

2024 INTERIM SEPARATE FINANCIAL STATEMENTS

For the six-month period ended 31 January 2024

(Registration number 2021/926046/06)

COMMENTARY

Nature of business

Gaia Fibonacci Fibre REIT 1 Limited (“GFFR1”) is a specialised investment vehicle established by Gaia Fund Managers (Pty) Ltd, in collaboration with Fibonacci Managers (Pty) Ltd, for the purpose of providing a channel through which institutional and retail investors could:

- benefit from direct investments into Fibre Networks; and
- whilst providing a tax benefit through the REIT allowing for the investment to be taxed as if the property is held directly by the investor essentially allowing the investment’s distributions to be seen as income in the hands of the investor.

GFFR1 provides investors with a first-of-its-kind investment proposition, demonstrating stable inflation-linked cash returns inherent to infrastructure investments. The REIT status of the Company provides a tax efficient channel through which funding can be allocated to expanding the reach of the fibre network backbone throughout South Africa.

GFFR1 currently has R268 million capital under management (“CUM”) that was deployed in its fibre optic investment projects which currently consists of 29 092 home passes. The Company listed the Ordinary and A preference shares in December 2021, following which the Company listed the B preference shares in June 2022, both of which were listings on the Cape Town Stock Exchange (“CTSE”).

Financial highlights

GFFR1 is pleased to announce its latest set of half-year results for the period ended 31 January 2024.

Despite stable network performance, GFFR1’s investee companies faced challenging macro-economic conditions and a challenging operational environment. The investee companies continued to prioritise operational efficiencies, revenue stream optimisation, and a focus on ensuring sustainable future financial performance for preference share investors.

During the period under review, investee companies focused on prioritising long-term sustainability, through: operational restructuring, addressing several key operational dimensions as well as the appointment of specialist advisors, and; investment into strategic assets that will support the future resilience of the Fibre Networks. GFFR1 and its investee companies expect to realise a more robust revenue and cost structure, ensuring that, going forward, approaches to new opportunities are proactive and potential challenges are addressed with flexibility and agility.

Revenue for the six months totalled R0.48 million (HY23: R3.76 million), which was ahead of expectations for the current period, given the restructuring and optimisation initiatives noted. During the interim half-year, GFFR1 and investee companies revised their short to medium-term return forecasts to better reflect a more conservative growth rate and the effect of the investment and optimisation costs on the financial performance of the investee companies. Following the current optimisation phase, we expect to see revenue and investor returns improving, returning to and exceeding the performance levels reported in FY23.

The Company was not in a position to declare interim dividends to its shareholders during the period.

Future strategy

GFFR1 aims to expand its portfolio into new fibre network infrastructure investments in South Africa, through the planned listing of its C Preference Shares in July 2024, which is targeted to deploy R450 million worth of investment capital by late-2024. The pipeline of new fibre optic investment opportunities is expected to generate attractive returns on new funds invested in line with the Company’s existing business case.

STATEMENT OF FINANCIAL POSITION

Figures in R	(Unaudited) at 31 January 2024	(Audited) at 31 July 2023	(Unaudited) at 31 January 2023
Assets			
Non-current assets			
Intangible assets	41 975	41 975	41 975
Investments in subsidiaries	352 941 631	329 775 529	317 650 195
Total non-current assets	352 983 606	329 817 504	317 692 170
Current assets			
Cash and cash equivalents	65 577	703 186	713 739
Loan to group company	91 653	207 220	5 693
Dividends receivable	486 025	–	–
Total current assets	643 255	910 406	719 432
Total assets	353 626 861	330 727 910	318 411 602
Equity and liabilities			
Equity			
Issued capital	1 000	1 000	1 000
Retained income	16 349 577	15 011 552	18 667 441
Total equity	16 350 577	15 012 552	18 668 441
Liabilities			
Non-current liabilities			
Other financial liabilities	337 038 967	315 507 236	299 688 407
Current liabilities			
Trade and other payables	237 318	208 122	54 754
Total liabilities	337 276 285	315 715 358	299 743 161
Total equity and liabilities	353 626 861	330 727 910	318 411 602

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in R	(Unaudited) six-month period ended 31 January 2024	(Unaudited) six-month period ended 31 January 2023	(Audited) 12 months ended 31 July 2023
Revenue	486 025	3 758 894	7 048 291
Other income	–	–	57 093
Administrative expenses	(323 300)	(40 677)	(309 265)
Other expenses	(263 585)	(576 735)	(768 867)
Other gains and (losses)	1 427 152	3 182 451	(511 045)
(Loss)/profit from operating activities	1 326 292	6 323 933	5 516 207
Investment income	11 733	66 009	75 751
Finance costs	–	(3 385 610)	(5 950 062)
(Loss)/profit before tax	1 338 025	3 004 332	(358 104)
Income tax expense*	–	–	–
(Loss)/profit for the period	1 338 025	3 004 332	(358 104)

* Gaia Fibonacci Fibre REIT was listed as a Real Estate Investment Trust (REIT). As a result, section 25BB of the Income Tax Act applies to qualifying REIT income and expenses. The legislation provides that capital gains on sale of immovable properties are not taxable and previous building allowances claimed will be recouped at the company tax rate. All rental income and dividends from property subsidiaries will be taxed at 27% and any qualifying distribution paid from these taxable profits will be deductible at 27%. Should the entities’ assets be sold or the entity wound up, there could be a tax liability to the value of the recoupsments previously claimed.

STATEMENT OF CASH FLOWS

Figures in R	Six-month period ended 31 January 2024	Six-month period ended 31 January 2023	12-month period ended 31 July 2023
Net cash flows (used in)/ from operations	(557 690)	(665 143)	(915 402)
Dividend paid	–	(367 342)	(660 795)
Dividends received	–	3 758 894	7 048 291
Interest paid	–	(3 385 610)	(5 950 062)
Interest received	11 733	66 009	75 751
Income taxes paid	–	–	–
Net cash flows from/(used in) operating activities	(545 957)	(593 192)	(402 217)
Cash flows used in investing activities			
Purchase of investments in subsidiaries	–	(111 165 216)	(111 165 216)
Loan advanced to group company	(91 653)	(5 693)	(207 220)
Cash flows used in investing activities	(91 653)	(111 170 909)	(111 372 436)
Cash flows (used in)/from financing activities			
Proceeds from other financial liabilities	–	111 243 027	111 243 027
Cash flows (used in)/from financing activities	–	111 243 027	111 243 027
Net (decrease)/increase in cash and cash equivalents	(637 609)	(521 074)	(531 627)
Cash and cash equivalents at beginning of the period	703 186	1 234 813	1 234 813
Cash and cash equivalents at end of the period	65 577	713 739	703 186

STATEMENT OF CHANGES IN EQUITY

Figures in R	Issued capital	Retained income	Total
Balance at 1 August 2022	1 000	16 030 451	16 031 451
Changes in equity			
Profit for the period	–	3 004 332	3 004 332
Total comprehensive income for the period	–	3 004 332	3 004 332
Dividend recognised as distributions to shareholders	–	(367 342)	(367 342)
Balance at 31 January 2023	1 000	18 667 441	18 668 441
Balance at 1 February 2023	1 000	18 667 441	18 668 441
Changes in equity			
Loss for the period	–	(3 362 436)	(3 362 436)
Total comprehensive loss for the period	–	(3 362 436)	(3 362 436)
Dividend recognised as distributions to shareholders	–	(293 453)	(293 453)
Balance at 31 July 2023	1 000	15 011 552	15 012 552
Balance at 1 August 2023	1 000	15 011 552	15 012 552
Changes in equity			
Loss for the period	–	1 338 025	1 338 025
Total comprehensive loss for the period	–	1 338 025	1 338 025
Dividend recognised as distributions to shareholders	–	–	–
Balance at 31 January 2024	1 000	16 349 577	16 350 577

KEY FINANCIAL HIGHLIGHTS

Revenue R0.48 million

A Pref net asset value per share R14 563.52
(HY23: R13 187.71)

B Pref net asset value per share R20 411.54
(HY23: R18 048.48)

Portfolio value: GF Property SPV 1 R155 788 627.69
(HY23: R144 295 645)

Portfolio value: GF Property SPV 2 R196 945 783.10
(HY23: R173 354 550)

NOTES TO THE SUMMARISED INTERIM FINANCIAL RESULTS

Basis of preparation and accounting policies

This financial report is an extract from the summarised interim financial results which is available on the Company's website (www.gaia.group).

The summarised interim financial results for the six months ended 31 January 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and presented according to the disclosure requirements of accounting standard IAS 34: *Interim Financial Reporting*.

The accounting policies applied in the preparation of the interim financial results are consistent with those accounting policies applied in the preparation of the previous year's annual financial results.

The financial information is presented in South African Rand, which is the reporting currency. The summarised interim financial results have been prepared under the supervision of the reporting accountant, Ms Eldine Malan CA(SA) and have not been reviewed by the Company's external auditors. The summarised interim financial results for the six months ended 31 January 2024 were approved for issue by the Board on 30 April 2024.

New and amended standards adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 July 2024 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Events after balance sheet

On 14 March 2024, the Company received dividends of R0.48 million from GF Property SPV 1 and R0.63 million from GF Property SPV 2.

Apart from the above, there were no significant events that occurred after the reporting date that require adjustment to or disclosure in the interim financial results for the six months ended 31 January 2024.

CORPORATE INFORMATION

Directors

Executive

MM Nieuwoudt, D Kennon

Non-executive

O Kolbe

Independent non-executive

CP van Heerden, T Masiela,

YL Labuschagne

Registered office

12 Meson Close, Techno Park, Stellenbosch, South Africa

Company Secretary

The Office in Stellenbosch (Pty) Ltd
12 Meson Close, Techno Park,
Stellenbosch, South Africa

CTSE Issuer Agent

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Workshop 17, Newlands Cricket
Grounds, 146 Campground Road,
Newlands, Cape Town, South
Africa