 622	–
Current liabilities				
Interest-bearing borrowings	34 548	–	–	–
Trade and other payables	15 061	–	–	–
Related party loans	1 365	–	–	–
Current tax payable	1 021	–	–	–
Financial instruments	554	–	–	–
Total current liabilities	52 549	–	–	–
Total liabilities	180 455	–	10 622	–
Total equity and liabilities	343 828	(1 987)	(5 984)	–
Impact on net asset value per share (cents)				
NAV per Share	163.27	(1.99)	(16.60)	–

	Consolidation of Freedom Asset Management Limited USD'000	Accounting for foreign currency USD'000	Write off of certain balances USD'000	Reclassification for disclosure purposes USD'000	Restatement of the valuation of Anfa Place Shopping Centre USD'000	RESTATED USD'000
	–	–	–	(8 620)	–	239 926
	–	–	–	8 620	–	8 620
	–	–	–	–	(279)	525
	(5 100)	–	–	–	–	599
	–	–	(123)	–	–	45 822
	(978)	–	–	–	–	–
	–	–	–	–	–	–
	(6 078)	–	(123)	–	(279)	295 492
	156	–	(506)	(437)	–	15 327
	14	–	–	–	–	17 785
	170	–	(506)	(437)	–	33 112
	(5 908)	–	(629)	(437)	(279)	328 604
	–	–	–	–	–	171 995
	(5 100)	–	–	–	–	(5 100)
	–	232	–	–	–	230
	–	–	–	–	–	636
	–	(232)	(629)	–	(279)	(28 989)
	(455)	–	–	–	–	(455)
	(5 555)	–	(629)	–	(279)	138 317
	–	–	–	(437)	–	126 633
	–	–	–	1 365	–	1 365
	–	–	–	–	–	11 458
	–	–	–	928	–	139 456
	–	–	–	–	–	34 548
	(362)	–	–	–	–	14 700
	–	–	–	(1 365)	–	–
	8	–	–	–	–	1 029
	–	–	–	–	–	554
	(354)	–	–	(1 365)	–	50 831
	(354)	–	–	(437)	–	190 287
	(5 908)	–	(629)	(437)	(279)	328 604
	(3.62)	–	(0.63)	–	(0.28)	140.17

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

42. Group restatement (continued)

IMPACT OF PRIOR YEAR RESTATEMENTS AND CORRECTION OF PRESENTATION (continued)

Impact to the 2016 Financial Year (continued)

Impact on statement of changes in equity
Balance as at 1 July 2015
As previously stated
Restatements to opening balance
Profit for the year
Profit for the year as previously stated
Revenue recognition and measurement
Deferred tax
Consolidation of Freedom Asset Management Limited
Write off of certain balances
Accounting for foreign currency
Restatement of the valuation of Anfa Place Shopping Centre
Foreign currency translation differences
Movement for the year as previously stated
Accounting for foreign currency
Share-based payments
Total comprehensive income
Ordinary shares issued
Ordinary shares held as treasury shares
Non-controlling interest
Share issue expenses
Transfer from share issues
Ordinary dividends paid
Balance as at 30 June 2016

Share capital USD'000	Treasury shares USD'000	Foreign currency translation reserve USD'000	Antecedent dividend reserve USD'000	Retained loss USD'000	Non-controlling interest USD'000	Total equity USD'000
127 959	–	437	–	(5 792)	(710)	121 894
127 959	–	(785)	–	(2 761)	–	124 413
–	–	1 222	–	(3 032)	(710)	(2 519)
–	–	–	–	(17 962)	199	(17 763)
–	–	–	–	1 973	–	1 973
–	–	–	–	(1 987)	–	(1 987)
–	–	–	–	(14 796)	–	(14 796)
–	–	–	–	(3 235)	199	(3 036)
–	–	–	–	991	–	991
–	–	–	–	(629)	–	(629)
–	–	–	–	(279)	–	(279)
–	–	(207)	–	–	–	(207)
–	–	783	–	–	–	783
–	–	(990)	–	–	–	(990)
–	–	–	–	3 235	–	3 235
–	–	(207)	–	(14 727)	199	(14 735)
44 830	–	–	–	–	–	44 830
–	(5 100)	–	–	–	–	(5 100)
–		–	–	–	56	56
(158)	–	–	–	–	–	(158)
(636)	–	–	636	–	–	–
–	–	–	–	(8 470)	–	(8 470)
171 995	(5 100)	230	636	(28 989)	(455)	138 317

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

43. Grit Company restatement

IMPACT OF PRIOR YEAR RESTATEMENTS AND CORRECTION OF PRESENTATION

Impact to the 2017 Financial Year

Impact on statement of financial position	As previously reported USD'000	Write-off of intangible asset USD'000	Share based payment expense USD'000	Change in NAV of subsidiaries USD'000	RESTATED USD'000
ASSETS					
Non-current assets					
Property, plant and equipment	825	–	–	–	825
Intangible asset	5 100	(5 100)	–	–	–
Investment in subsidiaries	61 646	–	–	(16 648)	44 998
Related party loans	267 391	–	–	–	267 391
Total non-current assets	334 962	(5 100)	–	(16 648)	313 214
Current assets					
Current tax receivable	1	–	–	–	1
Trade and other receivables	2 706	–	–	–	2 706
Cash and cash equivalents	20 744	–	–	–	20 744
Total current assets	23 451	–	–	–	23 451
TOTAL ASSETS	358 412	(5 100)		(16 648)	336 665
EQUITY AND LIABILITIES					
Equity					
Share capital	319 979	–	–	–	319 979
Foreign currency translation reserve	53	–	–	–	53
Antecedent dividend reserve	1 261	–	–	–	1 261
Retained income/(loss)	12 567	(5 100)	–	(16 648)	(9 181)
Total equity attributable to equity holders	333 859	(5 100)	–	(16 648)	312 111
LIABILITIES					
Non-current liability					
Interest-bearing borrowings	528	–	–	–	528
Total non-current liability	528	–	–	–	528
Current liabilities					
Interest-bearing borrowings	19 312	–	–	–	19 312
Trade and other payables	4 714	–	–	–	4 714
Total current liabilities	24 026	–	–	–	24 026
Total liabilities	24 554	–	–	–	24 554
Total equity and liabilities	358 412	(5 100)		(16 648)	336 665
Impact on net asset value per share (cents) NAV per Share	160.11	(2.45)	–	(7.98)	149.68

Impact on statement of comprehensive income	As previously reported USD'000	Write off of intangible asset USD'000	Share based payment expense USD'000	Change in NAV of subsidiaries USD'000	RESTATED USD'000
Other income	580	–	–	–	580
Administrative expenses (including corporate structuring advisory costs)	(3 074)	–	–	–	(3 074)
Loss from operations	(2 493)	–	–	–	(2 493)
Fair value adjustment on investment in subsidiary	19 370	–	–	(9 248)	10 123
Share based payment expense expense	–	–	(133)	–	(133)
Foreign exchange differences	(1 086)	–	–	–	(1 086)
Profit before interest and taxation	15 791	–	(133)	(9 248)	6 410
Interest income	3 378	–	–	–	3 378
Finance costs	(1 751)	–	–	–	(1 751)
Profit for the period before tax	17 418	–	–	(9 248)	8 037
Current Tax	(33)	–	–	–	(33)
Deferred Tax	–	–	–	–	–
Profit for the period after tax	17 385	–	–	(9 248)	8 004
Other comprehensive income					
Total comprehensive income	17 385	–	–	(9 248)	8 004
Impact on earnings per share (cents) Basic diluted earnings per share	15.74	–	–	(8.37)	7.25

Impact on statement of changes in equity	Share capital USD'000	Foreign currency translation reserve USD'000	Antecedent dividend reserve USD'000	Retained earnings USD'000	Total equity USD'000
Balance as at 1 July 2016					
– As previously reported	171 995	53	636	11 235	183 919
– effect of prior year adjustments	–	–	–	(12 500)	(12 500)
– as restated	171 995	53	636	(1 265)	171 419
Profit for the year (as previously restated)	–	–	–	17 385	17 385
Restatement: Change in NAV of subsidiaries	–	–	–	(9 248)	(9 248)
Share-based payment expense	–	–	–	–	–
Ordinary dividends paid	–	–	(636)	(11 893)	(12 528)
Clean-out dividend paid	–	–	(960)	(4 161)	(5 121)
Ordinary shares issued	155 535	–	–	–	155 535
Share issue expenses	(5 331)	–	–	–	(5 331)
Transfer from share issues	(2 221)	–	2 221	–	–
Balance as at 30 June 2017	**319 979**	**53**	**1 261**	**(9 181)**	**312 111**

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

43. Grit Company restatement (continued)

IMPACT OF PRIOR YEAR RESTATEMENTS AND CORRECTION OF PRESENTATION (continued)

Impact to the 2017 financial year (continued)

Impact on statement of cash flows	As previously reported USD'000	Write-off of intangible asset USD'000	Share-based payment expense USD'000	Change in NAV of subsidiaries USD'000	RESTATED USD'000
Profit before tax	17 418	–	(133)	(9 248)	8 037
Adjusted for:					
Depreciation	28	–	–	–	28
Interest income	(3 378)	–	–	–	(3 378)
Interest expense	1 751	–	–	–	1 751
Unrealised foreign exchange loss	856	–	–	–	856
Share based payment expense	–	–	133	–	133
Fair value adjustments on subsidiary	(19 371)	–	–	9 248	(10 123)
	(2 695)	–	–	–	(2 695)
Changes to working capital					
Trade and other receivables	(2 061)	–	–	–	(2 061)
Trade and other payables	3 097	–	–	–	3 097
Cash used in operations	(1 660)	–	–	–	(1 660)
Interest received	3 378	–	–	–	3 378
Finance costs	(1 830)	–	–	–	(1 830)
Taxation paid	(34)	–	–	–	(34)
Dividends paid	(17 649)	–	–	–	(17 649)
Net cash utilised in operating activities	(17 795)	–	–	–	(17 795)
Acquisition of property, plant and equipment	(853)	–	–	–	(853)
Loans refunded advanced to subsidiaries and related parties	(88 604)	–	–	–	(88 604)
Investment in subsidiaries	–	–	–	–	–
Net cash utilised in investing activities	(89 457)	–	–	–	(89 457)
Proceeds from the issue of shares	133 439	–	–	–	133 439
Share issue expenses	(5 331)	–	–	–	(5 331)
Proceeds from interest bearing borrowings	63 383	–	–	–	63 383
Settlement of interest bearing borrowings	(63 543)	–	–	–	(63 543)
Net cash generated from financing activities	127 948	–	–	–	127 948
Net movement in cash and cash equivalents	20 697	–	–	–	20 697
Cash at the beginning of the year	47	–	–	–	47
Total cash at the end of the year	20 744	–	–	–	20 744

Impact to the 2016 financial year

Impact on statement of financial position	As previously reported USD'000	Write-off of intangible asset USD'000	Share-based payment expense USD'000	Change in NAV of subsidiaries USD'000	RESTATED USD'000
ASSETS					
Non-current assets					
Intangible asset	5 100	(5 100)	–	–	–
Investment in subsidiaries	42 275	–	–	(7 400)	34 875
Related party loans	157 338	–	–	–	157 338
Total non-current assets	204 713	(5 100)		(7 400)	192 213
Current assets					
Trade and other receivables	645	–	–	–	645
Cash and cash equivalents	47	–	–	–	47
Total current assets	692	–	–	–	692
TOTAL ASSETS	205 404	(5 100)		(7 400)	192 904
EQUITY AND LIABILITIES					
Equity					
Share capital	171 995	–	–	–	171 995
Foreign currency translation reserve	53	–	–	–	53
Antecedent dividend reserve	636	–	–	–	636
Retained income/(loss)	11 235	(5 100)	–	(7 400)	(1 265)
Total equity attributable to equity holders	183 919	(5 100)	–	(7 400)	171 419
LIABILITIES					
Current liabilities					
Interest-bearing borrowings	20 000	–	–	–	20 000
Trade and other payables	1 485	–	–	–	1 485
Total current liabilities	21 485	–	–	–	21 485
Total liabilities	21 485	–	–	–	21 485
Total equity and liabilities	205 404	(5 100)	–	(7 400)	192 904
Impact on net asset value per share (cents)					
NAV per Share	183.81	(5.10)	–	(7.40)	171.31

Impact on statement of changes in equity	Share capital USD'000	Foreign currency translation reserve USD'000	Antecedent dividend reserve USD'000	Retained earnings USD'000	Total Equity USD'000
Balance as at 1 July 2015					
– As previously reported	127 959	53	–	3 423	131 435
– effect of prior year adjustments	–	–	–	2 342	2 342
– as restated	127 959	53	–	5 765	133 777
Profit for the year (as previously restated)	–	–	–	16 281	16 281
Restatement: Change in NAV of subsidiaries	–	–	–	(9 742)	(9 742)
Restatement: Write off of intangible asset	–	–	–	(5 100)	(5 100)
Ordinary dividends paid	–	–	–	(8 470)	(8 470)
Ordinary shares issued	44 830	–	–	–	44 830
Share issue expenses	(158)	–	–	–	(158)
Transfer from shares issues	(636)	–	636	–	–
Balance as at 30 June 2016	**171 995**	**53**	**636**	**(1 265)**	**171 419**

Notes to the consolidated financial statements continued

For the year ended 30 June 2018

44. EPRA earnings

	Notes	UNAUDITED Year ended 30 June 2017 $'000	UNAUDITED Year ended 30 June 2018 $'000
Basic earnings per above		(7 435)	**25 745**
Add Back:			
– Fair value adjustment on investment properties		20 729	**(5 073)**
– Gain from bargain purchase on associates		(958)	**–**
– Fair value adjustments included under income from associates		(4 557)	**(8 858)**
– Fair value adjustment on other investments		–	**757**
– Fair value adjustment on other financial asset		–	**128**
– Fair value adjustment on derivative financial instruments		(535)	**(25)**
– Deferred tax in relation to the above		(3 440)	**5 981**
– Acquisition costs not capitalised		635	**3 480**
– Non-controlling interest included in basic earnings		801	**2 817**
EPRA earnings		5 240	**24 952**
EPRA earnings per share (diluted)		4.77	**12.40**
Company specific adjustments			
– Unrealised foreign exchange gains or losses (non-cash)	1	1 448	**(1 103)**
– Straight-line leasing (non-cash rental)	2	(1 132)	**(1 110)**
– Amortisation of right of use of land (non-cash)	3	26	**43**
– Deferred tax in relation to the above	4	1	**(1)**
Total Company Specific adjustments		343	**(2 171)**
Adjusted EPRA earnings		5 583	**22 781**
Adjusted EPRA earnings per share (diluted)		5.08	**11.32**
		Shares'000	**Shares'000**
Weighted average shares in issue		110 910	**209 280**
Less: Weighted average treasury shares for the period		(3 058)	**(10 024)**
Add: Weighed average share awards and shares vested shares in long-term incentive scheme		1 943	**1 943**
EPRA shares		109 795	**201 200**
EPRA NAV			
NET ASSET VALUE OF THE COMPANY		258 307	**279 383**
ADD BACK:			
Fair value of financial instruments		19	**22**
Deferred tax from revaluation of properties		16 971	**20 791**
EPRA NAV		275 297	**300 197**
EPRA NAV per share (cents per share)		137.4	**145.7**
		Shares'000	**Shares'000**
Total shares in issue		208 514	**214 022**
Less: Treasury shares for the period		(10 093)	**(9 941)**
Add: Share awards and shares vested shares in long-term incentive scheme		1 943	**1 943**
EPRA shares		200 364	**206 025**

Notes

The Company has made a number of company specific adjustments to the EPRA earnings. The details of the adjustments are detailed below:

Unrealised foreign exchange gains or losses

1. 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 2018

45. Reconciliation of basic earnings and headline earnings

	UNAUDITED Year ended 30 June 2017 $'000	UNAUDITED Year ended 30 June 2018 $'000
Basic earnings	(6 634)	**28 562**
Fair value adjustments on investment property	20 499	**(13 762)**
Deferred taxation on investment property revaluation	(3 580)	**5 979**
Gain from bargain purchase	(958)	**–**
Fair value adjustment on other investments	–	**757**
Fair value adjustment on other financial asset	–	**128**
Fair value adjustment on derivative financial instruments	(535)	**(25)**
Share of fair value adjustment on investment property accounted by associate	4 557	**8 858**
Share-based payment expense	133	**282**
Headline earnings attributable to shareholders	13 482	**30 779**
Number of shares in issue at interim	111 787 042	**208 514 261**
Number of shares in issue at year end	208 514 261	**214 022 425**
Weighted average number of shares*	109 794 974	**201 200 481**
Earnings per share	(6.04)	**14.20**
Basic and diluted earnings per share (cents)	(6.04)	**14.20**
Headline diluted earnings per share (cents)	12.28	**15.30**

* *There are no dilutionary instruments in issue*

46. Distribution calculation

		UNAUDITED Year ended 30 June 2018 $'000
Basic Earnings attributable to the owners of the parent		**28 562**
Add Back non cash items:		
– Straight-line leasing (non-cash rental)		**(1 110)**
– Total fair value adjustment on investment properties		**(5 073)**
– Fair value adjustments included under income from associates		**(8 858)**
– Fair value adjustment on other investments		**757**
– Fair value adjustment on other financial asset		**128**
– Fair value adjustment on derivative financial instruments		**(25)**
– Unrealised foreign exchange gains or losses (non-cash)		**(1 103)**
– Share-based payments		**282**
– Movement in deferred tax		**3 247**
– Depreciation and amortisation		**271**
Non-distributable items		
– Acquisition costs not capitalised		**3 480**
– Listing and setup costs included in administrative expenses		**1 323**
Other cash generation		
– VAT and tax credits utilised		**2 856**
– Rental concessions for capital projects		**693**
Total distributable earnings		**25 512**
Distributable income per share (US$ cps)		**12.19**
		Shares'000
Weighted average shares in issue		**209 280**
Distribution declared:		
Interim	US$6.07 cps	**12 704**
Final (after 30 June)	US$6.12 cps	**12 808**
Distributable income for the period	US$12.19 cps	**25 512**

Additional information

EPRA summary (non-audited)

Grit – EPRA PERFORMANCE MEASURES – YEAR ENDED JUNE 18						
Assets/Measures	**Sector**	**EPRA NIY**	**IFRS NIY**	**EPRA TOPPED-UP NIY**	**EPRA VACANCY RATE**	**EPRA COST RATIOS**
Hollard/KPMG	Office	8.1%	8.3%	8.2%	–	12.6%
Commodity Ph.1	Office	8.5%	8.8%	8.5%	–	12.7%
Commodity Ph.2	Office	6.5%	6.7%	6.5%	–	15.1%
Vodacom	Office	7.9%	8.1%	7.9%	–	5.0%
Zimpeto	Retail	7.5%	7.6%	7.5%	30.4%	18.9%
Mall De Tete	Retail	8.8%	9.1%	8.8%	–	10.5%
Bollore Warehouse	Light industrial	13.3%	13.7%	13.3%	–	2.6%
Vale Estate	Light industrial	7.7%	7.9%	9.6%	–	5.2%
*Acacia Residential	Residential	–	–	–	–	–
*Cosmopolitan Mall	Retail	6.1%	6.3%	6.1%	2.3%	17.9%
*Kafubu Mall	Retail	6.6%	6.9%	6.6%	1.0%	22.5%
*Mukuba Mall	Retail	6.1%	6.4%	6.1%	3.0%	17.6%
*Buffalo Mall	Retail	6.2%	5.7%	6.2%	0.5%	42.0%
Imperial Warehouse (+ 1 for investment)	Light industrial	7.5%	8.1%	7.5%	–	3.1%
Tamassa	Hospitality	6.7%	8.3%	6.7%	–	–
Beachcomber (3)	Hospitality	7.2%	7.2%	7.2%	–	0.5%
Barclays House	Office	6.5%	7.3%	6.5%	4.6%	(0.8%)
*Capital Place	Office	8.6%	8.7%	8.6%	5.5%	20.2%
Anfa Place Mall	Retail	4.9%	5.0%	5.2%	18.3%	50.2%
Weighted Av. – 100% Portfolio		6.9%	7.2%	7.1%	3.3%	16.2%
Weighted Av. – % Owned		7.0%	7.3%	7.1%	–	15.6%

** Incl. share of joint ventures*

Sector Rates				
	EPRA NIY	**Cost ratios**	**EPRA vacancy**	**Occupancy**
Retail	6.1%	22.4%	7.6%	92.4%
Office	7.9%	10.8%	1.3%	98.7%
Hospitality	7.1%	0.2%	–	100.0%
Residential	7.7%	5.2%	–	100.0%
Light industrial	9.0%	2.8%	–	100.0%

Analysis of ordinary shareholders

as at 30 June 2018

Shareholder Spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	181	26.58%	64 693	0.03%
1 001 – 10 000	258	37.89%	1 129 867	0.53%
10 001 – 100 000	178	26.14%	6 413 892	3.00%
100 001 – 1 000 000	43	6.31%	14 736 126	6.89%
Over 1 000 000	21	3.08%	191 677 847	89.56%
Total	**681**	**100.00%**	**214 022 425**	**100.00%**

Distribution of Shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance Companies	1	0.15%	697	–
Close Corporations	10	1.47%	134 860	0.06%
Collective Investment Schemes	25	3.67%	17 414 011	8.14%
Custodians	13	1.91%	2 073 180	0.97%
Hedge Funds	2	0.29%	667 940	0.31%
Insurance Companies	1	0.15%	73 530	0.03%
Investment Partnerships	3	0.44%	41 300	0.02%
Managed Funds	4	0.59%	12 013 829	5.61%
Medical Aid Funds	1	0.15%	30 840	0.01%
Organs of State	1	0.15%	65 998 116	30.84%
Private Companies	48	7.05%	63 787 660	29.80%
Public Companies	2	0.29%	23 882 405	11.16%
Retail Shareholders	506	74.30%	7 754 280	3.62%
Retirement Benefit Funds	23	3.38%	17 416 457	8.14%
Stockbrokers and Nominees	8	1.17%	1 619 260	0.76%
Trusts	33	4.85%	1 114 060	0.52%
Total	**681**	**100.00%**	**214 022 425**	**100.00%**

Additional information

Analysis of ordinary shareholders continued

as at 30 June 2018

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-Public Shareholders	**6**	**0.88%**	**11 653 529**	**5.45%**
Directors and Associates (direct holdings)	4	0.59%	5 748 772	2.69%
Directors and Associates (indirect holdings)	2	0.29%	5 904 757	2.76%
Holders of more than 10%	**3**	**0.44%**	**113 114 892**	**52.85%**
Delta Property Fund	1	0.15%	23 866 776	11.15%
Government Employees Pension Fund	1	0.15%	65 998 116	30.84%
Drive in Trading (Pty) Ltd	1	0.15%	23 250 000	10.86%
Public Shareholders	**672**	**98.68%**	**89 254 004**	**41.70%**
Total	**681**	**100.00%**	**214 022 425**	**100.00%**

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Public Investment Corporation	65 998 116	30.84%
Eskom Pension and Provident Investment Management	10 897 483	5.09%
Freedom Asset Management	8 805 758	4.11%
Bridge Fund Managers	8 161 215	3.81%
Total	**93 862 572**	**43.86%**

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Government Employees Pension Fund	65 998 116	30.84%
Delta Property Fund Limited	23 866 776	11.15%
Drive in Trading (Pty) Ltd	23 250 000	10.86%
Pivotal Global (Pty) Ltd	13 187 535	6.16%
Eskom Pension and Provident Fund	10 897 483	5.09%
Freedom Asset Management	8 805 758	4.11%
Nedbank Group	6 750 000	3.15%
Total	**152 755 668**	**71.37%**

Total number of shareholdings	**681**
Total number of shares in issue	**214 022 425**

Shareholders Base

as at 30 August 2018

Register	%
South Africa	50
Mauritius	38
UK	12
Total	100

Anchor shareholders (>5%)	%
Government Employees Pension Fund (PIC)	28%
Drive In Trading Limited	8%
Delta Property Fund	8%
Transformers Investment Ltd	6%
Management & Staff	5%

Shareholders' diary

Our forthcoming financial calendar for 2018/2019 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.

Final results announced	26 September 2018
Annual report posted	31 October 2018
Annual general meeting	29 November 2018
Interim results announced	15 February 2019

Additional information

Company information and advisors

JSE Sponsor in South Africa
PSG Capital Proprietary Limited
Registration number 2006/015817/07
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
South Africa
(PO Box 7403, Stellenbosch, 7599)

and at

2nd Floor
11 Alice Lane (Bowmans Building)
Sandhurst
Sandton, 2196
(PO Box 650957, Benmore, 2010)

South African Transfer Secretaries
Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
South Africa
(PO Box 61051, Marshalltown, 2107)

Legal advisor in South Africa
Bowmans
165 West Street
Sandton, 2146
South Africa

Financial Adviser (UK)
finnCap Limited
60 New Broad Street
London EC2M 1JJ
United Kingdom

Depositary
Link Market Services Trustees Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

Sponsor in Mauritius
AXYS
6th Floor, Dias Pier Building
Le Caudan Waterfront
Caudan, Port Louis
11307
Mauritius

Company Secretary and registered address in Mauritius
Intercontinental Fund Services Limited
Level 5, Alexander House
35 Cybercity
Ebène, 72201
Mauritius

SEM Authorised Representative and Sponsor
Perigeum Capital Limited
Level 4, Alexander House
35 Cybercity
Ebène, 72201
Mauritius

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
Ebene, 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

External Auditors in Mauritius
PricewaterhouseCoopers Limited
18 CyberCity
Ebene
Reduit 72201
Republic of Mauritius

BDO & Co
10, Frère Félix de Valois Street
Port Louis
Republic of Mauritius

External Auditors UK (Non statutory)
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Internal Auditors
KPMG
31 Cybercity Ebene
B1
Quatre Bornes
Mauritius

Date and place of incorporation
Incorporated on 16 May 2012 in Bermuda and registered by Continuation as a Public Company in Mauritius on 11 March 2015

List of definitions

The following definitions apply throughout this document unless the context requires otherwise:

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
BEE	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
Broll	Broll Valuation & Advisory Services (Pty) Ltd
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
CIO	the Chief Integration 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
Euro or €	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 214 022 425 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)
Gateway Delta	Gateway Delta Development Holdings Limited

List of definitions continued

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)
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.
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
JLL	Jones Lang LaSalle (Pty) Ltd
JSE	JSE Limited (registration number 2005/022939/06), a company incorporated under the laws of South Africa and licenses 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	Letlole La Rona, a listed Botswana industrial property group
LSE	London Stock Exchange plc
LTI	Long-Term Incentive
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 Regulations	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
MUR	Mauritian Rupee
MZN	Mozambican Metal
m^2 or sqm	Square metres
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
Premium Listing	a premium listing on the Official List under Chapter 6 of the Listing Rules
PRI	political risk insurance
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 R	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 Limited, 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 and Ethics Committee	the social and ethics Committee established by the Board
sqm	square metres
SSA	sub-Saharan Africa
Standard Listing	a standard listing on the Official List under Chapter 14 of the Listing Rules
Sterling or £	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	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 Dollar or US$	United States Dollars
WALE	weighted average lease expiry
ZMW or Kwacha	Zambian Kwacha

In this document words denoting any gender include both genders (unless the context otherwise requires).