Gaia Fibonacci Fibre REIT 1 Limited

(Registration Number 2021/926046/06)

Annual Separate Financial Statements

for the year ended 31 July 2024

These annual separate financial statements were independently compiled by:

The Office in Stellenbosch Proprietary Limited

Chartered Accountants (SA)

These separate financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008.

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	2021/926046/06
Nature of Business and Principal Activities	The company performs investment activities.
Directors	T Masiela MM Nieuwoudt CP van Heerden DLT Dondur (Appointed 24 October 2024)
Shareholders	Gaia Fund Managers Proprietary Limited Fibonacci Holdings Proprietary Limited
Registered Office	12 Meson Close Techno Park Stellenbosch 7600
Business Address	Workshop 17 Snakepit Building 146 Campground Road Newlands Cape Town 7700
Postal Address	PO Box 12700 Die Boord Stellenbosch 7613
Bankers	Investec Limited
Tax number	9490289205
Auditors	PKF Cape Town 14 Papegaai Street Stellenbosch 7600
Company Secretary	Hilde Matthee 12 Meson Close Techno Park Stellenbosch 7600

General Information

Preparer	The Office in Stellenbosch Proprietary Limited 8 Helderberg Street Stellenbosch Central Stellenbosch 7600
Legal Advisors	White & Case LLP
Issued	30 October 2024
ISIN	Preference A shares: (ISIN: ZAE400000135) Preference B shares: (ISIN: ZAE400000150) Ordinary shares: (ISIN: ZAE400000127)
CTSE Code	Preference A shares: 4AGFR1A Preference B shares: 4GFR1B Ordinary shares: 4AGFR1O

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Index

Report of the Audit and Risk Committee

1. Introduction

The Audit and Risk Committee (“the Committee”) is pleased to present its report for the financial year ended 31 July 2024 (FY24). The Committee is an independent statutory committee appointed by shareholders. This report considers the statutory and delegated duties in terms of the Companies Act, 71 of 2008 as well as the Committee’s responsibilities in terms of the Cape Town Stock Exchange Requirements. It also addresses some of the matters that the King IV Code on Corporate Governance (“King IV”) advises should be considered by the Committee. In addition to its statutory responsibilities this Committee also assists the Board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external audit functions and statutory and regulatory compliance of the company. This Committee also dealt with duties delegated in terms of risk management.

2. Membership of the Committee and attendance at Committee meetings

The Committee comprised the following members for the year under review and up to the date of this report:

Committee members
Riaan van Heerden (Chairperson)
Thabiso Masiela
Yvette Labuschagne (Resigned 22 July 2024)
Doris Dondur (Appointed 24 October 2024)

The board of the company are standing invitees. The Committee comprises only Independent Non-Executive Directors. Shareholders will be requested to approve the appointment of the members of the Committee for the 2025 financial year at the Annual General Meeting scheduled for early December 2024.

The Committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act, 71 of 2008 (the “Act”) and Regulation 42 of the Companies Regulation 2011.

3. Roles and responsibilities of the committee

The Committee is governed by formal terms of reference that are reviewed and updated annually, as necessary. These terms of reference guide the Committee in terms of its objectives, authority and responsibilities, both statutory and those assigned by the Board. The Committee has an independent role with accountability to both the Board and to shareholders. The Committee’s roles and responsibilities include statutory and regulatory duties as per the Companies Act, 71 of 2008, the Cape Town Stock Exchange Requirements, those items recommended in the interest of good governance according to King IV as well as additional responsibilities assigned by the Board. The effectiveness of the Committee is assessed as part of the annual Board and Committee self-evaluation process.

The responsibilities of the Committee include, but are not limited to:

- review and approve for recommendation to and approval by the Board, interim reports, the annual report, the annual separate financial statements, accounting policies for the company, and any other announcement regarding the results or other financial information to be made public;
- ensure that the annual separate financial statements and the annual integrated report comply with all statutory and regulatory requirements;
- ensure that all financial information contained in any submissions to the Board is suitable for inclusion in the annual separate financial statements in respect of any reporting period;

- assess annually the appointment of the external auditor and confirm its independence, recommend its appointment to the AGM and approve its fees;
- address the external auditor’s findings and recommendations;
- report on the risk management process and assesses the company’s exposure to the top strategic risks;
- monitoring of compliance effectiveness within the company;
- perform duties that are attributed to it by its mandate from the Board, the Companies Act, 71 of 2008, the Cape Town Stock Exchange Requirements, King IV and other regulatory requirements; and
- review processes and procedures to ensure the effectiveness of internal systems of control including information and technology.

4. Activities of the Committee

The Committee fulfilled its responsibilities during the 2024 financial year. The Committee is satisfied that it has conducted its affairs in accordance with its terms of reference and has discharged its responsibilities. During the financial year under review, the Committee executed the following matters:

<u>Reporting</u>

- considered and agreed with the adoption of the going-concern premise in the preparation of the annual separate financial statements;
- reviewed the appropriateness of the annual separate financial statements, other reports to shareholders and other financial announcements made public;
- considered whether the annual separate financial statements fairly present the financial position of the company as at 31 July 2024 and the results of operations and cash flows for the financial year then ended;
- considered the solvency and liquidity of the company;
- considered accounting treatments, the appropriateness of accounting policies adopted and the effectiveness of the entity's disclosure controls and procedures;
- considered whether any concerns were identified regarding significant legal, tax and other matters that could have a material impact on the annual separate financial statements;
- reviewed the external auditor’s audit report;
- considered and noted the key audit matters as determined by the external auditor;
- reviewed the representation letter, signed by management;
- reviewed the quality and integrity of the annual report and the sustainability information before publication;
- The Committee spent time understanding the valuation methodology and various input factors and judgements applied and challenged these where necessary. The Committee is satisfied that the valuation of investments and preference shares performed fairly reflect the fair value of the investments and preference shares of the company.

<u>External audit</u>

The Audit and Risk Committee nominated PKF Cape Town as the external auditor for the company for the financial year ended 31 July 2024 and their appointment complies with the Companies Act, 71 of 2008 and all other applicable legal and regulatory requirements.

Taking into consideration the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies, PKF Cape Town confirmed in an annual written statement that their independence has not been impaired.

Report of the Audit and Risk Committee

The Audit and Risk Committee was assured that no member of the external audit team was hired by the company or any other company within the group in a financial reporting oversight role during the year under review.

The auditor's independence was not impaired by any consultancy, advisory or other work undertaken by them for the company or any previous appointment as auditor of the company or any other company within the group.

The auditor does not, except as external auditor, or in rendering of permitted non-audit services, receive any direct or indirect remuneration or other benefit from the company or any other company within the group.

The Audit and Risk Committee reviewed and approved the external audit plan, the budgeted and final fee for the reporting period and the terms of engagement of the external auditors; and pre-approved all audit and permissible non-audit services that PKF Cape Town provides.

PKF Cape Town have been the external auditors of the company for the year and Pieter Louw van Der Ahee has been the designated auditor for this year.

It was confirmed that no unresolved issues of concern exist between the company and the external auditors.

Internal financial and accounting controls

The Audit and Risk Committee is responsible for reporting on the company's systems of internal, financial, and accounting controls. The Office in Stellenbosch Proprietary Limited ("OS") provided accounting services to the company for the year under review. The Committee is satisfied with the independence of OS and the quality of the accounting work provided by them during the year under review. The Committee has accordingly considered the management report from the external audit on such matters and is satisfied that the report confirms the adequacy and effectiveness of the systems of internal control and that there were no material breakdowns in the internal control during the financial year.

Risk management and compliance

The Board has responsibility for the oversight of risk management, part of which it may delegate to the Audit and Risk Committee. The Board sets the tone and influences the culture of risk management within the organisation, including ensuring that integrated risk management and internal control systems are implemented.

The Audit and Risk Committee is appointed by the Board to assist in carrying out its responsibilities in relation to risk management and is responsible for overseeing the development, implementation and annual review of a Risk Policy and the process of risk management and ensuring that compliance forms an integral part of Gaia's risk management process.

Gaia Fund Managers Proprietary Limited is responsible for day-to-day risk management including identifying and evaluating the significant risks faced by the company; implementing an effective risk management process, including the identification, analysis, and evaluation of risks specific to their area of responsibility; and setting the tone and influence of the culture of risk management.

The Committee is obliged to report any material breach of a relevant legal and/or regulatory requirement in the conduct of the company. No evidence or indication of any such breach or material non-compliance has been brought to the attention of the Committee by the external auditors or any other party.

On 22 July 2024, Yvette Labuschagne resigned as director and member of the Committee. The board of directors did not fill the vacancy on the Committee within 40 business days as required by section 94(6) of the Companies Act 71 of 2008 and King IV. The Committee does not regard this as a material breach or material non-compliance. On 24 October 2024, Doris Dondur was appointed to the board as an independent non-executive director, and was also appointed to the Audit and Risk Committee on the same day.

Report of the Audit and Risk Committee

Comments on key audit matters, addressed by PKF Cape Town in its external auditor's report

The external auditors have reported on two key audit matters in respect of their 2024 audit being:

- valuation of investments in subsidiaries – GF Property SPV 1 (RF) Proprietary Limited and GF Property SPV 2 (RF) Proprietary Limited; and
- the valuation of other financial liabilities - Class A and Class B Preference shares.

Both of these key audit matters related to material annual separate financial statements line items and require judgement and estimates to be applied by management. The Committee assessed the methodology, assumptions and judgements applied by management in dealing with each of the key audit matters. Furthermore, the Committee discussed the key audit matters with the external auditors to understand their related audit processes and views. Following our assessment, we were comfortable with the conclusions reached by management and the external auditors.

5. Conclusion

The Audit and Risk Committee is satisfied that it has complied with all its legal, regulatory and other responsibilities for the year under review. Following the audit of the annual separate financial statements, the Audit and Risk Committee recommended Board approval thereof.

On behalf of the Audit and Risk Committee

CP van Heerden

Audit and Risk Committee Chairperson

30 October 2024

Directors' Responsibilities and Approval

The directors are required by the Companies Act, 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual separate financial statements and related financial information included in this report. It is their responsibility to ensure that the annual separate financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The external auditors are engaged to express an independent opinion on the separate financial statements. The annual separate financial statements are presented in terms of the International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the separate financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The annual separate financial statements support the viability of the company.

The separate financial statements have been audited by the independent auditing firm, PKF Cape Town, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 13 to 15.

The annual separate financial statements set out on pages 4 to 47 which have been prepared on the going concern basis, were approved by the directors and were signed on 30 October 2024 on their behalf by:

Thabiso Masiela

T Masiela

MM Nieuwoudt

Certificate by the Company Secretary

In terms of section 88(2)(e) of the Companies Act, 71 of 2008, I certify that to the best of my knowledge and belief, Gaia Fibonacci Fibre REIT 1 Limited has lodged all returns required in terms of the Companies Act, 71 of 2008, with the Registrar of Companies for the financial year ended 31 July 2024 and that the returns are true, correct and up to date.

Hilde Matthee

Per: Hilde Matthee
Company Secretary
30 October 2024

Directors' Report

The directors submit their report on the annual separate financial statements of Gaia Fibonacci Fibre REIT 1 Limited for the year ended 31 July 2024.

1. Incorporation

The company was incorporated on 7 October 2021 and obtained its certificate to commence business on the same day.

2. Review of financial results and activities

Main business and operations
Gaia Fibonacci Fibre REIT 1 Limited was incorporated in South Africa. The company performs investment activities. The company operates in South Africa.

Review of Financial Results & Activities

The company generated a profit after tax for the year ended 31 July 2024 of R4,259,129 (2023: loss of R358,104).

The annual separate financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008.

Company cash flows from operating activities amounted to an outflow of R256,349 (2023 outflow: R402,217) for the year ended 31 July 2024. Full details of the financial position, results of operations and cash flows of the company are set out in these annual separate financial statements.

3. Authorised and issued stated capital

Refer to note 5 of the annual separate financial statements for detail of the movement in authorised and issued stated capital.

4. Dividends

No dividends were declared or paid to shareholders during the year.

5. Directors

The directors of the company during the year and up to the date of this report are as follows:

Directors	Designation	Changes
D Kennon	Executive Director	Resigned 30 April 2024
YL Labuschagne	Independent Non-Executive Director	Resigned 22 July 2024
T Masiela (Chairman)	Independent Non-Executive Director	
MM Nieuwoudt	Executive Director	
CP van Heerden	Independent Non-Executive Director	
O Kolbe	Independent Non-Executive Director	Resigned 3 September 2024
DLT Dondur	Independent Non-Executive Director	Appointed 24 October 2024

Directors' Report

6. Events after reporting date

Oscar Kolbe, who was appointed as a shareholder-nominated director by Fibonacci Holdings Proprietary Limited, resigned as director on 3 September 2024 and Doris Dondur was appointed as director on 24 October 2024. The directors are not aware of any other matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

7. Going concern

The annual separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual separate financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

8. Secretary

The designated secretary is Hilde Matthee.

Postal address
PO Box 12700
Die Boord
7613

Business address
12 Meson Close
Techno Park
Stellenbosch
7600

9. Shareholders

There have been no changes in ownership during the current financial year.

The ordinary shareholders and their interests at the end of the year are:

	Holding
Gaia Fund Managers Proprietary Limited	50.01%
Fibonacci Holdings Proprietary Limited	49.99%

Directors' Report

10. Interest in subsidiaries

The company still holds 100% interest in GF Property SPV 1 (RF) Proprietary Limited, GF Property SPV 2 (RF) Proprietary Limited and GF Property SPV 3 (RF) Proprietary Limited for the year under review. Details of the company's interests in subsidiaries are presented in the annual separate financial statements in note 3.

11. Liquidity and solvency

The directors have performed the liquidity and solvency tests as required by the Companies Act, 71 of 2008.

12. Independent Auditors

PKF Cape Town were appointed as auditors for the company for the financial year 2024, in accordance with section 90(6) of the Companies Act, 71 of 2008.

13. Consolidation of Financial Statements

The company did not prepare consolidated financial statements since it is an investment entity. Refer to accounting policy 1.3 of the annual separate financial statements for further details on the consolidation exemption.

PKF Cape Town

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Independent Auditor's Report

To the Shareholders of Gaia Fibonacci Fibre REIT 1 Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gaia Fibonacci Fibre REIT 1 Limited (the company) set out on pages 17 to 47 which comprise the statement of financial position as at 31 July 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gaia Fibonacci Fibre REIT 1 Limited as at 31 July 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

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 Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).* We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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 investment in subsidiaries and the preference shares issued (other financial liabilities) are measured at fair value through profit and loss. The year-end balance of these line items are material and significant judgement are applied by management in determining these fair values. We consider these judgements to be a key audit matter due to the high estimation uncertainty. The valuation of the investment in subsidiaries and the preference shares issued (other financial liabilities) is based on the discounted future cash flows from the underlying investments and cash available to settle the liabilities. There are estimations involved in the forecasting of the future cash flows, the discount rate used and the annual inflation rate. The future cash flows are highly dependent on the revenue of the underlying investments which are based on the uptake rates of the fibre networks for the remaining investment period. Therefore, the forecast of the cash flows is a significant assumption impacting the valuation of the investment in subsidiaries and the preference shares issued (other financial liabilities). Refer to note 3, Investments in subsidiaries, and note 6, Other financial liabilities for how the key audit matter was identified in the valuation of these financial instruments.	We held discussions with management to obtain an understanding of the process applied in terms of determining the fair value of the investment in subsidiaries and the preference shares issued (other financial liabilities). We performed the following procedures: • Evaluated Gaia Fibonacci Fibre REIT 1's fair value calculations and the principles and integrity of the dividend discount models. • Tested the inputs used in the cash flow forecast for reliability and accuracy. • Evaluated the cash flow forecasts for this year of operation by comparing it to the actual realised cash flows to determine the accuracy and reasonableness of management forecasts. • Agreed the internal rate of return to the signed asset management agreement. • Tested the reasonability of the overall discount rate and recalculated the discount rate. • Tested management assumptions of the annual inflation rate, uptake rates of the fibre networks and line speed demographics for the long-term outlook over the remaining period of the investments. • Re-computed the fair values.

	Based on the results of the above procedures, we consider the carrying value of the investment in subsidiaries and the preference shares issued (other financial liabilities) measured through profit and loss to be reasonable.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Gaia Fibonacci Fibre REIT 1 Limited Annual Separate Financial Statements for the year ended 31 July 2024", which includes the Report of the Audit and Risk Committee, Certificate by the Company Secretary and Directors' Report as required by the Companies Act 71 of 2008 and the Report of the Compiler. It further includes a document titled “Gaia Fibonacci Fibre REIT 1 Limited Integrated Annual Report 2024”. The “Gaia Fibonacci Fibre REIT 1 Limited Integrated Annual Report 2024” is expected to be made available to us after the date of this auditor’s report. As soon as the document titled “Gaia Fibonacci Fibre REIT 1 Limited Integrated Annual Report 2024” is made available, it will be considered for information that is materially inconsistent with the financial statements or our knowledge obtained during the audit, or appears to be otherwise materially misstated, and will be reported on, if necessary. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. For other information, excluding the “Gaia Fibonacci Fibre REIT 1 Limited Integrated Annual Report 2024” which is not yet available, we have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 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 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PKF Cape Town has been the auditor of Gaia Fibonacci Fibre REIT 1 Limited for two years.

PKF Cape Town

PKF Cape Town
PL van der Ahee
Partner
Registered Auditor

30 October 2024
STELLENBOSCH

SFO

Report of the Compiler

To the Directors of Gaia Fibonacci Fibre REIT 1 Limited

We have compiled the accompanying annual separate financial statements of Gaia Fibonacci Fibre REIT 1 Limited based on information you have provided. These annual separate financial statements comprise the statement of financial position as at 31 July 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and material accounting policy information and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 71 of 2008. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual separate financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual separate financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual separate financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The Office in Stellenbosch Proprietary Limited

30 October 2024

Peri Eldine Malan
Chartered accountant (SA)

14 Papegaai Street
8 Helderberg Street
Stellenbosch
7600

Statement of Financial Position

Figures in R	Notes	2024	2023
Assets			
Non-current assets			
Intangible assets		41,975	41,975
Investments in subsidiaries	3	318,018,222	329,775,529
Total non-current assets		**318,060,197**	**329,817,504**
Current assets			
Trade and other receivables		289,082	-
Cash and cash equivalents	4	337,934	703,186
Loan to group company		316,123	207,220
Total current assets		**943,139**	**910,406**
Total assets		**319,003,336**	**330,727,910**
Equity and liabilities			
Equity			
Issued capital	5	1,000	1,000
Retained income		19,270,681	15,011,552
Total equity		**19,271,681**	**15,012,552**
Liabilities			
Non-current liabilities			
Other financial liabilities	6	299,584,034	315,507,236
Current liabilities			
Trade and other payables		113,137	208,122
Current tax liabilities		34,484	-
Total current liabilities		**147,621**	**208,122**
Total liabilities		**299,731,655**	**315,715,358**
Total equity and liabilities		**319,003,336**	**330,727,910**

Statement of Profit or Loss and Other Comprehensive Income

Figures in R	Notes	2024	2023
Revenue	7	1,405,107	7,048,291
Other income		-	57,093
Administrative expenses		(407,638)	(309,265)
Other expenses		(891,337)	(768,867)
Other gains / (losses)	8	4,165,895	(511,045)
Profit from operating activities		**4,272,027**	**5,516,207**
Investment income		21,587	75,751
Finance costs	9	(1)	(5,950,062)
Profit / (loss) before tax		**4,293,613**	**(358,104)**
Income tax expense	10	(34,484)	-
Profit / (loss) for the year		**4,259,129**	**(358,104)**

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			
Loss for the year	-	(358,104)	(358,104)
Total comprehensive loss for the year	-	(358,104)	(358,104)
Dividends recognised as distributions to shareholders	-	(660,795)	(660,795)
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			
Profit for the year	-	4,259,129	4,259,129
Total comprehensive profit for the year	-	4,259,129	4,259,129
Balance at 31 July 2024	**1,000**	**19,270,681**	**19,271,681**
Note	**5**		

Statement of Cash Flows

Figures in R	Notes	2024	2023
Net cash flows used in operations	14	**(1,393,960)**	**(915,402)**
Dividends paid	15	-	(660,795)
Dividends received	7	1,116,025	7,048,291
Interest paid	9	(1)	(5,950,062)
Interest received		21,587	75,751
Net cash flows used in operating activities		**(256,349)**	**(402,217)**
Cash flows used in investing activities			
Additional investment in subsidiary		-	(111,165,216)
Advances on loan to group company		(108,903)	(207,220)
Net cash flows used in investing activities		**(108,903)**	**(111,372,436)**
Cash flows from financing activities			
Proceeds from other financial liabilities		-	111,243,026
Net cash flows from financing activities		**-**	**111,243,026**
Net decrease in cash and cash equivalents		**(365,252)**	**(531,627)**
Cash and cash equivalents at beginning of the year		703,186	1,234,813
Cash and cash equivalents at end of the year	**4**	**337,934**	**703,186**

Accounting Policies

1. General information

Gaia Fibonacci Fibre REIT 1 Limited ('the company') performs investment activities.

The company is incorporated as a Public company. Refer to the information disclosed on page 1 of the annual separate financial statements for the country of incorporation and registered address of the entity.

Fund information

The REIT was established by Gaia Fund Managers Proprietary Limited, in collaboration with Fibonacci Managers Proprietary Limited, for the purpose of providing a channel through which institutional and retail investors could:

- benefit from direct investments into Fibre Networks, 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.

1.1 Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these annual separate financial statements.

1.2 Basis of preparation and summary of material accounting policies

The annual separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual separate financial statements and the Companies Act, 71 of 2008. The annual separate financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below at fair value through profit or loss. These accounting policies are consistent with the previous year. The annual separate financial statements are presented in Rands, rounded to the nearest Rand, which is the company's functional currency.

These annual separate financial statements comply with the requirements of the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in compliance with the Cape Town Stock Exchange Listings requirements.

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

Significant judgements and sources of estimation uncertainty

The preparation of annual separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual separate financial statements, are outlined as follows:

Management have made critical judgements in applying accounting policies for the following:

- Fair value measurement

Accounting Policies

General information continued...

The company assessed that the investments in subsidiaries are categorised as financial assets at fair value through profit or loss. The financial liabilities are also recognised as financial liabilities at fair value through profit or loss.

When investments in subsidiaries and financial liabilities are recognised at fair value judgement is used in determining the valuation and the significant inputs. Therefore, a fair value hierarchy should be used that reflects the significance of these judgements. For both of the measurements of the investment in subsidiaries (financial assets) and the preference shares liabilities (financial liabilities), the fair value was categorised as Level 3. This is that the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Refer to notes 3 and 6 for input details used in the estimates.

Key sources of estimation uncertainty

Fair value measurement

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The company has used the discounted cash flow analysis for financial instruments that are not traded in active markets.

Basis of valuation approach

The fair value approach of the financial instruments under management is determined as at the measurement date in accordance with the principles of IFRS 13, Fair Value Measurement. Fair value is defined as the price that would be received for an asset in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that a hypothetical transaction to sell an asset takes place in the principal market or in the absence, the most advantageous market for the asset.

The primary valuation methodology for the underlying financial instruments is the dividend discount model ("DDM"). Management uses judgement to select the most appropriate valuation method. The DDM method is used to derive the fair value, being the discounting of the expected dividend income from the investments, of an asset using reasonable assumptions on the estimations of expected future post tax cash flows (dividend income) over the expected term of the A and B Preference Shares, 10 years. i.e. free cash flows to the company. These cash flows are discounted to the present value by applying the appropriate discount rate that captures the risk inherent to the investment. The same method is used to calculate the fair value of the other financial liabilities.

Assumptions

Refer to notes 3 and 6 where the assumptions related to the key sources of estimation uncertainty are disclosed.

1.3 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the company has control. The company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment entities

An investment entity which acquires an interest in a subsidiary shall be exempt from consolidation or equity accounting in terms of amendments to IFRS 10 and IFRS 12 and shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9.

Accounting Policies

General information continued...

An investment entity is defined as an entity that:

• obtains funds from one or more investors for the purpose of providing those investors with investment management services

• commits to its investors that its business purpose is to invest in partners solely for returns from capital appreciation, investment income, or both; and

• measures and evaluates the performance of substantially all its investments on the fair value basis.

The company has been deemed to meet the definition of an investment entity as per IFRS 10 based on the following:

• The REIT will obtain funds from various investors with the intention to provide investment management services to its investors. The investment management services, including best endeavours to ensure that the REIT is Section 25BB of the Income Tax Act compliant, will be provided by Gaia Fund Managers Proprietary Limited.

• The REIT commits to provide investors access to infrastructure investments for the purpose of generating returns from capital appreciation, investment income or both;

• The REIT intends to measure and evaluate its investments at fair value through profit or loss; and

• The REIT does not intend to hold its investments indefinitely with exit strategies including a sale to a third party. On the exit of all the fibre network assets in the Property SPV, the REIT is required to make distributions of ownership interests to all investors. This will effectively collapse all other investments in the group structure, which includes indirect equity and debt investments held by the REIT.

The entity is exempt from consolidation and will only prepare annual separate financial statements. The investment in the subsidiaries are measured at fair value through profit or loss in accordance with IFRS 9.

1.4 Financial instruments

Initial recognition of financial assets

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

The classification of financial assets under IFRS 9 is based on whether the financial assets are equity instruments, debt instruments held or derivative assets. The classification and measurement of debt instruments is dependent on the business model in which the financial asset is managed and its contractual cash flow characteristics. The business model refers to how the company is managing its financial instruments to generate cash flows. The company first assesses the business model before considering whether an instrument meets the definition of the contractual cash flow test. Only if the financial instruments are held in a business model to collect contractual cash flows or a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the cash flows characteristics test is performed.

A debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions:

• it is held within a business model where the objective is to hold assets to collect contractual cash flows; and

• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified at fair value through other comprehensive income (FVOCI) if it meets both of the following conditions:

• it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and

• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Accounting Policies

General information continued...

All debt instrument financial assets that were not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the company may irrevocably designate a debt instrument financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to the fair value at initial recognition.

Subsequent measurement of financial assets

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is adjusted for any loss allowance. Interest income and impairment are recognised in profit or loss. These assets consist of cash and cash equivalents, trade and other receivables, and a loan to group company (refer to note 4). Any gains or losses arising on the derecognition are included in profit or loss in other operating income/expense.
Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. The assets consist of investments in subsidiaries (note 3). Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Any gains or losses arising on the derecognition are included in profit or loss in other operating income/expense. The company manages financial assets on the basis of its net exposure to market risks, and therefore offsets the fair value adjustments in the Statement of Profit or Loss and Other Comprehensive Income when permissible.

Initial recognition of financial liabilities

Financial liabilities at amortised cost are recognised when the company becomes a party to the contractual provisions of the instrument. The instruments are measured, at initial recognition, at fair value plus transaction costs, if any.

Financial liabilities at fair value through profit or loss are recognised when the company becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Preference shares which carry non-discretionary dividend obligations, should be classified as liabilities. The dividends on these preference shares are taken to the Statement of Profit or Loss and Other Comprehensive Income as interest expense, classified as finance costs. Refer to note 9.

Accounting Policies

General information continued...

Subsequent measurement of other financial liabilities

Financial liabilities at amortised cost	These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. The liabilities include trade and other payables. Any gains or losses arising on the derecognition are included in profit or loss in other operating income/expense.
Financial liabilities at fair value through profit or loss	These liabilities are subsequently measured at fair value. The liabilities consist of preference shares classified as other financial liabilities (note 6). The company manages financial liabilities on the basis of its net exposure to market risks, and therefore offsets the fair value adjustments in the Statement of Profit or Loss and Other Comprehensive Income when permissible.

Expected credit losses

The expected credit loss (ECL) model applies to financial assets measured at amortised cost, for example loans, trade and other receivables and cash and cash equivalents held by the company. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective assets.

Credit risk

Details of the credit risk of financial assets are included in the financial instruments and risk management note (note 16).

Derecognition

Financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when it is transferred and the transfer qualifies for derecognition.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.5 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 reporting period.

Accounting Policies

General information continued...

Gaia Fibonacci Fibre REIT 1 Limited is 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 recoupments previously claimed.

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 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 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 at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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 reporting period.

No deferred tax was recognised on the fair value adjustments to the investments held in the property companies, as defined in section 25BB of the Income Tax Act. These assets do not attract capital gains tax.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period.

1.6 Issued capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at no par value and classified as issued capital in equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividends declared to ordinary shareholders are recognised in equity. Dividends are declared based on available cash reserves.

1.7 Revenue

Dividend income is presented as revenue in the Statement of Profit or Loss and Other Comprehensive Income as the dividends that the entity receives are in the ordinary course of the entity's business. Dividend income is not within the scope of IFRS 15, however, because it is income in the ordinary course of the entity's business, it is presented as dividend revenue, which is separately disclosed from revenue from contracts with customers.

Dividend income is recognised when the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period. Dividend income is receivable based on available cash reserves within the investment in subsidiaries and is not receivable if no cash reserves are available.

Accounting Policies

General information continued...

1.8 Statement of cash flows

The statement of cash flows is prepared on the indirect method, whereby the cash flows from operating activities are derived by adjusting the net profit or loss for the period, taking into account non-cash items, changes in working capital, and other operating activities. The cash flows from investing and financing activities are then separately disclosed.

For purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held on call with banks net of bank overdrafts, all of which are available for use by the company unless otherwise stated.

Investing and financing activities that do not require the use of cash and cash equivalents are excluded from the statement of cash flows.

Notes to the Financial Statements

Figures in R	2024	2023

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

The following new standards and interpretations are effective for the current financial year and are relevant to its operations.

Standard/Interpretation	Effective date:	Expected impact
Definition of Accounting Estimates - Amendments to IAS 8	Years beginning on or after 1 January 2023	Unlikely to have a material impact, but additional disclosures could be required.
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	Years beginning on or after 1 January 2023	Unlikely to have a material impact, but additional disclosures could be required.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 August 2024 or later periods:

Standard/Interpretation	Effective date:	Expected impact
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	Years beginning on or after 1 January 2024	Unlikely there will be a material impact
IFRS 18 Presentation and Disclosures in Financial Statements	Years beginning on or after 1 January 2027	Direct effect on financial statements. The new standard introduces three sets of requirements on improved comparability in the statement of profit or loss and other comprehensive income, enhanced transparency of management-defined performance measures and improvements on the grouping of information in the financial statements.

Notes to the Financial Statements

Figures in R	2024	2023

3. Investments in subsidiaries

3.1 The amounts included on the statement of financial position comprise the following:

Name of company	Country of incorporation	Principal activity	% holding 2024	% holding 2023	Fair value 2024	Fair value 2023
GF Property SPV 1 (RF) Proprietary Limited	South Africa	Investment activities	100%	100%	136,861,000	145,937,755
GF Property SPV 2 (RF) Proprietary Limited	South Africa	Investment activities	100%	100%	181,157,221	183,837,773
GF Property SPV 3 (RF) Proprietary Limited	South Africa	Investment activities	100%	100%	1	1
					318,018,222	329,775,529

The company's voting power is in direct proportion to its percentage shareholding.

At the reporting date, GF Property SPV 3 (RF) Proprietary Limited has not commenced its operations. Therefore, no cash flow forecasts are available for the company.

The carrying amount of the investments in subsidiaries is shown at fair value. The subsidiaries are incorporated in South Africa and share the year-end of the company.

Fair value information of investments in subsidiaries

The company has adopted an accounting policy of measuring its investments at fair value through profit or loss in accordance with IFRS 9 with fair value movements on its assets recognised in the Statement of Profit or Loss and Other Comprehensive Income. The investments in subsidiaries are measured at fair value on a stand alone basis and the company uses the same valuation method to measure fair value in of all the investments in subsidiaries.

Notes to the Financial Statements

Figures in R	2024	2023

Investments in subsidiaries continued...

Valuation of investments in subsidiaries

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 3: Applies inputs which are not based on observable market data. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation.

The primary valuation methodology for the underlying investments held by the entity is the dividend discount model ("DDM") methodology. Some of the significant inputs into the dividend discount model may not be observable in the market and are derived from market prices or rates or are based on assumptions. This valuation model therefore requires a higher degree of management judgement and estimation in determination of fair value.

In the valuation for the investments, management’s judgement and estimation is required for:

• Selection of the appropriate valuation model to be used, in this case the dividend discount model;

• Assessment and determination of the expected cash flows (dividend income) from the underlying investments; and

• Selection of the appropriate discount rates.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

As at 31 July 2024, the fair value measurement of shares held by the company in the subsidiaries are categorised into Level 3.

Assumptions

Discount rate	GF Property SPV 1: 12.60% (2023: 14.54%) GF Property SPV 2: 12.60% (2023: 14.64%)	The investments in subsidiaries are valued on a real basis, as such the real rate of forecast long-term South African CPI plus investor premium built into the model is converted to the nominal rate used which includes the time value of money. This rate is used to discount the dividend cash flows over the investment period.
Cash flow	Expected dividends and terminal value	Investee entities make distributions from profits which are made up of rental income net of operating expenses, and proceeds from disposal of the fibre assets at the end of their useful lives. The disposal value is determined by adjusting the free cash flow valuation on exit date of the assets with a forecasted inflation rate at the end of the discount period. The dividends are calculated using the expected fibre network uptake rates using historical data to predict the future dividend cashflows.
Discount period	Remaining term of the 10-year investment period	Expected term of the A and B Preference Shares, for a period of 10 years per project from the Commencement date of the Preference Share Subscription Agreements.

Notes to the Financial Statements

Figures in R	2024	2023

Investments in subsidiaries continued...

Reconciliation of assets measured at level 3

2024	Opening balance	Additions	Fair value through profit/(loss)	Closing balance
Assets				
Financial assets at fair value through profit/(loss)				
Investments in subsidiaries	329,775,529		(11,757,307)	318,018,222
				318,018,222

2023	Opening balance	Additions	Fair value through profit/(loss)	Closing balance
Assets				
Financial assets at fair value through profit/(loss)				
Investments in subsidiaries	186,838,060	111,165,217	31,772,252	329,775,529
				329,775,529

Sensitivity of fair value measurement to changes in unobservable inputs

Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably reflect possible alternative assumptions would have the following effects on net assets.

GF Property SPV 1 (RF) Proprietary Limited					
Valuation technique	**Significant unobservable inputs**	**Estimates for unobservable inputs**	**Sensitivity change in significant unobservable inputs**	**1% increase in unobservable input**	**1% decrease in unobservable input**
Dividend discount model	Discount rate	12.60%	The estimated fair value would increase if the discount rate decreased.	(8,471,455)	9,150,838
	Dividend cashflows	Year-on-year changes for updates in historical information.	The estimated fair value would decrease if the cash flows decreased.	1,368,610	(1,368,610)

Investments in subsidiaries continued...

GF Property SPV 2 (RF) Proprietary Limited					
Valuation technique	**Significant unobservable inputs**	**Estimates for unobservable inputs**	**Sensitivity change in significant unobservable inputs**	**1% increase in unobservable input**	**1% decrease in unobservable input**
Dividend discount model	Discount rate	12.60%	The estimated fair value would increase if the discount rate decreased.	(12,171,846)	13,209,301
	Dividend cashflows	Year-on-year changes for updates in historical information.	The estimated fair value would decrease if the cash flows decreased.	1,811,572	(1,811,572)

Significant observable/unobservable inputs are developed as follows:

Discount rate: The discount rate is calculated by converting the real rate of forecast long-term CPI plus investor premium built into the model to the nominal rate used which includes the time value of money. The investor premium is the real Internal Rate of Return (IRR) expected to be received by the investors calculated on the future cash inflows using an IRR formula. The consensus macroeconomic view as compiled by PWC from various sources was utilised in setting the CPI rate.

Cash flows: These expected dividends are calculated using the uptake rate and average revenue per user assumptions which take into account all relevant factors relating to the revenue generation capacity of the investee using historical data to predict the future dividend cash flows.

Subsidiaries pledged as security

As security for the due and punctual payment and performance of the Secured Obligations, the company has agreed, with effect from the Preference Share Subscription Date, to pledge all of the shares which it holds in GF Property SPV 1 (RF) Proprietary Limited and GF Property SPV 2 (RF) Proprietary Limited and cede in securitatem debiti all of the Ceded Rights attaching to the shares and the Claims in favour of the Cessionary (as agent on behalf of the Holders), on the terms and conditions contained in the Preference Share Subscription Agreement. There are no restrictions on the transfer of funds in the form of cash dividends.

Change in accounting estimate

During the current financial year, management changed the terminal value calculation used in the discounted dividend cash flow model from what was used in previous years. Previously, management calculated the terminal value using the cost price of the underlying investment entities as the assumption was the fibre infrastructure will be sold at cost price at the end of the investment period.

However, following discussions with various fibre industry personnel, it was determined that the going concern value of the underlying investment entities will provide a more accurate terminal value. This is because the assets (fibre infrastructure) can be operated reliably well beyond the investment period without the need for significant restoration or refurbishment. As such, a free cash flow terminal value better estimates the cash to be received when selling the fibre infrastructure.

Notes to the Financial Statements

Figures in R	2024	2023

Investments in subsidiaries continued...

The change in estimate resulted in a R34,795,635 increase in the fair value of the investments in subsidiaries. The effect on future periods will be the same, as the undiscounted terminal value will remain unchanged for the rest of the investment period.

3.2 Interests in unconsolidated subsidiaries

The company is classified as an investment entity, and therefore applies the consolidation exemption. All investments are measured at fair value through profit or loss.

4. Cash and cash equivalents

Net cash and cash equivalents

Bank balances	337,934	703,186

Credit quality of cash at bank:

The credit quality of cash at bank can be assessed by reference to external credit ratings about counterparty default rates:

Credit rating by Fitch
Investec Bank Limited - F1+ (zaf).

5. Stated capital

Authorised and issued stated capital

Authorised
100,000,000 Ordinary no par value shares
10,000 Class A Preference shares
10,000 Class B Preference shares
10,000 Class C Preference shares
10,000 Unspecified Class D shares
10,000 Unspecified Class E shares
10,000 Unspecified Class F shares
10,000 Unspecified Class G shares
10,000 Unspecified Class H shares
10,000 Unspecified Class I shares
10,000 Unspecified Class J shares

Issued and fully paid

100,000,000 Ordinary no par value shares	1,000	1,000

Notes to the Financial Statements

Figures in R	2024	2023

Stated capital continued...

Reconciliation of number of ordinary shares issued:		
Reported at 1 August	100,000,000	100,000,000
Closing balance as at 31 July	**100,000,000**	**100,000,000**

Refer to note 6 for preference shares issued, as they are not classified as equity in terms of IAS 32 read with IFRS 9.

Ordinary share rights:

Each ordinary share holds one voting right. Ordinary shareholders are entitled to the net asset value at winding up of the company after distributions made in respect of the preference shares.

Class A Preference shareholders:

	Shares 2024	Shares % 2024	Shares 2023	Shares % 2023
• FRB ITF Kruger Ci Prudential Fund	2,765	28.0%	2,765	28.0%
• FRB ITF Kruger Ci Balanced Fund	4,321	43.0%	4,321	43.0%
• FRB ITF Kruger Ci Equity Fund	691	7.0%	691	7.0%
• L Pretorius	1,728	17.0%	1,728	17.0%
• AVT Infrafin Proprietary Limited	-	0.0%	492	5.0%
• K2022426868 (South Africa) (Pty) Ltd	492	5.0%	-	0.0%
	9,997	100%	9,997	100%

Class B Preference shareholders:

	Shares 2024	Shares % 2024	Shares 2023	Shares % 2023
• FRB ITF Kruger Ci Prudential Fund	2,556	27.5%	2,556	27.5%
• FRB ITF Kruger Ci Balanced Fund	3,983	42.8%	3,983	42.8%
• FRB ITF Kruger Ci Equity Fund	653	7.0%	653	7.0%
• L Pretorius	713	7.7%	713	7.7%
• Mai Capital Proprietary Limited	743	8.0%	743	8.0%
• Rheas Infras Proprietary Limited	-	0.0%	475	5.1%
• K2022426868 (South Africa) (Pty) Ltd	475	5.1%	-	0.0%
• Other shareholders	177	1.9%	177	1.9%
	9,300	100%	9,300	100%

Preference share rights:

Each Preference Share shall confer upon the holder thereof the right to have Preference Dividends declared and paid out of any funds that are available to be distributed to the preference shareholders.

The Preference Dividends, if any, shall be paid in priority to any distributions in respect of the ordinary shares in the issued stated capital of the company, or any other holder of such ordinary shares at the applicable time.

Notes to the Financial Statements

Figures in R	2024	2023
6. Other financial liabilities		
6.1 Other financial liabilities comprise:		
9,997 (2023: 9,997) Class A Preference shares	128,589,916	137,845,582
9,300 (2023: 9,300) Class B Preference shares	170,994,118	177,661,654
	299,584,034	315,507,236
Non-current portion of other financial liabilities	299,584,034	315,507,236
	299,584,034	**315,507,236**

Other financial liabilities continued...

6.2 Disclosures

Fair value information of other financial liabilities

The company has adopted an accounting policy of measuring its preference share liabilities at fair value through profit or loss in accordance with IFRS 9 with fair value movements recognised in the Statement of Profit or Loss and Other Comprehensive Income. The preference share liabilities are measured at fair value on a stand alone basis and the company uses the same valuation method to measure the fair value of all the preference shares.

Valuation of other financial liabilities

For other financial liabilities recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 3: Applies inputs which are not based on observable market data. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

The primary valuation methodology applied by the entity is the dividend discount model ("DDM") methodology. Some of the significant inputs into the dividend discount model may not be observable in the market and are derived from market prices or rates or are based on assumptions. This valuation model therefore requires a higher degree of management judgement and estimation in determination of fair value.

In the valuation of issued preference shares, management's judgement and estimation is required for:

• Selection of the appropriate valuation model to be used, in this case the dividend discount model;
• Assessment and determination of the expected cash flows (preference dividend) to the preference shareholders; and
• Selection of the appropriate discount rates.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. Preference shares are recognised at fair value through profit or loss for which the carrying amounts equal its fair value.

As at 31 July 2024, the fair value measurement of the preference shares is categorised into Level 3.

Assumptions

Discount rate	Class A: 12.60% (2023: 13.93%) Class B: 12.60% (2023: 14.04%)	The other financial liabilities are valued on a real basis, as such the real rate of forecast long-term South African CPI plus investor premium built into the model is converted to the nominal rate used which includes the time value of money. This rate is used to discount the dividend cash flows over the investment period.
Cash flow	Expected dividends	The expected dividends are the dividends received from the investment in subsidiary less approved operating expenses calculated at a sweep rate of 90%.
Discount period	Remaining term of the 10-year investment period	Remaining term of the A and B Preference Shares, for a period of 10 years per project from the Commencement date of the Preference Share Subscription Agreements.

Notes to the Financial Statements

Figures in R	2024	2023

Other financial liabilities continued...

Reconciliation of liabilities measured at level 3

2024	Opening balance	Additions	Fair value through profit/(loss)	Closing balance
Liabilities				
Financial liabilities at fair value through profit/(loss)				
Other financial liabilities	315,507,236	-	(15,923,202)	299,584,034
				299,584,034

2023	Opening balance	Additions	Fair value through profit/(loss)	Closing balance
Liabilities				
Financial liabilities at fair value through profit/(loss)				
Other financial liabilities	171,980,912	111,243,027	32,283,297	315,507,236
				315,507,236

Sensitivity of fair value measurement to changes in unobservable inputs

Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably reflect possible alternative assumptions would have the following effects on net assets.

Class A preference shares					
Valuation technique	**Significant unobservable inputs**	**Estimates for unobservable inputs**	**Sensitivity change in significant unobservable inputs**	**1% increase in unobservable input**	**1% decrease in unobservable input**
Dividend discount model	Discount rate	12.60%	The estimated fair value would increase if the discount rate decreased.	(8,197,494)	8,861,811
	Dividend cash flows	Year-on-year changes for updates in historical information.	The estimated fair value would decrease if the cash flows decreased.	1,285,899	(1,285,899)

Notes to the Financial Statements

Figures in R	2024	2023

Other financial liabilities continued...

Class B preference shares					
Valuation technique	**Significant unobservable inputs**	**Estimates for unobservable inputs**	**Sensitivity change in significant unobservable inputs**	**1% increase in unobservable input**	**1% decrease in unobservable input**
Dividend discount model	Discount rate	12.60%	The estimated fair value would increase if the discount rate decreased.	(11,792,876)	12,808,408
	Dividend cash flows	Year-on-year changes for updates in historical information.	The estimated fair value would decrease if the cash flows decreased.	1,709,941	(1,709,941)

Significant observable/unobservable inputs are developed as follows:

Discount rate: The discount rate is calculated by converting the real rate of forecast long-term CPI plus investor premium built into the model to the nominal rate used which includes the time value of money. The investor premium is the real Internal Rate of Return (IRR) expected to be received by the investors calculated on the future cash inflows using an IRR formula. The consensus macroeconomic view as compiled by PWC from various sources was utilised in setting the CPI rate.

Cash flows: These expected dividends are calculated using the dividends received from the investment in subsidiary less approved operating expenses calculated at a sweep rate of 90%.

Subsidiaries pledged as security

As security for the due and punctual payment and performance of the Secured Obligations, the company has agreed, with effect from the Preference Share Subscription Date, to pledge all of the shares which it holds in GF Property SPV 1 (RF) Proprietary Limited and GF Property SPV 2 (RF) Proprietary Limited and cede in securitatem debiti all of the Ceded Rights attaching to the shares and the Claims in favour of the Cessionary (as agent on behalf of the Holders), on the terms and conditions contained in the Preference Share Subscription Agreement. There are no restrictions on the transfer of funds in the form of cash dividends.

Risk exposure:

The company's liability in preference shares exposes it to financial risks. Refer to note 16 Financial instruments and risk management for detailed information on the company's risk exposure and the processes and policies implemented to mitigate these risks.

Change in accounting estimate

During the current financial year, management changed the terminal value calculation used in the discounted dividend cash flow model from what was used in previous years as detailed in note 3. The change in estimate resulted in a R34,795,635 increase in the fair value of the investments in subsidiaries, which in turn increased the expected cash flows to the preference shareholders by the same amount. The effect on future periods will be the same, as the undiscounted terminal value will remain unchanged for the rest of the investment period.

Notes to the Financial Statements

Figures in R	2024	2023

Other financial liabilities continued...

Changes in liabilities arising from financing activities

	A preference share liability	B preference share liability
2024		
Opening balance	137,845,582	177,661,654
Cash movements:		
Additions	-	-
Non-cash movements:		
Fair value adjustments	(9,255,666)	(6,667,536)
Closing balance	128,589,916	170,994,118
2023		
Opening balance	125,904,347	46,076,465
Cash movements:		
Additions	-	111,243,127
Non-cash movements:		
Fair value adjustments	11,941,235	20,342,062
Closing balance	137,845,582	177,661,654

7. Revenue

Revenue comprises:

	2024	2023
Dividend income from subsidiaries	1,405,107	7,048,291

Dividend income decreased significantly due to the available cash reserves in the investment in subsidiaries being used for capital expenditure in the current year.

8. Other gains and (losses)

Other gains and (losses) comprise:

	2024	2023
Fair value (losses)/gains on assets (Investments in subsidiaries through profit or loss)	(11,757,307)	31,772,252
Fair value gains/(losses) on liabilities (Other financial liabilities through profit or loss)	15,923,202	(32,283,297)
Total other gains and (losses)	**4,165,895**	**(511,045)**

Notes to the Financial Statements

Figures in R	2024	2023

9. Finance costs

Finance costs included in profit or loss:

Class A Preference Shares	-	3,805,110
Class B Preference Shares	-	2,144,952
Bank overdraft	1	-
Total finance costs	**1**	**5,950,062**

Preference dividends:

Dividends paid on the preference shares (classified as financial liabilities) are disclosed as finance costs in accordance with IFRS 9 of the International Financial Reporting Standards. Dividends are declared based on available cash reserves. Due to the low cash reserves available during the year, no dividends were declared.

10. Income tax expense

10.1 Major components of the tax expense:

Current tax		
Current year	34,484	-

10.2 The income tax for the year can be reconciled to the accounting profit / (loss) as follows:

Profit / (loss) before tax from operations	4,293,613	(358,104)
Income tax calculated at 27.0%	1,159,276	(96,688)
Tax effect of		
- Fair value adjustments	(1,124,792)	137,982
- Limitation of section 25BB deduction	-	(41,294)
Tax charge	**34,484**	**-**

Deferred tax

Section 25BB of the Income Tax Act allows for the deduction of the qualifying distribution paid to shareholders, but the deduction is limited to taxable income. To the extent that no tax will be payable in the future as a result of the qualifying distribution, no deferred tax was raised on the fair valuation of non-current financial liabilities.

IAS 12 Income Taxes (amended) requires the sale rate to be applied, unless rebutted, when calculating deferred taxation on the fair value adjustments. As the company is a REIT, capital gains tax is no longer applicable on the sale of the investment in subsidiaries in terms of section 25BB of the Income Tax Act. The deferred tax rate applied to investment in subsidiaries at the sale rate will therefore be 0%. Consequently, no deferred taxation is raised on the fair value adjustments on investments in subsidiaries.

Notes to the Financial Statements

Figures in R	2024	2023

11. Related parties

11.1 Relationships

Ultimate holding company	Gaia Management Holdings Proprietary Limited
Holding company	Gaia Fund Managers Proprietary Limited
Minority shareholder	Fibonacci Holdings Proprietary Limited
Subsidiaries	GF Property SPV 1 (RF) Proprietary Limited
	GF Property SPV 2 (RF) Proprietary Limited
	GF Property SPV 3 (RF) Proprietary Limited
Key members	D Kennon (Resigned 30 April 2024)
	YL Labuschagne (Resigned 22 July 2024)
	T Masiela
	MM Nieuwoudt
	CP van Heerden
	O Kolbe (Resigned 3 September 2024)
	DLT Dondur (Appointed 24 October 2024)

11.2 Related party transactions and balances

	Dividends received	Dividends paid	Amounts payable	Amounts receivable	Total
Year ended 31 July 2024					
Related party transactions/balances					
Gaia Fund Managers Proprietary Limited		-	(28,290)	-	**(28,290)**
GF Property SPV 1 (RF) Proprietary Limited	775,107	-	-	289,082	**1,064,189**
GF Property SPV 2 (RF) Proprietary Limited	630,000	-	-	-	**630,000**
GF Property SPV 3 (RF) Proprietary Limited	-	-	-	316,123	**316,123**
Year ended 31 July 2023					
Related party transactions/balances					
Gaia Fund Managers Proprietary Limited		(330,400)	(28,290)	-	**(358,690)**
Fibonacci Holdings Proprietary Limited	-	(330,395)		-	**(330,395)**
GF Property SPV 1 (RF) Proprietary Limited	4,295,000	-	-	-	**4,295,000**
GF Property SPV 2 (RF) Proprietary Limited	2,753,291	-	-	-	**2,753,291**
GF Property SPV 3 (RF) Proprietary Limited	-	-	-	207,220	**207,220**

Notes to the Financial Statements

Figures in R	2024	2023

12. Directors remuneration

2024

	Remuneration paid to directors		Directors fees paid to directors		
	Paid by the company	Paid by a company within the group	Paid by the company	Paid / payable by a company within the group	Total
Executive					
MCS Nell*	-	-	-	-	-
MM Nieuwoudt**	-	2,368,447	-	-	2,368,447
D Kennon**	-	672,000	-	-	672,000
	-	3,040,447	-	-	3,040,447
Non-executive					
O Kolbe*	-	-	-	-	-
T Masiela	-	-	70,000	-	70,000
CP van Heerden	-	-	90,000	-	90,000
YL Labuschagne	-	-	90,000	-	90,000
	-	-	250,000	-	250,000

2023

	Remuneration paid to directors		Directors fees paid to directors		
	Paid by the company	Paid by a company within the group	Paid by the company	Paid / payable by a company within the group	Total
Executive					
MCS Nell*	-	-	-	-	-
MM Nieuwoudt**	-	2,316,828	-	-	2,316,828
D Kennon**	-	1,096,000	-	-	1,096,000
	-	3,412,828	-	-	3,412,828
Non-executive					
O Kolbe*	-	-	-	-	-
T Masiela	-	-	50,000	-	50,000
CP van Heerden	-	-	30,000	-	30,000
YL Labuschagne	-	-	70,000	-	70,000
	-	-	150,000	-	150,000

YL Labuschagne resigned as non-executive director on 22 July 2024, and D Kennon resigned as executive director on 30 April 2024. Non-executive directors remuneration is recognised on a payment basis.

*The director did not receive any remuneration from the company or group during the period.
**This remuneration comprises of consulting fees.

Notes to the Financial Statements

Figures in R	2024	2023

13. Events after the reporting date

Oscar Kolbe resigned as director on 3 September 2024 and Doris Dondur was appointed as director on 24 October 2024. The directors are not aware of any other matter or circumstance arising since the end of the financial period to the date of this report that could have a material effect on the financial position of the company.

14. Cash flows from operating activities

	2024	2023
Profit before tax	**4,293,613**	**(358,104)**
Adjustments for:		
Interest received	(21,587)	(75,751)
Dividends received	(1,116,025)	(7,048,291)
Finance costs	1	5,950,062
Fair value (gains) and losses	(4,165,895)	511,045
Change in operating assets and liabilities:		
Adjustments for increase in trade accounts receivable	(289,082)	-
Adjustments for movements in trade accounts payable	(94,985)	45,637
Adjustments for movements in other operating payables	-	60,000
Net cash flows used in operations	**(1,393,960)**	**(915,402)**

15. Dividends paid

No dividends were declared or paid during the year.

Dividends paid are calculated as follows:

	2024	2023
Dividends declared and paid	-	(660,795)

Notes to the Financial Statements

Figures in R	2024	2023

16. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Company – 2024	Note	Fair value through profit or loss	Amortised cost	Total
Non-current assets				
Investments in subsidiaries	3	318,018,222	-	318,018,222
Current assets				
Cash and cash equivalents	4	-	337,934	337,934
Loan to group company		-	316,123	316,123
Trade and other receivables		-	289,082	289,082
		318,018,222	943,139	318,961,361

Categories of financial liabilities

Company – 2024	Note	Fair value through profit or loss	Amortised cost	Total
Non-current liabilities				
Other financial liabilities	6	299,584,034	-	299,584,034
Current liabilities				
Trade and other payables	-	-	113,137	113,137
		299,584,034	113,137	299,697,171

Categories of financial assets

Company – 2023	Note	Fair value through profit or loss	Amortised cost	Total
Non-current assets				
Investments in subsidiaries	3	329,775,529	-	329,775,529
Current assets				
Cash and cash equivalents	4	-	703,186	703,186
Loan to group company			207,220	207,220
		329,775,529	910,406	330,685,935

Notes to the Financial Statements

Figures in R	2024	2023

Financial instruments and risk management continued...

Categories of financial liabilities

Company – 2023	Note	Fair value through profit or loss	Amortised cost	Total
Non-current liabilities				
Other financial liabilities	6	315,507,236	-	315,507,236
Current liabilities				
Trade and other payables	-	-	208,122	208,122
		315,507,236	208,122	315,715,358

The carrying amounts of the financial instruments approximate their fair values. The pre-tax gains and losses relating to the financial instruments are disclosed in note 8.

Capital risk management

The company's objective when managing capital (which includes stated capital, other financial liabilities, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

To meet and maintain or adjust the capital structure, the company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Prior to declaring any dividends, the company conducts solvency and liquidity tests to ensure compliance. Furthermore, the company ensures a minimum solvency ratio of 1:1 at all times. Additionally, the company maintains sufficient capital reserves to cover a minimum of six months' worth of operational expenses.

There are no externally imposed capital requirements.

Financial risk management

Overview
The company is exposed to the following risks from its use of financial instruments:
• Credit risk
• Liquidity risk; and
• Market risk (interest rate)

Credit risk
The directors have overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Notes to the Financial Statements

Figures in R	2024	2023

Financial instruments and risk management continued...

“Credit risk” is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered with the company, resulting in a financial loss to the company. The subsidiary operations are ring-fenced, and are managed by the company, therefore, no credit risk disclosures are applicable to the investments in subsidiaries.

The company is mainly exposed to credit risk on cash and cash equivalents. Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well established financial institutions with high credit ratings (note 4). The company considers credit risk on cash and cash equivalents to be minimal. The exposure to credit risk on trade and other receivables and loans to group companies is incidental and thus not significant to the operations.

Financial assets exposed to credit risk at year-end were as follows:

2024	Note	Gross carrying amount	Credit loss allowance	Amortised cost
Financial instrument				
Cash and cash equivalents	4	337,934	-	337,934
Loan to group company		316,123	-	316,123
Trade and other receivables		289,082	-	289,082
		943,139	-	943,139

Financial instrument

2023	Note	Gross carrying amount	Credit loss allowance	Amortised cost
Financial instrument				
Cash and cash equivalents	4	703,186	-	703,186
Loan to group company		207,220		207,220
		910,406	-	910,406

Liquidity risk

“Liquidity risk” is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The company manages liquidity risk through an ongoing review of future commitments and expenses compared to available cash to meet those commitments. Cash flow forecasts are prepared and presented to the Board for approval.

There are no significant changes in the risk management policies and processes of the liquidity risk from the previous year.

The Class A and B preference share and liabilities are an estimation based on discounted future dividends as per the model (Refer to notes 3 and 6). The company is expected to receive a dividend based on the model from its subsidiaries. The expected dividend receivable will service the expected operational expenses as well as the Class A and B preference share and liabilities. The company will therefore be able to meet its obligation. Given the nature of the Preference share subscription agreement, dividends cannot be paid in excess of dividends received, therefore the core business model does not expose the entity to liquidity risk.

The table below analyses the company’s financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the Financial Statements

Figures in R	2024	2023

Financial instruments and risk management continued...

2024	Note	Less than 1 year	1 - 5 years	More than 5 years	Total cash flows	Carrying amount
		R	R	R	R	R
Non-current liabilities						
Other financial liabilities	6	-	38,779,877	728,820,465	767,600,342	299,584,034
Current liabilities						
Trade and other payables		113,137	-	-	113,137	113,137
		113,137	38,779,877	728,820,465	767,713,479	299,697,171

2023	Note	Less than 1 year	1 - 5 years	More than 5 years	Total cash flows	Carrying amount
		R	R	R	R	R
Non-current liabilities						
Other financial liabilities	6	1,735,356	97,332,596	773,820,284	872,888,236	315,507,236
Current liabilities						
Trade and other payables		208,122	-	-	208,122	208,122
		1,943,478	97,332,596	773,820,284	873,096,358	315,715,358

Market risk

Market risk arises through the use of interest-bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. This risk is managed by linking the cash flow discount rate to the long-term forecast South African CPI and adjusting the DDM model assumptions annually based on historical data.

Increased competition to a valuable investment opportunity such as Demand Index (DI) will drive prices higher reducing return/margin at future investment opportunities. Superior technologies enter the market making fibre less attractive/ redundant. This risk is managed by ensuring the investment revenue pricing is competitive within the market.

Refer to note 3 and 6 where the sensitivity analysis for the investment in subsidiaries and other financial liabilities are performed.